



To,  
FINANCIAL SUPERVISORY AUTHORITY  
BUCHAREST STOCK EXCHANGE

## CURRENT REPORT

according to A.S.F. Regulation no. 5/2018 on issuers of financial instruments and market operations, as subsequently amended and supplemented

Date of report: 26.05.2026

Name of issuer: VRANCART S.A.

Registered office: Vrancea County, Adjud Municipality, 17<sup>th</sup> Ecaterina Teodoroiu Street

Telephone/fax number: 0237 640 800 / 0237 641 720

Unique registration code: 1454846

Trade Register serial number: J39/239/1991

Subscribed and paid-up share capital: RON 201.011.575,10

Regulated trading market: Bucharest Stock Exchange

### Important events to report: Completion of the 2025 Annual Report

The company VRANCART S.A. with its registered office in Vrancea County, Adjud Municipality, Ecaterina Teodoroiu street no. 17, registered at the Trade Register Office attached to the Vrancea Tribunal under the serial number J39/239/1991, having the Unique Registration Code 1454846, RO Tax Attribute, we inform investors and shareholders of the completion of the 2025 Annual Report, as follows:

- Publication of the 2025 Annual Report with the inclusion of the Independent Auditor's Report together with the audited consolidated and individual financial statements,
- Declaration of responsible persons,  
they can be consulted at the Company's registered office in Vrancea County, Adjud Municipality, 17<sup>th</sup> Ecaterina Teodoroiu Street or on the Company's website at [www.vrancart.ro](http://www.vrancart.ro), section "For shareholders – A.G.M."), starting with 26.05.2026.



Additional information can be obtained by phone 0237 640 800 or by e-mail address [raluca.chiriac@vrancart.com](mailto:raluca.chiriac@vrancart.com).

**Alexandru-Lucian MINEA,**  
CHAIRMAN OF THE BOARD OF DIRECTORS OF VRANCART S.A.





# REPORT OF THE BOARD OF DIRECTORS

FOR THE FINANCIAL YEAR 2025

Name of the issuing entity:	VRANCART S.A.
Registered office:	Mun. Adjud, str. Ec. Teodoroiu nr. 17, Vrancea
Phone/Fax Number:	0237-640.800 / 0237-641.720
Unique registration code at Trade Register Office:	1454846
Serial number in the Register	J39/239/1991
Trade:	J39/239/1991
Subscribed and paid-up share capital:	201.011.575 lei
The regulated market on which Trade issued securities:	Bucharest Stock Exchange



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## 1. REVIEW OF THE ACTIVITY OF „VRANCART” S.A.

### 1.1.1. General information

„VRANCART” was established according to Law 15/1990 in 1991, as a joint stock company with legal personality.

#### *Overview*

Company name	„VRANCART”
Company type	Joint stock company
Address	Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County, 625100
Phone/Fax	0237.640.800 / 0237.641.720
Registration number at the Trade Register Office	J39/239/1991
Unique Registration Code	1454846
Tax Identification Code	RO1454846
Paid-in share capital	201,011,575 lei
Nominal value of shares	0.10 lei/ share
Number of shares	2.010.115.751

The company has its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County, with open work sites in the localities: Chiajna, Ploiesti, Pantelimon si Bacau.

The principal activity of "VRANCART" consists in the production and sales of the following:

- ✓ corrugated cardboard,
- ✓ corrugated cardboard packaging,
- ✓ paper used in the manufacture of corrugated cardboard,
- ✓ hygienic-sanitary papers in various assortments,
- ✓ echip waste recycling equipment (sale, rental and maintenance),
- ✓ electricity from photovoltaic parks (self-consumption and sale).

Through the collection network, the Company collects its raw material (paper and cardboard waste), as well as other recyclable waste that is recovered from other partners.

In addition to the activities listed above, "VRANCART" SA also carries out activities to support basic activities (support activities): utility production (industrial water, treated water for thermal boilers, technological steam, wastewater treatment), mechanical and electrical maintenance, transportation (within the company and to customers) and others.

In the context of the invasion of Ukraine by the Russian Federation, we mention that Vrancart Company does not carry out physical operations on the territory of Ukraine, Russia or Belarus and does not have customers, suppliers, investors or creditors with operations in these countries. The sanctions imposed on Russia could have an impact to the same extent that the entire global business environment could be affected.

Although it is not possible to fully estimate the economic effects generated by the political crisis in the region, the Company considers that the good financial situation, access to financing and the activează, markets on which it operates, are solid foundations for ensuring business continuity and for limiting the negative effects generated by the economic and political crisis, in general.



### Elements of general evaluation:

a) gross accounting result 2025	(48,871) thousand lei
b) turnover	328,957 thousand lei
c) operational costs	384,843 thousand lei
d) lichiditate la sfârșitul anului	1,776 thousand lei
e) % of the market held (internal estimates & ARFCO)	

<u>Year 2025</u>	Hygienic-sanitary papers	- 3%
	Paper for cardboard	- 12 %
	Corrugated cardboard, tota	- 11%

### 1.1.2. Assessment of the Company's technical level

The basic production activities of "VRANCART" are organized into three distinct business lines managed based on their own budgets, component parts of the general budget of the company, which produces products for three distinct markets, namely:

- the market for papers for the manufacture of corrugated cardboard;
- corrugated cardboard and corrugated packaging market;
- hygienic-sanitary paper market.

The evolution of the company's production by business lines is presented in the table below:

Business Lines	UM	2025	2024	2023
Paper for cardboard	to	64,502	79,235	69,597
Corrugated cardboard and packaging	to	68,205	65,565	59,222
Hygienic-sanitary papers	to	11,547	17,993	19,984

The share of each product category in the company's total turnover in the last 3 years is shown in the table below:

Business Lines	UM	2025	2024	2023
Paperboard Factory	%	12%	11%	6%
Corrugated Cardboard and Packaging Factory	%	67%	65%	63%
Sanitary Paper Factory	%	17%	19%	23%
Other activities	%	5%	5%	8%

The investments made in 2025, by groups of fixed assets, were:

Investments made	Value (Lei)
Land, buildings and building arrangements	1,481,395
Technological equipment	23,632,675
Work appliances and installations	1,865,170
Vehicles and other fixed assets	775,004
Intangible assets	3,812,180
<b>TOTAL</b>	<b>31,566,424</b>



### 1.1.3. Evaluation of the technical-material supply activity

The main raw material of the paper mills in "VRANCART" is paper waste. It is purchased through their own collection centers or directly from generators/collectors.

The evolution of waste collection in the last 3 years is presented below:

Waste Procurement	UM	2025	2024	2023
Purchases through collection centers	To	47,162	66,078	87,864
	% of total purchases	44%	49%	66%
Direct Procurement (Adjud)	To	58,843	69,124	44,996
	% of total purchases	56%	51%	34%
Total Purchases	To	<b>106,005</b>	<b>135,202</b>	<b>132,860</b>
	%	100%	100%	100%

### 1.1.4. Valuation of sales activity

The evolution of deliveries of "VRANCART" products on each market segment in the last 3 years is presented in the table below:

Business Lines	UM	2025	2024	2023
Paperboard Factory	to	16,871	20,591	9,427
Corrugated Cardboard and Packaging Factory	to	49,133	61,572	59,128
Sanitary Paper Factory	to	24,236	14,372	17,352

### Competition situation

On each market segment there are several manufacturers with products similar to those made at "VRANCART".

**A. Four competitors operated on the corrugated cardboard paper market in Romania in 2025.**

The production capacities of the papermaking facilities based on the public statements of the producers, are:

Manufacturer	Annual production capacity (to/year)
Ambro (Grup Rossmann)	155,000
DS Smith	200,000
Vrancart	100,000
CCH	80,000
<b>Total</b>	<b>535,000</b>

All factories use corrugated cardboard waste as raw material for the production of paper, with the exception of CCH, which also uses cellulose as raw material, and the products obtained are relatively similar in terms of characteristics and quality.



Most paper manufacturers also own corrugated cardboard and corrugated packaging factories, so most of their own paper production is for their own consumption.

#### Evolution of market shares in Corrugated cardboard papers

Producers	2025	2024	2023
Vrancart	12%	18%	15%
Other manufacturers	88%	82%	85%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: VRANCART estimates

**B. In 2025, there were 9 competitors on the corrugated cardboard and corrugated packaging market**, of which five have 2 factories each (Vrancart, Dunapack, DS Smith, Rossmann and Rondocarton).

The corrugated cardboard market is a **regional market** due to the high costs of long-distance transportation. It is a **highly competitive market**, and in Romania **the consumer orientation is towards products with low prices and average quality**.

The estimated production capacity of the 15 corrugated cardboard factories is over 750 thousand tons annually. The consumption of 2025 amounted to 480 thousand tons, (64% of the total production capacities), registering an increase in volumes expressed in tons of 2.6% compared to the previous year.

#### Corrugated cardboard manufacturers in 2025 in Romania:

No. crt.	Manufacturer name	Production capacity (to/year) Estimate VNC
1	Rondocarton (2 factories)	160,000
2	Rossmann (2 factories)	120,000
3	Vrancart (2 factories)	120,000
4	Dunapack (2 factories)	120,000
5	DS Smith Group (2 factories)	80,000
6	VPK Salonta	60,000
8	Thimm Șura Mică	60,000
9	Europa Expres Iași	30,000
<b>TOTAL</b>		<b>750,000</b>

Source: VRANCART estimates

#### Evolution of market shares of Corrugated cardboard and corrugated cardboard packaging:

Producers	2025	2024	2023
Vrancart	10,7%	13,2%	13,7%
Other manufacturers	89,3%	86,8%	86,3%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: ARFCO estimates

**C. On the sanitary paper market**, with a market share of 3% in 2025, "VRANCART" remains one of the important manufacturers of sanitary paper in Romania.

Unlike the other competitors, Vrancart produces toilet paper only from paper waste and is the largest producer on the market, small quantities also being produced by Comceh Călărași.

In 2019, one of the important producers, Petrocart Piatra Neamt, entered insolvency and stopped producing sanitary toilet paper.



At the end of 2020, Vrancart acquired, through auction, the toilet-sanitary paper making machine from Petrocart, being recognized in the category of assets intended for sale. In January 2025, a contract for the sale of this equipment was signed.

New production capacities have appeared on the market, such as the one launched by the Pehart Tec Group, which invested 20 million euros, in the development of new production capacities, in order to increase the volume of exports, to make the production lines more energy efficient and to diversify the portfolio. (Source: <https://www.zfcorporate.ro>)

#### Evolution of market shares in Sanitary Toilet Papers

Producers	2025	2024	2023
Vrancart	3%	6%	10%
Other manufacturers	97%	94%	90%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: VRANCART estimates

#### 1.1.5. Assessment of issues related to the Company's employees/staff

a) Specifying the number and level of education of the employees of the commercial company as well as the degree of unionization of the workforce;

The total number of employees in 2025 was 736, of which:

- 139 higher education
- 283 secondary education
- 196 vocational schools
- 118 elementary school

The average number of employees in 2025 is 698.

Of the total number of employees, 57 are union members (there is only one union within the company).

b) Description of the relationships between the manager and the employees as well as of any conflicting elements that characterize these relationships.

*There were no conflicting relations between the company's management and the employees.*

#### 1.1.6. Assessment of issues related to the impact of the issuer's core business on the environment.

A summary description of the impact of the issuer's core activities on the environment as well as of any existing or expected litigation relating to the infringement of environmental protection legislation.

**VRANCART S.A.** has implemented an integrated quality-environment-health and occupational safety management system, recertified multi-site in September 2024 by Lloyd's Register England, Bucharest representative. The certified offices are: Vrancart S.A Adjud str. Ecaterina Teodoroiu, nr. 17 and the Adjud Work Point located in str. Revoluției, nr. 17.

The impact of the company's activity on the environment is permanently monitored through the implementation of the Environmental Management System and implicitly through compliance with the legislation in force and the **INTEGRATED ENVIRONMENTAL PERMIT no. 1/18.03.2015 revised on 17.03.2025**. According to the legislation in force, the INTEGRATED ENVIRONMENTAL PERMIT is valid only with an annual visa. The work point did not require an environmental permit.



In case of changes in the operating conditions (e.g. expansion of production capacities, investments to modernize technological flows), according to the legislation in force, the revision of the integrated environmental permit is requested. This was also the subject of the revision of the integrated environmental permit issued on 17.03.2025.

### **ENVIRONMENTAL FACTOR: AIR**

The activity of VRANCART S.A. generates:

- hot air emissions (after the moist air from drying the paper is passed through absorption hoods), which are discharged through high-rise exhaust chimneys.
- emissions from combustion gases from technological steam generating boilers (Bosch and CTAT – hot reserve), 3 technological steam generators and manufacturing waste co-incineration plant, which are eliminated through high-rise chimneys.
- emissions from manufacturing processes – Diffused dust emissions from the handling of solid auxiliary materials and toilet paper processing.
- noise resulting from the operation of combustion and production plants.

Regarding greenhouse gas emissions, according to Order 1256/12.06.2020, on 06.07.2021 the Greenhouse Gas Emissions Authorization no. 145 was issued for the period 2021 - 2030.

The allocation of CO2 emission certificates free of charge for the period 2021-2025, called "phase IV", has been obtained.

According to the requirements of the Integrated Environmental Permit, the following were carried out:

- determinations for the environment, in the production halls, carried out by DSP Vrancea
- determinations of the noise level at the boundary of the premises, carried out by ICEMENERG Bucharest (ISO 17025 accredited laboratory).

The results showed that the measured values are below the maximum permissible limits, as set by the applicable legislation in this domain.

During 2025, measurements were carried out for pollutants emitted by fixed sources, according to the Integrated Environmental Authorization, with ICEMENERG Bucharest (ISO 17025 accredited laboratory); The results were below the maximum permissible limits, imposed by the said authorization.

We consider that VRANCART's activity has **an insignificant impact on the air environmental factor**, and the level of air emissions falls into:

- G.D. no. 1218/2006 amended by GD no. 1/2012 and G.D. no. 355/2007 on establishing the minimum occupational health and safety requirements to ensure the protection of workers against the risks related to the presence of chemical agents
- G.D. no. 493/2006 on the minimum health and safety requirements regarding the exposure of workers to the risks generated by noise
- GD no. 1091/2006 on minimum health and safety requirements for the workplace.
- GD no. 1048/2006 on the minimum health and safety requirements for the use by workers of personal protective equipment at work.
- Order 462/1993 of the MAPPM for the approval of the technical conditions regarding the protection of the atmosphere and the Methodological Norms regarding the determination of the emissions of atmospheric pollutants produced by stationary sources.
- Law no. 104/2011 on ambient air quality, amended and amended by GD no. 336/2015 and GD no. 806/2016.
- Law 278/2013 on industrial emissions, amended and supplemented by GEO no. 101/2017.



## ENVIRONMENTAL FACTOR: WATER

VRANCART S.A. holds the "**Water Management Authorization no. 1/04.02.2008**", revised on **04.11.2013 with validity 04.02.2017**. In June 2017, the Water Management Authorization was renewed with no. 160/17.07.2017, valid for 17.07.2022. in 2022, the "**Water Management Authorization no. 156/17.08.2022**", valid **17.08.2027**.

During 2025, the treated wastewater from the treatment plant, analyzed for parameters in accordance with NTPA-001 and subsequently discharged into the receiving water body, did not fully comply with the limits set forth in the revised Water Management Permit, according to our own monitoring.

The exceedances of permissible limits were caused by technical malfunctions at the wastewater treatment plant and resulted in the imposition of penalties. Following these incidents, strict daily monitoring measures were implemented to address the non-compliance issues. The situation was managed through periodic inspections and analyses to ensure a return to compliant parameters.

In accordance with the requirements of the Water Management Permit and the Integrated Environmental Permit, the parameters of the water discharged into the receiving water body are monitored annually by a RENAR-accredited laboratory.

The "Plan for Preventing and Combating Accidental Pollution" is reviewed annually in accordance with Order no. 278/1997 of the MAPPM approving the Framework Methodology for the elaboration of plans for the prevention and combating of accidental pollution, which is transmitted to SGA Vrancea and ABA Bacău.

## ENVIRONMENTAL FACTOR: SOIL

As poor waste management is one of the sources of soil pollution, clear rules have been established within the environmental management system to ensure compliance with legal provisions on waste.

Manufacturing waste and sludge from the wastewater treatment plant are stored in a temporary storage facility and co-incinerated. In 2025, waste incineration took place at the Electricity and Heat Production Plant site of Vrancart Recycling SRL via cogeneration.

The ash resulting from the incineration process at the new facility was stored at Vrancart Recycling SRL's storage sites under a contract between Vrancart SA and Vrancart Recycling SRL. The remaining quantity generated was delivered to cement plants as raw material for cement production. The obligation to ensure proper management and final closure is in accordance with the provisions of Ord. 757/2004.

In accordance with the soil protection requirements of the "Integrated Environmental Permit," measurements of pollutant concentrations were conducted on October 30, 2025, by ALS GLOBAL Ltd. Ploiești (an ISO 17025-accredited laboratory). The results showed that the measured values are below the maximum permissible limits.

Inspections were conducted by the Vrancea Environmental Guard, the Vrancea Environmental Protection Agency, the Siret Bacău River Basin Administration, and the Vrancea Water Management System. The findings were recorded in the inspection reports.



### 1.1.7. Assessment of R&D activity

The company participates as a partner in various research and development projects.

During 2019, the "Gheorghe Asachi" Technical University of Iași submitted a project for funding under the Program: PN-III-CERC-CO-PED-2016 with the title "Novel materials with optical properties for anti-counterfeiting paper" (OptiPaper). The objective of the project was to produce secure papers, and it was carried out over 2 years. VRANCART was a partner in the project, approved in November 2020. The project's value amounted to 653,850 lei, with 92% of the financing from the state budget. The project was completed at the end of 2022.

### 1.1.8. Assessment of the company's risk management activity

The Company's risk management policies are designed to ensure the identification and analysis of the risks the Company faces, the establishment of appropriate limits and controls, and the monitoring of risks and compliance with those limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and in the Company's activities. The company, through its training and management standards and procedures, aims to develop an orderly, constructive, and well-controlled environment in which all employees understand their roles and obligations.

The Company is exposed to the following risks from the use of financial instruments:

- credit risk
- liquidity risk
- market risk
- currency risk.

**Credit risk** is the risk that the Company will incur a financial loss as a result of the non-fulfilment of contractual obligations by its partners. The maximum exposure to credit risk was:

<b>Book value</b>	<b>Dec 31<sup>st</sup>, 2025</b>	<b>Dec 31<sup>st</sup>, 2024</b>	<b>Dec 31<sup>st</sup>, 2023</b>
Trade receivables and other receivables	87,708,537	83,899,481	68,925,494
Restricted Cash	-	-	-
Cash and cash equivalents	1,776,246	1,050,589	2,088,021
<b>Total</b>	<b>89,484,783</b>	<b>84,950,070</b>	<b>71,013,515</b>

The Company hedges credit risk by developing and implementing relevant credit policies (e.g. each new customer is individually reviewed for creditworthiness before being offered the Company's standard payment and delivery terms; credit limits are set for each customer), customers who do not meet the conditions set by the Company may make transactions only with prepayment.

**Liquidity risk:** The Company ensures it has sufficient cash to cover operating expenses. The following table shows the residual contractual maturities of financial liabilities at the end of the reporting period, including estimated interest payments:



<b>December 31<sup>st</sup>, 2025</b>	<b>Book value</b>	<b>Contractual cash flows</b>	<b>less than 1 year</b>	<b>1 - 5 years</b>	<b>over 5 years</b>
Bank loans	199,284,363	209,796,736	115,544,634	80,809,629	13,442,474
Bonds	-	-	-	-	-
Leasing liabilities	14,163,241	15,686,563	-	15,008,434	678,128
Trade payables and other liabilities	64,801,487	64,801,487	64,121,154	680,333	-
<b>Total</b>	<b>278,249,091</b>	<b>290,284,786</b>	<b>179,665,788</b>	<b>96,498,396</b>	<b>14,120,602</b>

<b>December 31<sup>st</sup>, 2024</b>	<b>Book value</b>	<b>Contractual cash flows</b>	<b>less than 1 year</b>	<b>1 - 5 years</b>	<b>over 5 years</b>
Bank loans	188,101,480	206,940,013	108,282,203	78,724,480	19,933,330
Bonds	-	-	-	-	-
Leasing liabilities	26,779,185	29,686,470	8,859,129	20,089,604	737,737
Trade payables and other liabilities	70,425,666	70,425,666	69,065,945	1,359,721	-
<b>Total</b>	<b>285,306,331</b>	<b>307,052,149</b>	<b>186,207,277</b>	<b>100,173,805</b>	<b>20,671,066</b>

<b>December 31<sup>st</sup>, 2023</b>	<b>Book value</b>	<b>Contractual cash flows</b>	<b>less than 1 year</b>	<b>1 - 5 years</b>	<b>over 5 years</b>
Bank loans	130,367,894	143,533,037	26,706,963	116,826,075	-
Bonds	38,250,000	38,250,000	38,250,000	-	-
Leasing liabilities	30,633,926	30,694,276	9,361,258	21,333,018	-
Trade payables and other liabilities	47,466,803	47,466,803	47,009,463	457,340	-
<b>Total</b>	<b>246,718,623</b>	<b>259,944,116</b>	<b>121,327,684</b>	<b>138,616,432</b>	<b>-</b>

The management of "VRANCART" considers that it takes all necessary measures to support the sustainability and growth of the Company's business, in the current conditions, by:

- constant monitoring of liquidity;
- making short-term forecasts on net liquidity;
- monitoring cash inflows and outflows (daily), assessing the effects on debtors, access to finance and the economic environment in Romania and the European area;
- negotiating and contracting financing lines adapted to the Company's needs.
- adaptarea politicilor comerciale și de preț în funcție de evoluțiile pieței;
- maintaining constant communication with financial partners and credit institutions;
- monitoring economic and financial risks, including credit risk and market risk;

**Market risk.** The objective of managing this risk is to keep foreign exchange, interest rate and equity pricing exposures within acceptable parameters while optimizing the return on investment. To this end, the Company has at its disposal multi-currency and multi-option financing facilities, as well as interest rate swaps and currency hedging based on forward transactions with delivery and without delivery.

**Foreign exchange risk.** The Company is exposed to foreign exchange risk from sales, purchases, and other transactions denominated in currencies other than its functional currency, primarily the euro and the U.S. dollar.



The Company's exposure to foreign exchange risk is presented in the following tables:

<b>December 31<sup>st</sup>, 2025</b>	<b>TOTAL</b>	<b>RON</b>	<b>EUR</b>	<b>USD</b>	<b>Other currencies</b>
Trade receivables and other receivables	89,137,356	88,372,446	627,101	137,809	-
Cash and cash equivalents	1,776,246	477,241	1,184,121	109,474	5,411
<b>Financial assets</b>	<b>90,913,602</b>	<b>88,849,687</b>	<b>1,811,221</b>	<b>247,282</b>	<b>5,411</b>
Loans	199,284,363	58,048,288	141,236,075		
Lease liabilities	14,163,241	-	14,163,241		
Trade payables and other payables	64,125,944	45,872,672	18,253,272		
<b>Financial liabilities</b>	<b>277,573,548</b>	<b>103,920,959</b>	<b>173,652,589</b>		
<b>Total net financial assets/(liabilities)</b>	<b>(186,659,946)</b>	<b>(15,071,272)</b>	<b>(171,841,367)</b>	<b>247,282</b>	<b>5,411</b>

#### 1.1.9. Elements of perspective regarding the Company's activity

As of January 1, 2025, the implementation of a new, state-of-the-art ERP system, valued at over 500 thousand euros and financed through a bank loan and the company's own funds, was completed. The system is designed to meet the company's complex business needs. During 2025, two major projects were implemented to improve the production processes for corrugated cardboard, featuring state-of-the-art technology unique in Romania. The investments planned and included in the budget for 2025 comprise:

- a significant investment to commission the new Drum Pulper, a machine that converts wastepaper into paper pulp—the cost was 3.5 million euros, and it was commissioned in January 2026,
- the purchase of a system used to measure the moisture content of wastepaper received at the factory entrance, at a cost of approximately 0.4 million euros,
- other CAPEX expenses for the maintenance of equipment and fixed assets in the amount of 0.5 million euros.

During 2025, an unbudgeted investment was made to construct a protective structure for the Drum Pulper equipment, at a cost of approximately 156 thousand euros. To ensure more efficient operation of the equipment, it was necessary to set up a temperature-controlled area.

#### 1.1.10. Operating authorizations and certifications

VRANCART SA has implemented an integrated Quality-Environment-Occupational Health and Safety Management system in previous years, certified by Lloyd's Register, England, Bucharest representative. ISO certification considers multiple dimensions of the company's activity, from environmental safety to the protection and safety of personnel, to the technical availability of machinery and facilities involved in production processes and demonstrates the interest of management for the continuous improvement of the environmental, health and safety situation of the company.



The validity cycle for certificates is 3 years, with annual surveillance audits to verify compliance with ISO requirements.

Between August and September 2024, the multi-site recertification audit of the three ISO management systems took place: quality, environment, occupational health and safety (headquarters and Adjud Work Site). During the audit, it was found that the processes are well controlled. The system has a good level of compliance with the reference standards, which is why the recertification was obtained. The validity for ISO management system certificates is:

- a) The Certificate of Approval of the Quality Management System no. 10633861/12.09.2024, according to SR EN ISO 9001:2015 - valid until 13.09.2027;
- b) The Environmental Management System Approval Certificate no. 106338641/12.09.2024, according to SR EN ISO 14001:2015 - valid until 13.09.2027;
- c) The Certificate of Approval of the Occupational Health and Safety Management System no. 10633862/12.09.2024, according to SR EN ISO 45001:2018 - valid until 13.09.2027.

Since 2014, VRANCART S.A. has also held the FSC Chain of Custody Management System certification for the recovery, processing and delivery of products obtained from recycled, mixed and pure materials according to FSC-STD-40-004/ FSC-STD-40-007 standards. The certificate is issued by the company TUV SUD on 20.09.2024, with a validity of 19.09.2029 and annual supervision.

Starting with January 2023, the management of VRANCART S.A. has decided to extend the certification of the FSC Management System in a multi-site approach to the following locations:

1. Headquarters- location A:
  - Location at the address: Adjud locality, 17 Ecaterina Teodoroiu Street,
  - Industry: manufacture of toilet paper, corrugated paper, corrugated cardboard and corrugated cardboard confectionery.
2. Work point - location B:
  - Location at the address: Adjud, Str. Revoluției, nr. 17,
  - Field: manufacture of household and sanitary products, from toilet paper (rolls, towels).

At the 2023 annual audit, a good level of compliance with the standards used as the reference model was observed. "VRANCART" operates in accordance with the provisions of:

- **INTEGRATED ENVIRONMENTAL PERMIT no.1/18.03.2015, revised 14.04.2020**, valid with annual visa.
- **WATER MANAGEMENT AUTHORIZATION no. 156/17.08.2022"**, valid 17.08.2027. The value of the indicators is in accordance with NTPA 001/2005.

**The general objectives** of the ISO and FSC management systems have been included in the policies on quality, environment, health and occupational safety. To achieve the general objectives, specific process objectives have been established. On the [www.vrancart.ro](http://www.vrancart.ro) website you can find ISO, FSC certificates and related policies.

## 2. TANGIBLE ASSETS OF THE COMPANY

### 2.1. Specification of the location and characteristics of the main production capacities owned by the Company

The headquarters of "Vrancart" SA is located in the city of Adjud, Vrancea county where the following production capacities operate:

- a) *Corrugated cardboard manufacturing machine*, with an existing production capacity of 80,000 tons/year;
- b) *The paper making machine for corrugated cardboard*, with a production capacity of 100,000 tons/year, under the conditions of operation with 100% waste as raw material;
- c) *Hygienic-sanitary paper manufacturing machine*, with a production capacity of 25,500 tons/year;



Land, buildings and equipment are recognized at the revalued value, which is the fair value at the revaluation date minus any depreciation accumulated thereafter and any accumulated impairment losses. The fair value shall be based on market price quotations, adjusted, where applicable, to reflect differences in the nature, location or condition of that asset, except for equipment for which the fair value has been determined based on replacement cost.

The revaluations are carried out by specialized evaluators, members of ANEVAR. The last revaluation of the patrimony took place on 31.12.2025. Revaluation of property, plant and equipment shall be made with sufficient regularity so that the carrying amount does not differ materially from that which would be determined using the fair value at the balance sheet date.

## 2.2. Description and analysis of the physical condition and usage level of the Company's assets

Property, plant and equipment shall be depreciated from the date on which they are available for use or are in working order and, for assets constructed by the entity, from the date on which the asset is completed and ready for use.

Depreciation is calculated using the straight-line method over the estimated useful life of the assets, as follows:

- Construction 20-70 years
- Equipment 2-30 years
- Landscaping 10-75 years

The technical condition of the production facilities is maintained through predictive and current maintenance.

The degree of booked depreciation as of 31.12.2025 is as follows:

*(all values are expressed in thousands of lei)*

<b>Tangible fixed assets</b>	<b>Revalued cost or value</b>	<b>Depreciation and amortization</b>	<b>Depreciation level</b>
Special buildings and constructions	75,009	4,013	5%
Equipment and other fixed assets	244,250	39,392	16%

## 2.3. Specifying potential issues related to the ownership of the Company's tangible assets

Some of the Company's tangible assets are mortgaged or pledged as collateral for bank loans. The net book value of these pledged or mortgaged assets is 219,381 thousand lei as of December 31, 2025 (December 31, 2024: 303,212 thousand lei). The net book value of assets acquired through finance leases is 3,646 thousand lei as of December 31, 2025 (December 31, 2024: 3,446 thousand lei).



### 3. MARKET FOR SECURITIES ISSUED BY THE COMPANY

#### 3.1. Overview of markets in Romania and other countries where Company's securities are traded

The shares of "VRANCART" SA have been listed on the Bucharest Stock Exchange, Standard category, under the ticker symbol VNC, since July 15<sup>th</sup> 2005.

Shareholdership on 31.12.2025 is as follows:

▪ LION Capital	- 76,33 %
▪ Pavăl Holding	- 17,35 %
▪ Legal entities	- 2,70 %
▪ Private individuals	- 3,62 %

#### 3.2. Overview of Company's dividend policy.

Company's dividend policy is determined by the Annual General Meeting of Shareholders. By Resolution No. 4 dated 27.04.2023, the Ordinary General Meeting of Shareholders decided to distribute dividends from the net profit for the fiscal year ended on December 31<sup>st</sup> 2022 amounting to RON 12,033,855, representing a gross dividend value of RON 0.01/share.

Year	Net profit	Legal reserves	Dividends	Development fund*	Compensation of loss	Other destinations**
2022	23.688.891	1.319.796	12.033.855	4.940.628	-	5.394.612
2023	5.629.023	308.173	-	5.320.850	-	-
2024	(11.436.365)	-	-	-	11.436.365	-
2025	(48,121,680)				48,121,680	

\* These amounts represent tax incentives applicable to the Company as tax exemption for reinvested profits (Article 22 of the applicable Tax Code).

\*\* Distribution of company's profits for 2023 falls under the responsibility of the Annual General Meeting of Shareholders.

#### 3.3. Overview of Company's activities for purchase of its own shares.

Since its establishment, "VRANCART" S.A. Adjud has never purchased or held any of its own shares.

#### 3.4. If the company has subsidiaries, specify the number and par value of shares issued by the parent Company and held by subsidiaries.

In January 2017, the Company acquired **Rom Paper SRL, Brasov (Subsidiary 1)**. The acquisition agreement provided for the purchase in three installments: 70% (January 2017), 15% (June 2017), and 15% (June 2018). The acquisition agreement has been completed so, as of December 31<sup>st</sup> 2024, Vrancart holds 100% of shares. This company's main business is the manufacture and sale of paper products for hygiene and sanitary use.

The number of employees of Subsidiary 1 as of December 31<sup>st</sup> 2025 was 94 (December 31<sup>st</sup> 2024: 102 employees).



**Vrancart Recycling SRL (Subsidiary 2)** was established in August 2020 and is a privately held company with Romanian capital, with a sole shareholder. The main business of this subsidiary is the treatment and disposal of non-hazardous waste. This company has 105 employees as of the end of 2025. As of December 31<sup>st</sup> 2025, the parent company holds 100% of its shares.

**Ecorep Recycling SA (Subsidiary 3)** was established in November 2020, and it is a privately held company with Romanian capital. The main business of this subsidiary is provision of services related to the implementation of extended producer responsibility obligations for environmental objectives. The number of employees at the end of 2025 is 6. As of December 31<sup>st</sup> 2025, the parent company holds 99.6% of its shares.

### **3.5. If the company has issued bonds and/or other debt securities, overview of how the Company fulfills its obligations to the holders of such securities.**

In 2017, VRANCART S.A. issued convertible bonds. Based on Decision No. 156/01.02.2017, the Financial Supervisory Authority approved the prospectus for the issuance of bonds in the amount of RON 38,250,000, bearing interest at Robor 3m + 2%, with a maturity of 7 years. On March 13<sup>th</sup> 2017, the issuance of bonds was completed following a 100% subscription. These bonds were listed on the Bucharest Stock Exchange. On March 17<sup>th</sup> 2024, these bonds were repaid in full, together with the interest due on the final coupon payment, as currently the Group has fully discharged its obligations as set forth in the Prospectus.

## **4. MANAGEMENT OF THE COMPANY**

### **4.1. Board of the Company**

a) A list of company's directors and the following information for each director (surname, first name, age, qualification, professional experience, position, and length of service) on 31.12.2025:

1. Drăgoi Bogdan Alexandru – 46 years, economist,  
Member of the Board of Directors of “Vrancart” for 10 years
2. Fercu Adrian – 50 years, economist,  
Member of the Board of Directors of “Vrancart” for 5 years
3. El lakis Rachid – 30 years, economist,  
Member of the Board of Directors of “Vrancart” for 5 years.
4. Minea Alexandru – 35 years, economist,  
Interim Member of the Board of Directors of “Vrancart” since 06.11.2025.
5. Mihailov Sergiu – 45 years, economist,  
Chairman of the Board of Directors of “Vrancart” for 8 years

NOTE: The Chairman of the Board of Directors of “Vrancart” from January 1, 2025, to November 5, 2025, was FEDOR Nicu-Ciprian, 49, legal expert. Following his resignation, the position of Chairman of the Board of Directors of “Vrancart” was assumed by Sergiu MIHAILOV effective November 6, 2025.

b) any agreement, understanding, or family relationship between the director in question and another person that led to the appointment of that person as a director;

Not applicable.



c) the director's participation in company's share capital:

Directors' participation in company's share capital on 31.12.2025:

1. Drăgoi Bogdan Alexandru	– 0 acțiuni
2. Fercu Adrian	– 0 acțiuni
3. El Lakis Rachid	– 0 acțiuni
4. Minea Alexandru	– 0 acțiuni
5. Mihailov Sergiu	– 0 acțiuni

d) Remuneration policy

“VRANCART” S.A. published a separate report on its remuneration policy, in compliance with the provisions in Article 107 of Law no. 24/2017 on issuers of financial instruments and market operations, as republished, as further amended and supplemented. The separate report setting out the remuneration policy is publicly available, free of charge, on Company's website [www.vrancart.ro](http://www.vrancart.ro), for the period set forth in law, and updated whenever changes occur.

e) list Company's related parties

The parties are considered related parties if either party has the ability to directly or indirectly control, or to significantly influence, the other party through ownership or based on contractual rights, family relationships, or other relationships, as defined in IAS 24 “Related Party Disclosures”.

Related parties are the Members of the Board of Directors, as well as LION Capital SA, which is the majority shareholder, together with the other companies it controls.

#### 4.2. Executive management of the Company

a) As of 31.12.2025, the executive management of “Vrancart” S.A. was exercised by Mr. Stefan Movila, in his capacity as CEO.

b) any agreement, understanding, or family relationship between this person and another person that led to the appointment of that person as a member of executive management.

- Not applicable.

c) Participation of Company's executive members to the share capital.

- None of VRANCART's executive members hold shares.

#### 4.3. Any disputes or administrative proceedings

For all individuals shown in sections 4.1 and 4.2, a description of any disputes or administrative proceedings in which they have been involved over the past 5 years relating to their activities with the issuer, as well as those concerning such person's ability to perform their duties with the issuer.

- Not applicable.



## 5. CORPORATE GOVERNANCE

### 5.1. Compliance with the Bucharest Stock Exchange Corporate Governance Code (CGC)

The Board of Directors decided to voluntarily comply with the Bucharest Stock Exchange Corporate Governance Code (CGC), a decision approved by the General Meeting of Shareholders on August 10<sup>th</sup> 2011, when the Corporate Governance Regulation of “VRANCART” S.A. was also approved.

“VRANCART S.A.”, as an issuer listed in the Standard category on the Bucharest Stock Exchange, is committed to complying with the corporate governance principles set forth in the Bucharest Stock Exchange’s Corporate Governance Code. The shares of “VRANCART” S.A. have been listed and traded on the Bucharest Stock Exchange since 15.07.2005, in the Standard category, under the ticker symbol VNC.

The keeping of the Shareholder Register has been and continues to be provided by “Depozitarul Central” S.A. pursuant to the contract no. 7270/07.03.2017.

This Company has specific corporate governance documents and rules set forth in its “Articles of Incorporation,” the Rules of Organization and Operation (ROO), and internal regulations and decisions, which describe the functions, powers, and responsibilities of the Board of Directors and executive management.

Information regarding VRANCART’s corporate governance policy is available on Company’s website, [www.vrancart.ro](http://www.vrancart.ro):

- List of members of the Board of Directors and members of executive management,
- Updated Articles of Association.

In September 2015, the Bucharest Stock Exchange adopted its new Corporate Governance Code, which replaced the previous code, consisting of a set of principles and recommendations for listed companies aimed at creating an internationally attractive capital market, which our Company also adhered to. Although this new Code no longer explicitly requires the “Comply or Explain” statement, this mechanism remains in place because it serves to strengthen the confidence of shareholders and stakeholders in issuers, and it ensures that clear, accurate, and up-to-date information regarding listed companies’ compliance with corporate governance rules is communicated to the capital market.

The Bucharest Stock Exchange’s new Corporate Governance Code contains 34 recommendations to be implemented, organized into four sections, of which our Company complies with 30 provisions.

As for the provisions that our Company does not comply with, whether in full or in part, Company’s management has taken the necessary steps to implement all recommendations, and further progress made by the Company toward compliance with the new C.G.C. will be reported to the capital market.

### 5.2. Management of the Company

#### Board of Directors

“VRANCART” S.A. is managed by a Board of Directors (BOD) consisting of five members, elected by the General Assembly of Shareholders for a four years mandate, with the possibility of reelection. The Board of Directors has decision-making authority regarding Company’s management between General Assemblies, except for decisions that the law or Company’s Articles of Association reserve exclusively for the General Assembly of Shareholders.

The Board of Directors elects a chairman from its members.

During the current term of the Board of Directors, elected by the General Assembly of Shareholders on 27.04.2022 and on 06.11.2025, as of 31.12.2025 the Board of Directors consists of five non-executive members. Election of the members of the Board of Directors by vote of shareholders at the General





Assembly of Shareholders dated 31.12.2025 was based on a transparent procedure, based on which the contents of the nomination file and the criteria for serving as a director of a Company were made public.

The term of office for members of the Board of Directors is four years, in accordance with the statutory provisions.

In accordance with the legal provisions, the General Assembly of Shareholders approves the remuneration policy for directors and members of executive management. Based on the provisions of the Articles of Association, the Board of Directors meets at least once every three months to monitor Company's business activity.

"VRANCART" S.A. complies with the rules governing the conduct and reporting obligations regarding transactions in Company's shares conducted on their own account by directors and other relevant private individuals, as these rules are observed by the parties concerned; In accordance with FSA regulations, the specific rules themselves are set forth in the Corporate Governance Regulations of "VRANCART," which came into force in 2011.

The list of individuals having access to insider information is continuously updated, and this information is submitted to the FSA. The obligation to report transactions performed by insiders applies to both insiders and intermediaries, and this information is disclosed on the Bucharest Stock Exchange website.

### **Activities of the Board of Directors during 2025**

During 2025, the Board of Directors of "VRANCART" S.A. convened 20 times in accordance with the Articles of Association, and directors' attendance at these meetings complied with legal requirements.

The Chairman of the Board of Directors presided over all meetings in 2025. Following these meetings, 63 management resolutions regarding Company's day-to-day operations were adopted.

### **5.3. Respect for shareholders' rights**

"VRANCART" S.A. respects the rights of its shareholders, ensuring they are treated fairly. For the General Assembly of Shareholders held in 2025, specifically on 30.04.2024, details regarding the meeting were published in a dedicated section of Company's website, [www.vrancart.ro](http://www.vrancart.ro) – "For Shareholders": the GAS notice of attendance; materials concerning the agenda, as well as any other information regarding the items on agenda; forms for voting by special proxy and by mail; participation and voting procedures that ensure both the orderly and efficient conduct of the General Assembly and the right of every shareholder to freely express their opinion on the matters under discussion; the decisions taken at the General Assembly of Shareholders and the results of the vote.

For the 2025 financial exercise, information regarding the financial calendar, current reports, quarterly reports, the semi-annual report, and the annual report was posted on the website in due time.

"VRANCART" S.A. has two employees specializing in investor relations; however, this activity does not currently require establishing a dedicated department within the Company.





#### **5.4. Transparency in communication**

“VRANCART” S.A. places particular emphasis on transparency in communication, with a view to provide continuous and regular reporting that covers all important aspects of Company’s operations, its performance, etc.

Company’s website also provides information about the Company, both regarding its operations and its relationship with shareholders and investors. The “For Shareholders” section provides information of interest to shareholders and investors, and it presents current and periodic reports on Company’s activities, in both Romanian and English.

#### **5.5. Financial reporting**

The financial statements for 2025 were prepared in accordance with the requirements of Order of the Minister of Finance no. 2844 of 2016, approving the Accounting Regulations in accordance with International Financial Reporting Standards (OMFP 2844/2016) and they present a true and fair overview of the assets, payables, financial position, and the profit and loss account of “VRANCART”.

In accordance with legal requirements, these financial statements were audited by PwC, an independent financial auditor appointed by the General Assembly of Shareholders on 27.04.2023, for a two-year term.

#### **5.6. Internal control and risk management**

Internal control regularly monitors and checks implementation of new legal provisions applicable to Company’s operations, it provides compliance with Company’s internal regulations established through internal decisions and regulations, it updates existing regulations or introduces new regulations specific to Company’s business, and it establishes or improves Company’s internal procedures.

“VRANCART” operates an Internal Audit Department that periodically audits Company’s business to provide relevant information regarding the conduct of these activities and makes recommendations for improving operations, procedures, and controls. Internal audit activities are conducted in accordance with Company’s annual audit plan, which is approved by the Audit Committee, a committee established in accordance with the provisions of Principle 13 of the CGC.

The Board of Directors of “VRANCART” includes an Audit Committee, which regularly reviews the effectiveness of Company’s financial reporting, internal control, internal audit, and risk management systems. The Audit Committee consists exclusively of non-executive directors.

#### **5.7. Conflicts of interest and self-dealing**

In order to identify and appropriately address conflicts of interest, which stipulate that all investments or sales of securities shall be made solely in the best interests of shareholders and not for any other reason, the Board of Directors adopted, as part of the Corporate Governance Regulations, a standard procedure for resolving any such situations. In the event of a conflict of interest between Company’s interests and the personal interests of a decision-maker (board member) or an employee with a decision-making role (executive management), the solution is for that individual to recuse themselves from that decision-making process.

Internal regulations prohibit employees from engaging in related-party transactions that violate FSA regulations.



When a conflict of interest arises among directors, they shall inform the Board of Directors of such conflicts and shall abstain from participating in discussions and voting on the relevant matters, in accordance with applicable legal provisions; these situations shall be recorded in the minutes of the Board of Directors' meeting.

#### **5.8. Corporate DISCLOSURE POLICY**

The standard procedure governing the internal circulation and disclosure to third parties of documents and information concerning the issuer that may influence the market price of the securities issued thereby was established by the Corporate Governance Regulation.

The individuals designated with responsibilities in this area periodically prepare reports on the implications of regulatory provisions regarding the management of insider information (as set forth in Law no. 24/2017 on issuers of financial instruments and market operations, as republished, as further amended and supplemented) within "VRANCART" SA, as well as regarding the obligations of insiders. This disclosure is subject to review and approval by the Board of Directors.

#### **5.9. Social responsibility**

VRANCART S.A. is continuously engaged in corporate social responsibility initiatives, supporting disadvantaged groups in the local communities where it operates every year, either directly or through specialized foundations/associations.

This issuer is also directly involved in supporting sports, arts, and music events, as well as other social activities within the local community where it belongs.

#### **5.10. Non-financial statement**

VRANCART S.A. shall prepare a separate report on the information related to non-financial statement and to diversity issues, in accordance with the provisions of Chapter 7 in Order no. 2844/2016. This separate report for 2025 shall be made available to the public on Company's website [www.vrancart.ro](http://www.vrancart.ro) until June 30<sup>th</sup> 2026.

### **6. FINANCIAL AND ACCOUNTING STATEMENT**

The Company prepares its separate financial statements in compliance with the requirements of the Minister of Finance Order no. 2844 of 2016, which approves the Accounting Regulations in accordance with International Financial Reporting Standards (OMFP 2844/2016). International Financial Reporting Standards ("IFRS") are the standards adopted in accordance with the procedure set forth in Regulation (EC) no. 1606/2012 of the European Parliament and of the Council of July 19<sup>th</sup> 2002 on the application of International Accounting Standards.

These separate financial statements are disclosed in accordance with the requirements of IAS 1- "Presentation of Financial Statements."

This Company adopted a liquidity-based presentation for its financial status and a presentation of income and expenses by nature for the statement of comprehensive income, considering that these presentation methods provide information that is reliable and more relevant than the information which would have been presented under other methods permitted by IAS 1.





### Summary of financial performance indicators over the past 3 years

Indicator name	UM	Dec 31 <sup>st</sup> 2025	Dec 31 <sup>st</sup> 2024	Dec 31 <sup>st</sup> 2023
Overall liquidity	Rap	0.97	1.03	1.06
Immediate liquidity	Rap	0.52	0.62	0.64
Inventory turnover	turnover/year	4	5	6
Collection of receivables	Days	81	76	59
Repayment of trade debts	Days	56	52	28
Operating profit margin	%	-12%	-1%	4%
Gross profit ratio	%	-15%	-2%	1,5%

### 6.1. Financial status over the past 3 years

<i>(RON)</i>	Dec 31 <sup>st</sup> 2025	Dec 31 <sup>st</sup> 2024	Dec 31 <sup>st</sup> 2023
<b>ASSETS</b>			
Tangible assets	329,516,328	423,011,121	364,630,582
Down payments for tangible assets	1,466,508	8,152,139	19,706,483
Intangible assets	3,115,337	708,852	775,019
Goodwill		3,380,811	3,380,811
Financial assets	62,587,328	62,587,328	62,587,328
Other non-current assets	34,333,710	32,824,177	13,750,286
<b>Total non-current assets</b>	<b>431,019,211</b>	<b>530,664,428</b>	<b>464,830,509</b>
Inventories	80,045,008	73,791,524	66,810,661
Assets held for sale	-	19,725,761	19,725,761
Trade receivables	74,400,741	83,463,033	67,913,133
Prepaid expenditures	2,092,420	1,154,845	972,024
Receivables on current income tax	1,056,770	-	835,908
Other receivables	14,736,615	6,390,237	3,240,953
Restricted cash		-	-
Cash and cash equivalents	1,776,246	1,050,589	2,088,021
<b>Total current assets</b>	<b>174,107,800</b>	<b>185,575,989</b>	<b>168,699,328</b>
<b>TOTAL ASSETS</b>	<b>605,127,011</b>	<b>716,240,417</b>	<b>633,529,837</b>
<b>EQUITY</b>			



Share capital	201,011,575	201,011,575	169,121,665
Share premiums	842,449	842,449	775,497
Revaluation reserves	56,527,710	103,936,472	104,393,341
Legal reserves	13,345,280	13,345,280	13,345,280
Other reserves	60,790,129	60,790,128	60,790,128
Retained earnings	(40,264,279)	4,209,322	15,101,795
<b>Total equity</b>	<b>292,252,863</b>	<b>384,135,226</b>	<b>363,527,706</b>
<b>PAYABLES</b>			
Long-term bond loans	-	-	-
Long-term bank loans	90,719,480	86,689,040	67,826,778
Long-term leasing payables	8,420,009	19,066,190	21,333,018
Subsidies	33,156,215	31,825,414	8,761,341
Long-term payables to employees	675,543	920,509	444,379
Deferred income tax liabilities		12,168,086	13,160,453
Provisions	4,790	439,212	12,961
<b>Total long-term payables</b>	<b>132,976,037</b>	<b>151,108,451</b>	<b>111,538,930</b>
Short-term trade payables	50,967,756	57,603,898	32,527,381
Short-term loans	108,564,883	101,412,440	62,541,116
Short-term bond loans		-	38,250,000
Short-term leasing payables	5,743,232	7,712,995	9,300,908
Subsidies	1,468,841	2,805,360	1,361,714
Employee payable	4,804,868	4,821,776	5,979,709
Current income tax payables	512,865	883,526	-
Other payables	7,835,665	5,756,745	8,502,373
<b>Total current payables</b>	<b>179,898,110</b>	<b>180,996,740</b>	<b>158,463,201</b>
<b>TOTAL PAYABLES</b>	<b>312,874,148</b>	<b>332,105,191</b>	<b>270,002,131</b>
<b>TOTAL EQUITY AND PAYABLES</b>	<b>605,127,011</b>	<b>716,240,417</b>	<b>633,529,837</b>



## 6.2. Overall financial status over the past 3 years

<i>(RON)</i>	<b>Dec 31<sup>st</sup> 2025</b>	<b>Dec 31<sup>st</sup> 2024</b>	<b>Dec 31<sup>st</sup> 2023</b>
Revenue from sales	328,957,760	395,555,449	412,011,096
Incomes from operating subsidies	(1,608,910)	408,956	12,922,747
Other incomes	15,321,576	12,861,998	10,041,467
Change in stock of finished goods and work-in-progress	3,422,533	(960,268)	5,074,068
Expenditure on raw materials and consumables	(190,937,993)	(213,238,440)	(215,963,362)
Expenditures related to commodities	(7,293,221)	(13,153,158)	(13,612,863)
Third-party expenditures	(36,684,990)	(34,692,284)	(37,466,894)
Personnel expenditures	(86,366,073)	(96,129,900)	(102,572,974)
Expenses related to depreciation and write-off of tangible assets	(50,030,337)	(42,064,249)	(39,836,284)
Other expenditures	(13,531,246)	(12,505,011)	(13,604,750)
<b>Operating income</b>	<b>(38,750,901)</b>	<b>(3,916,907)</b>	<b>16,992,250</b>
Financial incomes	2,914,025	4,371,922	1,327,060
Financial expenditures	(13,034,682)	(9,933,293)	(12,155,856)
<b>Profit (loss) before tax</b>	<b>(48,871,558)</b>	<b>(9,478,278)</b>	<b>6,163,454</b>
Expenditure on profit tax	749,878	(1,958,087)	(534,431)
<b>Profit (loss) for the year</b>	<b>(48,121,680)</b>	<b>(11,436,365)</b>	<b>5,629,023</b>
<b>Other components of comprehensive income</b>			
Changes in the revaluation reserve for property, plant, and equipment, net of deferred tax	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(48,121,680)</b>	<b>(11,436,365)</b>	<b>5,629,023</b>



### 6.3. Cash flow statement for the past 3 years

<i>(RON)</i>	<b>Dec 31<sup>st</sup> 2025</b>	<b>Dec 31<sup>st</sup> 2024</b>	<b>Dec 31<sup>st</sup> 2023</b>
<b>Cash flows from operating activity:</b>			
Revenue from customers	427.159.263	444,323,879	511,357,338
Supplier payments	(290.439.846)	(280,009,192)	(301,751,777)
Employee payments	(47.865.728)	(60,346,078)	(71,912,777)
Payments to state budget	(66.049.595)	(52,550,885)	(62,652,883)
Profit tax paid	(3.817.000)	(1,143,997)	(2,112,573)
	<b>18.987.095</b>	<b>50,273,727</b>	<b>72,927,328</b>
<b>Net treasury from operating activity</b>			
<b>Cash flows from investment activities:</b>			
Payments for purchase of tangible and intangible non-current assets	(12.136.804)	(96,663,614)	(55,937,492)
Payments for purchase of financial assets	-	-	(17,021,000)
Loans to affiliates	-	(19,050,000)	(13,100,000)
Income from the sale of tangible assets	-	2,095,381	3,993,119
Interest received	55.815	1,738,906	7,041
Dividends received	-	2,500,000	-
<b>Net treasury from investment activity</b>	<b>(12.080.989)</b>	<b>(109,379,327)</b>	<b>(82,058,332)</b>
<b>Net treasury from funding activity</b>			
Receipts from loans	34,402,049	120,341,599	40,328,879
Loan repayments	(34,219,021)	(62,620,177)	(46,175,810)
Interests paid	(7,447,059)	(8,320,578)	(10,779,251)
Leasing payments	(3,887,149)	(10,631,130)	(10,209,182)
Leasing interests paid	(255,573)	(401,659)	(316,893)
Share capital increase	-	31,956,911	48,894,047
Repayment of bonds	-	(38,250,000)	(11,811,653)
Subsidies for investments	5,226,305	25,993,202	
Dividends paid	-	-	
<b>Net treasury from funding activity</b>	<b>(6,180,449)</b>	<b>58,068,168</b>	<b>9,930,137</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>725,657</b>	<b>(1,037,432)</b>	<b>799,133</b>
<b>Cash and cash equivalent at the beginning of the financial exercise</b>	<b>1,050,589</b>	<b>2,088,021</b>	<b>1,288,888</b>
<b>Cash and cash equivalent at the end of the financial exercise</b>	<b>1,776,246</b>	<b>1,050,589</b>	<b>2,088,021</b>



## 7. MATERIAL EVENTS OCCURRING AFTER THE END OF THE FINANCIAL EXERCISE

After the end of the financial exercise, financial statements shall reflect events occurring after the end of the year; these events provide additional information regarding Company's position as of the reporting date, as well as those that represent a potential breach of the going concern principle, that is, events that will lead to adjustments. There are certain subsequent events occurring after the end of the year that do not represent events leading to adjustments that are disclosed in the Notes when they are deemed material.

Directors' report was approved by VRANCART SA's Board of Directors.

### SIGNATURES

The report shall be signed by the authorized representative of the Board of Directors and the company's manager/CEO.

**Alexandru-Lucian MINEA**

Chairman of the Board of Directors

**Stefan-Viorel MOVILA**

CEO

Prepared:

**DA.AI AUDIT&ACCOUNTING S.R.L.**

SE15003

Radu Gabriel



**VRANCART S.A.**

Stand Alone Financial Statements  
as of December 31<sup>st</sup> , 2025

Issued in accordance with  
the Order of the Ministry of Public Finances 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.

## Stand-alone statement of financial position

for the financial year ended on December 31<sup>st</sup>, 2025

(all amounts in RON, unless otherwise stated)

	Note	December 31 <sup>st</sup> 2025	December 31 <sup>st</sup> 2024
<b>ASSETS</b>			
Tangible assets	4	329.516.328	423.011.121
Prepayments for tangible assets		1.466.508	8.152.139
Intangible assets	4	3.115.337	708.852
Goodwill		-	3.380.811
Financial assets	5	62.587.328	62.587.328
Other non-current receivables	6	34.333.710	32.824.177
<b>Total non-current assets</b>		<b>431.019.211</b>	<b>530.664.428</b>
Inventories	7	80.045.008	73.791.524
Trade receivables	9	74.400.741	83.463.033
Prepaid expenses		2.092.420	1.154.845
Current income tax receivables		1.056.770	-
Other receivables	11	14.736.615	6.390.237
Cash and cash equivalents	10	1.776.246	1.050.589
		<b>174.107.800</b>	<b>165.850.228</b>
Assets held for sale	8	-	19.725.761
<b>Total current assets</b>		<b>174.107.800</b>	<b>185.575.989</b>
<b>TOTAL ASSETS</b>		<b>605.127.011</b>	<b>716.240.417</b>
<b>EQUITY</b>			
Share capital	12	201.011.575	201.011.575
Share premiums		842.449	842.449
Revaluation reserves	13	56.527.710	103.936.472
Legal reserves	13	13.345.280	13.345.280
Other reserves	13	60.790.128	60.790.128
Retained earnings		(40.264.279)	4.209.322
<b>Total equity</b>		<b>292.252.863</b>	<b>384.135.226</b>
<b>LIABILITIES</b>			
Long-term loans	17	90.719.480	86.689.040
Long-term leasing liabilities	16	8.420.009	19.066.190
Long-term subsidies	20	33.156.215	31.825.414
Long-term debts to employees		675.543	920.509
Deferred income tax liabilities		-	12.168.086
Other long-term liabilities	15	4.790	439.212
<b>Total long-term liabilities</b>		<b>132.976.037</b>	<b>151.108.451</b>
Trade liabilities	14	50.967.756	57.603.898
Short-term loans	17	108.564.883	101.412.440
Short-term leasing liabilities	16	5.743.232	7.712.995
Short-term subsidies	20	1.468.841	2.805.360
Short-term debts to employees	18	4.804.868	4.821.776
Current corporate income tax liabilities		512.865	883.526

Vrancart S.A.

## Stand-alone statement of financial position

for the financial year ended on December 31<sup>st</sup>, 2025

(all amounts in RON, unless otherwise stated)

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Other short-term liabilities	15	7.835.665	5.756.745
<b>Total current liabilities</b>		<b>179.898.110</b>	<b>180.996.740</b>
<b>TOTAL LIABILITIES</b>		<b>312.874.148</b>	<b>332.105.191</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>605.127.011</b>	<b>716.240.417</b>

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The Board approved the financial statements of Directors on May 26, 2026

Chief Executive Officer  
Stefan-Viorel MOVILA



Prepared by:  
DA.AI AUDIT&ACCOUNTING SRL  
SE15003  
Radu Gabriel



The notes from page 6 to page 63 are an integral part of the financial statements.

Vrancart S.A.

## Stand-alone statement of comprehensive income

for the financial year ended on December 31<sup>st</sup>, 2025

(all amounts in RON, unless otherwise stated)

	Nota	2025	2024
Sales income from customers agreements	21	328.957.760	395.555.449
Income from operating subsidiaries		(1.608.910)	408.956
Other income	22	15.321.576	12.861.998
Production inventory's changes		3.422.533	(960.268)
Raw materials and consumables expenses	23	(190.937.993)	(213.238.440)
Cost of goods sold		(7.293.221)	(13.153.158)
Third-party expenses	23	(36.684.990)	(34.692.284)
Labor expenses	26	(86.366.073)	(96.129.900)
Assets amortization and depreciation expenses		(50.030.337)	(42.064.249)
Other expenses	25	(13.531.246)	(12.505.011)
<b>Operating income</b>		<b>(38.750.901)</b>	<b>(3.916.907)</b>
Financial income	27	2.914.025	4.371.922
Financial expenses	27	(13.034.682)	(9.933.293)
<b>Profit/(Loss) before taxation</b>		<b>(48.871.558)</b>	<b>(9.478.278)</b>
Profit tax expenses		749.878	(1.958.087)
<b>Profit/(Loss) for the year</b>		<b>(48.121.680)</b>	<b>(11.436.365)</b>
<b>Other elements of comprehensive income</b>			
Changes in the reserve from the revaluation of tangible assets, net of deferred tax		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(48.121.680)</b>	<b>(11.436.365)</b>
<b>Earnings per share</b>	29		
Base earnings per share		(0.0239)	(0,0064)
Diluted earnings per share		(0.0239)	(0,0064)

The Board approved the financial statements of Directors on May 26, 2026

Chief Executive Officer  
Stefan-Viorel MOVILA



Prepared by:  
DA.AI AUDIT&ACCOUNTING SRL  
SE15003  
Radu Gabriel



The notes from pages 6 to 63 are an integral part of the financial statements.

Vrancart SA

**Consolidated Statement of Changes in Equity**

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

	Share capital	Revaluation reserves	Share premiums	Legal reserves	Other reserves	Retained earnings	Total equity
<b>Balance as of January 1st, 2024</b>	169.121.665	104.393.341	775.497	13.345.280	60.790.128	15.101.795	363.527.706
<b>Comprehensive income for the year</b>							
Net profit/loss for the year	-	-	-	-	-	(11.436.365)	(11.436.365)
Changes in the reserve from the revaluation of tangible assets, net of deferred tax	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	-	(11.436.365)	(11.436.365)
Share capital increase	31.889.910	-	66.952	-	-	-	31.956.862
Distribution of dividends	-	-	-	-	-	-	-
Distribution of the legal reserve and other reserves	-	-	-	-	-	-	-
Transfer of the revaluation reserve to retained earnings following the sale/decommissioning of tangible assets	-	(456.869)	-	-	-	543.892	87.023
<b>Balance as of December 31st, 2024</b>	<b>201.011.575</b>	<b>103.936.472</b>	<b>842.449</b>	<b>13.345.280</b>	<b>60.790.128</b>	<b>4.209.322</b>	<b>384.135.226</b>
<b>Balance as of January 1st 2025</b>	<b>201.011.575</b>	<b>103.936.472</b>	<b>842.449</b>	<b>13.345.280</b>	<b>60.790.128</b>	<b>4.209.322</b>	<b>384.135.226</b>
<b>Comprehensive income for the year</b>							
Net profit/loss for the year	-	-	-	-	-	(48.121.680)	(48.121.680)
Rezerve din reevaluare)	-	(52.790.936)	-	-	-	-	(52.790.936)
Changes in the reserve from the revaluation of tangible assets, net of deferred tax	-	9.030.253	-	-	-	-	9.030.253
<b>Total comprehensive income</b>	-	<b>(43.760.683)</b>	-	-	-	<b>(48.121.680)</b>	<b>(91.882.363)</b>
Share capital increase	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	-	-	-	-
Distribution of the legal reserve and other reserves	-	-	-	-	-	-	-
Transfer of the revaluation reserve to retained earnings, the sale/decommissioning of tangible assets	-	(3.648.079)	-	-	-	3.648.079	-
<b>Balance as of December 31 st, 2025</b>	<b>201.011.575</b>	<b>56.527.713</b>	<b>842.449</b>	<b>13.345.280</b>	<b>60.790.128</b>	<b>(40.264.279)</b>	<b>292.252.863</b>

**Vrancart SA**  
**Consolidated Statement of Changes in Equity**  
**for the financial year ended 31<sup>st</sup> December, 2025**  
*(all amounts are expressed in RON, unless otherwise stated)*

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The Board approved the financial statements of Directors on April May 26, 2026

Chief Executive Officer  
Stefan-Viorel MOVILA



Prepared:  
DA.AI AUDIT&ACCOUNTING SRL  
SE15003  
Radu Gabriel



The notes on pages 6 to 63 are an integral part of these financial statements.

**Vrancart S.A.**  
**Stand-alone statement of Cash Flows**  
**for the financial year ended on December 31<sup>st</sup>, 2025**  
*(all amounts in RON, unless otherwise stated)*

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**DIRECT METHOD**

	Nota	2025	2024
<b>Cash flows from operating activities</b>			
Receivables from customers		351.222.979	399.325.807
Receivables from affiliated entities		41.984.362	44.998.072
Payments to suppliers		(249.936.661)	(271.089.144)
Payments to affiliated entities		(40.503.185)	(8.920.048)
Payments to employees		(47.865.728)	(60.346.078)
Payments to the government		(66.049.595)	(52.550.885)
Income tax paid		(3.817.000)	(1.143.997)
<b>Net cash flows from operating activities</b>		<b>(14.964.828)</b>	<b>50.273.727</b>
<b>Cash flows from investment activities</b>			
Cash paid for the purchase of tangible and intangible assets		(12.136.804)	(96.663.614)
Loans granted to affiliates		-	(19.050.000)
Proceeds from the sale of tangible assets		33.951.922	2.095.381
Interest received		55.815	1.738.906
Dividends received		-	2.500.000
<b>Net cash flows from investment activities</b>		<b>21.870.933</b>	<b>(109.379.327)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans		34.402.049	120.341.599
Loan repayments		(34.219.021)	(62.620.177)
Interest paid		(7.447.059)	(8.320.578)
Payments for leasing		(3.887.149)	(10.631.130)
Leasing interest paid		(255.573)	(401.659)
Share capital increase		-	31.956.911
Bonds redemption		-	(38.250.000)
Investment subsidies collected		5.226.305	25.993.202
Dividends paid		-	-
<b>Net cash flows from financing activities</b>		<b>(6.180.449)</b>	<b>58.068.168</b>
<b>Net increase/(decrease) of cash and cash equivalents</b>		<b>725.657</b>	<b>(1.037.432)</b>
<b>Cash and cash equivalents as at the beginning of the financial year</b>		<b>1.050.589</b>	<b>2.088.021</b>
<b>Cash and cash equivalents as at the end of the financial year</b>		<b>1.776.246</b>	<b>1.050.589</b>

Chief Executive Officer  
Stefan-Viorel MOVILA



Prepared by:  
DA.AI AUDIT&ACCOUNTING SRL  
SE15003  
Radu Gabriel



The notes from page 6 to page 63 are an integral part of the financial statements.

Vrancart S.A.

## Notes to the stand-alone financial statements

for the financial year ended on December 31<sup>st</sup>, 2025

(all amounts in RON, unless otherwise stated)

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### 1. The reporting entity

Vrancart SA (hereinafter referred to as “the Company”) is a joint-stock trade company operating in Romania under the provisions of Law 31/1990 on commercial companies.

The company operates in the fields of non-hazardous waste collection and recycling, the paperboard and corrugated cardboard industry, and the production of corrugated cardboard packaging and sanitary paper products. The company has branches in the following locations: Chiajna, Ploiești, Pantelimon, and Bacău.

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

- corrugated cardboard,
- corrugated cardboard packaging,
- paper used in the manufacturing of corrugated cardboard,
- various types of sanitary paper products,
- waste paper recycling equipment, including rental and maintenance services,
- electricity generated from photovoltaic parks, including for self-consumption.

The Company’s shares are listed on the Bucharest Stock Exchange, Standard category, with an indicative VNC starting from July 15<sup>th</sup>, 2005, and the Company posts its individual financial statements on its website at [www.vrancart.ro](http://www.vrancart.ro).

As of December 31<sup>st</sup>, 2025, the Company is owned 76.33% by Lion Capital SA, 17.35% by Pavăl Holding S.R.L., and 6.32% by other shareholders. The records of shares and shareholders are kept in accordance with the law by S.C. Depozitarul Central S.A., Bucharest.

### 2. Basis for preparation

#### (a) Statement of conformity

The individual financial statements are issued by the Company in accordance with the requirements of the Finance Minister Order no. 2844 of 2016, for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards (OMFP 2844/2016). The International Financial Reporting Standards (IFRS) are the standards adopted in accordance with the procedure set out in (EC) Regulation No. 1.606/2012 of the European Parliament and of the Council of July 19<sup>th</sup>, 2002, on the application of the International Accounting Standards.

#### (b) Submission of financial statements

The financial statements are presented in accordance with the provisions of IAS 1 “Submission of financial statements”. The Company adopted a presentation based on liquidity within its statement of financial position and a presentation of revenues and expenditures according to their nature within the statement of comprehensive income, considering that these presentation methods provide information that is credible and more relevant than the information that would have been presented based on other methods allowed by IAS 1.

**Vrancart S.A.**

## **Notes to the stand-alone financial statements**

*for the financial year ended on December 31<sup>st</sup>, 2025*

*(all amounts in RON, unless otherwise stated)*

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### **(c) 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 nearest lei.

### **(d) Basis for preparation**

The individual financial statements were prepared at historical cost, except for tangible assets in the categories of land, construction, and technological equipment, which are assessed using the revaluation model.

The accounting policies defined below were applied consistently for all the periods presented in these financial statements.

### **(d) Business continuity**

These financial statements were prepared on a going concern basis, meaning the Company will continue in business for the foreseeable future. To assess the applicability of this assumption, management analyzes forecasts of future cash inflows.

In 2025, the Company reported a net loss of RON 48.121.680 (2024: loss RON 11.436.365), and as of December 31st 2025, current liabilities exceeded current assets by RON 5.790.310 (2024 current assets exceed current liabilities by RON 4.579.249).

The company reported a positive cash flow of 725,657 lei in 2025 (compared to a negative cash flow of 1,037,432 lei in 2024) and has no overdue debts to public budgets or private partners.

An analysis of the Company's revenue shows that performance fell short of the target set for 2025, specifically, from an estimated level of approximately 421 million RON—a figure considered achievable given historical performance—of which it generated revenue of approximately 329 million RON in 2025, representing a deviation of approximately 24%.

Furthermore, during 2025, the Company's performance was influenced, on the one hand, by rising operating costs, and on the other hand, by a decline in sales volume. The business environment was characterized by heightened competition, price pressures, and customer demands for discounts. At the same time, the company continued to operate amid high, relatively inflexible cost factors that affected profit margins and overall operating results.

A series of operational disruptions amplified this trend. Thus, in July and August 2025, production was suspended to carry out the installation, integration, and commissioning of a new DRUM PULPER—an investment necessary to modernize and streamline technological processes. Although this shutdown was planned, it led to a temporary decrease in production and delivery volumes.

In this context, starting in the second half of 2025, the Company's management initiated a series of stabilization and efficiency measures, which continue to be implemented throughout 2026 and which involved the recognition of one-time expenses amounting to approximately 18 million RON, to which are added expenses related to the revaluation of fixed and current assets in the form of inventory for approximately RON 12 million. These expenses related to restructuring measures, including the closure of 16 collection centers and staff layoffs, were initiated by management to streamline operations and reduce costs over the medium and long term.

Vrancart S.A.

## Notes to the stand-alone financial statements

for the financial year ended on December 31<sup>st</sup>, 2025

(all amounts in RON, unless otherwise stated)

These mainly include restructuring costs of approximately 3 million RON related to staff layoffs, expenses of approximately RON 7.5 million resulting from the closure of a business line in western Romania, namely the GIANT Project, as well as the impact of approximately RON 1.6 million related to subsidies for operations in the energy segment that did not materialize. Furthermore, the result was affected by the recognition of adjustments related to the valuation of paper inventories in accordance with the requirements of IAS 2 “Inventories,” amounting to approximately RON 6.5 million, as well as negative differences from the revaluation of assets, recognized as expenses, for approximately RON 6.3 million.

Regarding the contractual covenants related to the financing facilities, the company did not fully meet certain financial covenants established in the credit agreements during 2025 due to the financial developments recorded during the period under review. In this context, the company obtained waiver agreements from financial institutions for the year 2025 (ING 12/31/2025, BRD 12/30/2025, and BCR 12/19/2025).

Management believes that a significant portion of these items is nonrecurring or exceptional in nature, and that future operating performance is expected to improve as the business normalizes and the effects of the implemented restructuring measures take hold.

Regarding the adjustment to the valuation of paper inventories, production was undertaken at an inventory cost exceeding the selling price due to reduced market volumes and the maintenance of production costs to a certain point. At that time, the Company took measures to reduce them starting in Q4 of 2025. Thus, the impact of this additional 2025 production cost necessitated recognition of the loss presented above.

Regarding the supply chain and trends in the costs of raw materials, utilities, and transportation, the company faced significant pressures during the period under review due to market volatility and rising procurement costs. In May–June 2025, there were significant increases in the prices of raw materials used in the production process, leading to a direct increase in manufacturing costs, with the ability to adjust selling prices limited by competitive market conditions.

Despite the net loss recorded during the period under review, the indicator known as earnings before interest, taxes, depreciation, and amortization (EBITDA), which reflects profit before interest, taxes, depreciation, and amortization, has a positive value of approximately RON 7.6 million and includes one-off expenses, indicating that core operating activity continues to contribute to value generation before the impact of non-cash items, financial expenses, and non-recurring effects. This reflects the company’s operational ability to generate cash flows from current operations, even amid significant pressures on revenue, costs, and operational efficiency, including inflationary pressures on raw materials and other essential inputs.

EBITDA CALCULATION AS OF DECEMBER 31, 2025		
Cont		Amount (RON)
121	Result	(48,121,679)
666	Interest expense	8,195,308
6685	Interest expense on lease agreements	308,101
6688	Other financial expenses	87,850
6811	Operating expenses related to depreciation of fixed assets	37,665,903
685	Depreciation expense on assets related to rights to use leased assets	6,068,973
697	Income tax expense at the minimum turnover tax rate	3,444,738
<b>TOTAL EBITDA</b>		<b>7,649,194</b>

**Vrancart S.A.**

## **Notes to the stand-alone financial statements**

*for the financial year ended on December 31<sup>st</sup>, 2025*

*(all amounts in RON, unless otherwise stated)*

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The structure of the 2026 budget incorporates the effects of measures implemented in the second half of 2025, namely cost reallocation and operational efficiency improvements. Regarding financial forecasts and cash flow projections, the 2026 budget was based on a prudent and balanced approach, with the budgeted result close to the break-even point. It does not fully capture the positive impact of the ongoing capital expenditure (CAPEX) program, which is why the estimated performance level reflects a conservative assumption and is below the company's operational potential. In this context, although the company has available production capacity and additional market absorption potential, the budget does not anticipate the full utilization of these capacities during the period under review, given current market conditions and the structure of demand.

For 2026, the company's strategy focuses on strengthening and accelerating operational efficiency through an investment program aimed at modernizing and expanding production capacity, as well as increasing competitiveness with a focus on the most profitable product categories, which also generate significant competitive advantages and create opportunities to attract and integrate new customers in this market segment.

These investments are considered essential for increasing operational efficiency, optimizing costs, and improving commercial competitiveness. Currently, existing production capacity limits the company's access to certain customer segments, both in terms of available volumes, product mix, and price competitiveness, which restricts its potential for market expansion.

To optimize its financing structure and support working capital, the Company is in the advanced stages of implementing a recourse factoring facility, structured so that credit risk is transferred to the end customer (i.e., the assigned debtor) without direct recourse against the Company. This financing solution aims to improve liquidity by accelerating the cycle of converting receivables into cash and reducing pressure on working capital, thereby facilitating more efficient management of operational cash flows, including at the subsidiary level. The facility will be used exclusively to finance working capital, thereby strengthening liquidity and increasing financial flexibility in day-to-day operations.

As of December 31, 2025, the Company reported financial results that were impacted by pressures on liquidity, working capital levels, and debt ratios. However, operations continued to generate cash flows, as reflected in a positive EBITDA of approximately RON 7.6 million.

Starting in the second half of 2025, management implemented a series of operational and financial measures that will continue through 2026 to restructure the cost base, streamline operational processes, and improve commercial discipline. At the same time, management's assessment considers maintaining access to existing sources of financing and the expected effects of the optimization measures on future operational performance.

In conclusion, based on the assessment conducted, management believes the Company can continue its operations in the foreseeable future under normal operating conditions. This conclusion is based on the ability to generate cash flows from operating activities, supported by the expected operational performance resulting from the implementation of the action plan.

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## **Notes to the stand-alone financial statements**

*for the financial year ended on December 31<sup>st</sup>, 2025*

*(all amounts in RON, unless otherwise stated)*

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### **(e) The use of judgments and estimates**

The preparation of the individual financial statements in accordance with the Public Finances Minister Order no. 2844/2016 requires management to make estimates, judgments, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenditures. The judgments and assumptions underlying these estimates are based on historical experience and other factors deemed reasonable in this context.

The results of these estimates form the basis for judgments regarding the accounting values of assets and liabilities that cannot be obtained from other sources of information. The results obtained may differ from the estimated values.

The Company regularly revises the judgments and assumptions underlying these. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revisions affect only that period, or in the current period and the next period if the revisions affect both periods.

The main estimates refer to:

- Estimates related to employee benefits presented in Note 3(l)
- Amortization period of fixed assets presented in Note 3(c)
- Adjustments for the impairment of current assets presented in Note 3(i)
- Cash flow projections and WACC used in the impairment analyses of assets presented in Notes 4 and 5

### **(f) Comparative Information**

The individual financial statements as of December 31, 2025, are comparable with those of the previous financial year. The presentation of certain note disclosures for the year ended on December 31, 2024, has been updated to ensure comparability with the current financial year's data.

## **3. Significant accounting policies**

### **a. Transactions in foreign currencies**

The operations expressed in foreign currencies are recorded in RON at the official exchange rate on the date the transactions are discounted. The monetary assets and liabilities denominated in foreign currencies as of the date the accounting balance is prepared are converted into the functional currency at the exchange rate on that date.

The gains or losses from their discount 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 recognized in the statement of comprehensive income.

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for the financial year ended on December 31<sup>st</sup>, 2025

(all amounts in RON, unless otherwise stated)

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The exchange rates of the main foreign currencies were:

Foreign currency	December 31 <sup>st</sup> , 2025	December 31 <sup>st</sup> , 2024	Variation
Euro (EUR)	5.0985	4.9746	+2,50%
American dollar (USD)	4.3417	4.4958	-3,40%

### b. Financial instruments

#### *Non-derivative financial instruments*

The Company recognizes financial assets (loans, receivables, and deposits) initially on the date they are originated. All other financial assets are initially recognized on the trade date, when the Company becomes subject to the contractual terms of the instrument.

The classification depends on the nature and purpose of the financial instruments and is determined at initial recognition. All standard purchases and sales of financial assets are recognized and derecognized on the trade date. Standard purchases or sales are purchases or sales of financial assets that require the delivery of the assets within a time interval established through a market regulation or convention.

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards associated with ownership of the asset to another entity. If the Company neither transfers nor retains all the risks and rewards of ownership and continues to control the transferred assets, the Company recognizes its retained interest in the assets and the associated liability for the amounts it would be required to pay. If the Company does not retain substantially all the risks and rewards of ownership of a transferred financial asset, then the Company continues to recognize the financial asset and recognizes a collateralized liability for the collections received.

Upon the entire derecognition of a financial asset, the difference between the book value of the asset and the amount of the equivalent value received and to be received, and the cumulated gains or losses that have been recognized in other comprehensive income items and cumulated in equity are recognized at profit or loss.

On the derecognizing of a financial asset other than entirely (e.g. when the Company does not retain an option for the redemption of a part of a transferred asset or retains a residual interest that does not result in the retaining substantially of all the risks and benefits related to the ownership and the Company does not retain the control), the Company will allot the previous book value of the financial asset between the part that it continues to recognize under continuous implication and the part that it no longer recognizes based on the fair values corresponding to those parts as at the transfer date.

The difference between the book value allotted to the part that is no longer recognized and the amount of the equivalent value received for the part that is no longer recognized, and any cumulated gains or losses allotted that were recognized in other comprehensive income items, is recognized at profit or loss. A cumulated gain or loss that was recognized in other comprehensive income items is allotted between the part that continues to be recognized and the part that is no longer recognized, based on the fair value corresponding to those parts.

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## **Notes to the stand-alone financial statements**

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### *Derivative financial instruments*

Derivative financial instruments included in contracts are separated from the contracts and accounted for separately if the contract is not a financial asset and certain criteria are met.

Derivative financial instruments are initially recorded at fair value. Subsequently to their initial recognition, these are measured at fair value, and the changes in this value are recognized in the profit and loss account.

As of December 31<sup>st</sup>, 2025, the Company does not hold any derivative financial instruments.

### *Receivables*

Receivables are financial assets with fixed or determinable payments that are not traded on an active market. Such assets are initially recognized at fair value plus any directly attributable trading costs. After initial recognition, receivables are measured at amortized cost using the effective interest rate method. The Company applies the simplified IFRS 9 approach to measure expected credit losses, which uses a reduction for losses expected over the lifetime of all trade receivables. Details on the modality to calculate impairment adjustments for trade receivables are included in note i. Impairment of assets.

Receivables include trade receivables and other receivables.

### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances, current accounts and deposits with maturities of up to three months from the date of purchase, which are subject to an insignificant risk of change in their fair value and are used by the Company to manage short-term commitments.

### *Share capital – ordinary shares*

Ordinary shares are classified as part of equity. The additional costs directly attributable to the issue of ordinary shares and share options are recognized as a reduction of equity at value net of tax effects.

### *Financial liabilities*

Financial liabilities include financial leasing liabilities, interest-bearing bank loans, loans from bond issues, overdrafts and trade liabilities and other liabilities.

Loans are initially recognized at fair value, less than the costs incurred in relation to the operation in question. Subsequently, these are recorded at amortized cost. Any difference between the input value and the reimbursement value is recognized in the profit and loss account during the loan period, using the actual interest method.

Financial instruments are categorized as liabilities or equity according to the substance of the contractual arrangement. Interests, dividends, gains, or losses related to a financial instrument categorized as a liability are reported as expenses or income. The distributions to the holders of financial instruments categorized as equity are recorded directly at equity. Financial instruments are offset when the Company has a legal applicable right to offset and intends to discount either on a net basis, or to achieve the asset and extinguish the liability at the same time.

## Notes to the stand-alone financial statements

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(all amounts in RON, unless otherwise stated)

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### c. Tangible assets

#### (i) Recognition and evaluation

Tangible assets recognized as assets are initially evaluated at cost by the Company. The cost of a tangible assets element is formed of the purchase price, including non-recoverable taxes, after the deduction of any price reductions of commercial nature and any costs that can be directly attributable to bringing the asset to the location and under the conditions necessary for it to be used for the purpose intended by the management, such as: employee-related expenses resulting directly from the construction or purchase of the asset, the costs of site preparation, the initial delivery and handling costs, the costs related to erection and assembly, professional fees.

The cost of a tangible asset item built by the Company includes:

- the cost of materials and direct personnel-related expenses;
- other costs directly attributable to bringing the assets to the state necessary for the intended use;
- when the Company has the obligation to move the asset and to restore the corresponding space, an estimate of the costs for the disassembly and movement of items and for the restoration of the area where they have been capitalized.

When certain components of a tangible asset have different useful lifetime durations, they are accounted as different elements (major components) of tangible assets.

Tangible assets are classified by the Company in the following classes of assets of the same nature and with similar uses:

- land;
- buildings;
- equipment, technical installations and machines;
- vehicles;
- other tangible assets.

Land, buildings, and equipment are recognized at revalued amounts, which represent the fair value as of the revaluation date less any subsequent accumulated amortization and any accumulated impairment losses.

Fair value is based on quotations for market prices, adjusted, if necessary, to reflect the differences related to the nature, location, or condition of that asset, except for the equipment for which fair value was determined based on the replacement cost.

The revaluations are performed by specialized assessors, members of the National Association of Authorized Appraisers of Romania (ANEVAR). The last revaluation of patrimony took place on December 31<sup>st</sup>, 2025.

The revaluations of tangible assets are carried out with sufficient regularity so that the book value does not differ substantially from the fair value determined as at the balance sheet date.

## Notes to the stand-alone financial statements

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If the result of revaluation is an increase over the net book value, it is treated as follows: as an increase in the revaluation reserve shown in equity, if there has not been a previous decrease recognized as an expense related to that asset, or as income to offset the expense related to the decrease previously recognized for that asset.

If the result of revaluation is a decrease in the net book value, it shall be treated as an expense related to the full amount of the depreciation when no amount relating to that asset (revaluation surplus) is recognized in the revaluation reserve, or as a decrease in the revaluation reserve by the lesser of the amount of that reserve or the amount of the depreciation, and any uncovered difference shall be recognized as an expense.

The expenses related to the maintenance and repair of tangible assets are recognized in the statement of comprehensive income when incurred, and significant improvements to tangible assets that increase their value or useful life, or that significantly increase their capacity to generate economic benefits, are capitalized.

### *(ii) Subsequent expenses*

Subsequent expenses are capitalized only when they increase the value of the future economic benefits embodied in the asset for which they are intended. The expenses related to repairs and maintenance are recognized in the profit and loss account as they are incurred.

### *(iii) Depreciation*

Tangible assets are depreciated as of the date they are available for use or in operating condition, and, for assets built by the entity, from the date the asset is completed and ready for use.

Depreciation is calculated using the linear method over the estimated useful lifetime of the assets as follows:

- |                                       |             |
|---------------------------------------|-------------|
| – Land improvements                   | 0-75 years  |
| – Constructions                       | 20-70 years |
| – Equipment and other tangible assets | 2-30 years  |
- Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, on average, as follows:
- |                                       |          |
|---------------------------------------|----------|
| – Land improvements                   | 36 years |
| – Buildings                           | 29 years |
| – Equipment and other tangible assets | 12 years |

Land is not subject to depreciation.

Depreciation is usually recognized in the profit and loss account, except when the amount is included in the book value of another asset.

The depreciation methods, the estimated useful lifetimes and the residual values are revised by the Company's management on every reporting date and are adjusted, if necessary.

### *(iv) The sale/ cassation of tangible assets*

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## **Notes to the stand-alone financial statements**

*for the financial year ended on December 31<sup>st</sup>, 2025*

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The tangible assets that are quashed or sold are removed from the balance sheet together with the corresponding cumulated depreciation. Any profit or loss resulting from such operation are included in the current profit or loss.

### **d. Rights of Use (Leasing)**

The company assesses whether a contract is or contains a lease at the beginning of the contract. The Company recognizes a right-of-use asset and a corresponding lease for all leases in which it is a lessee, except for short-term leases (defined as leases with a term of 12 months or less) and leases for low-value assets.

For these leases, the Company recognizes lease payments as an operating expense on a linear basis over the lease term.

The lease liability is initially measured at the present value of lease payments not paid at the lease commencement date, discounted at the lease's implicit rate. If this rate cannot be easily determined, the Company uses the incremental borrowing rate. The lease payments included in the evaluation of the lease liability comprise the fixed lease payments and, in the case of vehicles, the purchase option exercise price if the lessee is reasonably certain it will exercise its options.

Following the adoption of IFRS 16 in the current financial year, the Company recognized rights-of-use assets and increased total liabilities by the same amount.

The rights of use that the Company holds and records in accordance with IFRS 16 refer to buildings and land, vehicles, and equipment. Details of the amounts of rights of use for the mentioned categories are given in Note 4.

Rights of use are stated at cost in accordance with IAS 16 and depreciated over the lease term.

The Company has chosen to present its rights of use resulting from the application for IFRS 16, along with the property, plant and equipment, in the statement of financial position in accordance with IFRS 16, details of which are given in Note 4.

### **e. Intangible assets**

#### *(i) Recognition and evaluation*

The intangible assets purchased by the Company that have been determined to have useful lives are evaluated at cost, less accumulated amortization and accumulated impairment losses.

#### *(ii) Goodwill*

Goodwill represents the excess of the acquisition cost of an entity over the fair value of the identifiable net assets acquired at the acquisition date. It is recognized as an intangible asset and is tested for impairment annually or whenever there are indications of impairment, in accordance with IAS 36. Goodwill is not amortized, and any impairment losses are recognized in the profit and loss statement and are not subsequently reversed.

During the financial year ended December 31<sup>st</sup>, 2025, the goodwill associated with the GIANT project was fully derecognized following the closing of the corresponding business, and was fully



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## **Notes to the stand-alone financial statements**

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Raw materials are evaluated at purchase price, including transportation, handling costs, and net of trade discounts.

The cost of inventories is based on the first-in, first-out (FIFO) principle and includes the expenses incurred for the purchase of inventories, production or conversion costs, and other costs incurred to bring the inventories to their current form and location.

For inventories manufactured by the Company and for production in progress, the cost includes the corresponding share of administrative expenses related to production, based on normal operating capacity.

### **h. Assets held for sale**

Non-current assets held for sale are recognized at the lower of the book value and the fair value, with less selling costs.

The Company classifies a non-current asset (or group of assets) as held for sale if its (their) book value is covered mainly through a sale transaction rather than through continuous use. For this purpose, the asset (or group of assets) must be available for immediate sale in its current condition, only under the usual and customary conditions of sale existing for such assets (or groups of assets), and the sale of the asset must be highly probable.

For the sale of the assets to be highly probable, the appropriate level of management must have prepared a plan to sell the assets (or group of assets), and an effective program to identify the buyer and finalize the sale plan must have been initiated. Furthermore, the asset (or group of assets) must be sellable in an active market at a price reasonably related to its current fair value. In addition, the sale is expected to qualify for recognition as a “finalized, completed sale” within 1 year from the date of classification.

### **i. Impairment of assets**

The book values of the Company’s assets of a non-financial nature, other than the assets of the type of deferred taxes, are revised on each reporting date to identify the existence of impairment indicators. If such indicators exist, the recoverable value of those assets is estimated.

An impairment loss is recognized when the book value of the asset or of its unit generating cash exceeds the recoverable value of the asset or of the unit generating cash. A unit generating cash is the smallest identifiable group that can generate cash flows independently of other assets or groups of assets. Impairment losses are recognized in the statement of comprehensive income.

The recoverable value of an asset or of a unit generating cash represents the highest amount between the usage value and its fair value, less than the costs for the sale of that asset or unit.

To determine the usage value, the forecasted cash flows are updated using an update rate before tax, reflecting current market conditions and the asset's specific risks.

Impairment losses recognized during the previous periods are evaluated on each reporting date to determine whether they have decreased or ceased to exist. Impairment loss is reproduced if a change in the estimated uses to determine the recoverable value has occurred.

Impairment loss is reproduced only if the book value of the asset does not exceed the book value that would have been calculated, net of amortization and depreciation, if the impairment loss had not been recognized.

The Company has defined impairment adjustment policies for trade receivables and inventories,

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## Notes to the stand-alone financial statements

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as follows:

### *Impairment adjustments for trade receivables*

The Company analyses, on an individual basis, the need to record an impairment adjustment for customers whose balances at the year-end exceed RON 100,000 and that have either started court proceedings to recover their balances or have invoices overdue for more than one year, calculated based on the oldest invoice of the balance. Also, the Company calculates a collective impairment adjustment for the risk of non-collection of receivables, using impairment adjustment percentages derived from historical data.

For customers whose balances do not meet the individual analysis criteria, a collective impairment adjustment is calculated based on dividing their balances into length intervals, using the maturity date of the oldest invoice in the balance. A percentage calculated based on the Company's historical experience on the degree of recoverability of overdue balances from each length interval used for analysis is allotted to each length interval.

In accordance with IFRS 9, the Company used the simplified approach to calculate ECL on trade receivables and contractual assets that did not contain a significant financing component.

The Group performed an analysis of impairment adjustments for trade receivables that considered historical credit loss experience, the evolution of debtors' arrears, and adjustments to reflect current conditions and estimates of future economic conditions.

### *Impairment adjustments for inventories*

By the nature of its object of activity, the Company does not hold any perishable inventories or inventories posing a short-term expiry risk. The risk of impairment of inventories consists mainly of their destruction or deterioration due to unforeseen events but may also arise from inventories with low market demand. The Company performs a regular assessment of inventories to identify the existence of any indications of their impairment, taking into consideration the following aspects:

- For all categories of inventories older than 180 days, impairment adjustment is established after an individual analysis, for each product, performed by a commission formed of representatives of the sales and production departments;
- For all finished products, the Company compares the cost of inventories with the sale prices less the distribution costs for the immediately following period, to present the inventories remaining in balance at the minimum value between the production cost and the sale price less the distribution costs, according to the provisions of the policy (h).

### **j. Dividends to be distributed**

Dividends are treated as a distribution of profit during the period when they were declared and approved by the General Meeting of the Shareholders. The dividends declared before the reporting date are registered as liabilities as at the reporting date.

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### **k. Affiliated parties**

Branches are entities controlled by the Group. Control is achieved when the parent company has the power to govern the financial and operating policies to obtain benefits from its activities.

The parties are affiliated if one of the parties has the possibility to control either directly or indirectly or to influence to a significant extent the other party by ownership or based on contractual rights, family relationships or other kind of relationships.

Affiliated parties also include the people that are the main shareholders, the management and the members of the Board of Administrators and their family members. Details on related party transactions are disclosed in Note 31.

### **l. Employee benefits**

#### *(i) Short-term benefits*

The liabilities related to short-term benefits given to employees are not updated and are recognized in the statement of comprehensive income as the related service is provided.

Short-term benefits of employees include salaries, premiums, and social security contributions.

#### *(ii) Determined contribution plans*

The Company makes payments on behalf of its own employees to the pension system in Romania, to health insurances and the unemployment fund during the progress of normal activity.

All the Company's employees are members of the pension system in Romania (a defined-contribution plan of the State) and have a legal obligation to contribute to it (through social contributions). All the related contributions are recognized in the profit or loss for the period when incurred. The Company has no additional liabilities.

The Company is not engaged in any independent pensions system; therefore, it has no liabilities in this respect. The Company is not engaged in any other system for post-retirement benefits. The Company is not obliged to provide subsequent services to former or current employees.

#### *(iii) Long-term employee benefits*

The Company's net liability in relation to the benefits corresponding to long-term services is represented by the amount of future benefits that the employees have earned in exchange of the services provided by them during the current period and in the previous periods.

The company is required to provide employees with benefits upon retirement, in accordance with the collective labor agreement. The company engages actuarial experts to calculate the provision for long-term benefits at each financial reporting date.

### **m. Provisions**

A provision is recognized if, after a previous event, the Company has a current legal or implied liability that can be credibly estimated, and it is likely that an outflow of economic benefits is required to extinguish the liability. Provisions are determined by updating future forecasted cash flows using a pre-tax rate that reflects current market evaluations of the time value of money and the risks specific to the liability. The amortization of the update is recognized as a financial expense.

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### **n. Income**

#### *(i) The sale of good*

The company concludes agreements with its customers. These are usually framework agreements establishing the payment terms, the delivery and acceptance conditions related to the goods sold, the parties' rights and obligations. The sale price of the goods is usually established for each order launched by the customer and accepted by the Company.

Shipment services for goods are usually included in agreements for the sale of goods. If the Company transports the customer's goods, ownership transfers at the time of delivery at the place of shipment completion, subject to the delivery conditions. Thus, these shipment services are not recognized as a separate performance obligation.

The income from the sale of goods is recognized when control is transferred to the customer.

The Company offers its customers the right to return products sold if they fail to meet the quality standards set out in the agreements concluded with the customers. The Company assesses the value of such customer returns and recognizes it as an adjustment to income.

The Company concluded agreements with a portion of its customers, usually major retailers, under which they undertake to provide non-monetary counter performance in the form of services, including logistics, marketing, and promotion. These services are recognized as a reduction of the transaction price if the following conditions are met:

- the customer provides a good or service which is distinct, separable from the other elements of the agreement;
- the fair value of such services can be reasonably determined;
- the actual amount paid does not exceed the fair value of such services.

The Company recognizes a reduction in the transaction price for services invoiced by major retailers, as it does not have the information required to credibly assess their fair value.

The Company also recognizes revenue from the sale of electricity generated at its own solar power plants. This revenue is recognized based on the quantities of electricity delivered and billed to customers, in accordance with the contracts concluded and the agreed rates, as control over the generated electricity is transferred and it is fed into the grid.

#### *(ii) The provision of services*

Service revenues are recognized in the accounting records as they are incurred. The provision of services includes the performance of works and any other operations that cannot be considered as deliveries of goods.

The stage of execution of the work is determined based on work progress reports, which accompany the invoices, the reception protocols, or other documents certifying the stage of completion of the services provided.

### **o. Financial income and expenses**

Financial income includes interest income from funds invested and other financial income. Interest-related income is recognized at profit or loss based on accrual accounting, using the actual interest method.

Financial expenses include the expenses related to loans and other financial expenses.

Currency exchange gains or losses on financial assets and liabilities are reported as profit or loss based on currency exchange fluctuations.

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The borrowing costs that are directly attributable to the purchase, construction, or generation of eligible assets that require a significant period to be ready for use or sale are added to the cost of those assets until the assets are significantly ready for use or sale.

Financial income from the temporary investment of the specific loans obtained for the purchase or construction of eligible assets is deducted from the costs of loans that can be capitalized.

All other borrowing costs are recognized in the consolidated profit or loss as incurred.

### **p. Corporate income tax**

The expenses related to corporate income tax include the current and deferred tax.

Profit tax is recognized in the statement of comprehensive income or in other items of comprehensive income if the tax is related to equity items.

#### *(i) Current tax*

Current tax is the tax to be paid related to the profit achieved during the current period, determined based on the percentages applied on the reporting date and on all the adjustments related to the previous periods.

Starting in 2024, the Company will apply the minimum turnover tax (IMCA) regime, in accordance with current tax legislation. The tax owed by the Company for the fiscal year is determined as the higher of the income tax calculated in accordance with applicable tax rules and the minimum turnover tax.

For the fiscal year ended December 31, 2025, the Company owed minimum turnover tax (IMCA), which was higher than the income tax calculated under general rules. For the fiscal year ended December 31, 2024, the Company also owed minimum turnover tax.

#### *(ii) Deferred tax*

Deferred tax is determined by the Company using the balance sheet method for temporary differences between the tax bases used to calculate tax on assets and liabilities and their book values for reporting purposes in individual financial statements.

Deferred tax is calculated based on the tax rates expected to apply to the temporary differences upon their reversal, under the legislation in force on the reporting date.

Deferred tax receivables and liabilities are offset only if there is the legal right to offset the current liabilities and receivables by the tax and if they are related to the tax collected by that tax authority for the same entity subject to taxation or for different tax authorities that want to discount the current tax-related receivables and liabilities by the tax using a net basis or the assets and liabilities in question are to be achieved simultaneously.

The receivables related to deferred tax are recognized by the Company only to the extent that it is likely to generate future profits sufficient to cover the fiscal loss.

The receivables related to deferred tax are revised at each financial year-end and reduced to the extent that the related fiscal benefit is unlikely to be achieved. Additional taxes arising from the distribution of dividends are recognized on the same date as the obligation to pay the dividends.

### **q. Earnings per share**

The Company presents the base and diluted earnings per share for ordinary shares. The base earnings per share are determined through the distribution of the profit or loss attributable to the

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## **Notes to the stand-alone financial statements**

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Company's ordinary shareholders to the weighted average number of ordinary shares for the reporting period. The diluted earnings per share are determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares to reflect the dilution effects of potential ordinary shares.

### **r. Government subsidy**

Government subsidies for investments are initially recognized as deferred revenue at fair value when there is certainty that it will be received and the Company will meet the related conditions. The subsidies that compensate the Company's expenses related to the cost of an asset are recognized in the statement of comprehensive income in "Other income" systematically throughout the useful lifetime of the asset, as the subsidized asset is amortized. The subsidies that compensate for expenses incurred by the Company are recognized in the statement of comprehensive income under "Other income" systematically during the same periods in which the expenses are recognized.

### **s. Contingent assets and liabilities**

Contingent liabilities are not recognized in financial statements. They are presented, except for the case when the likelihood of a resource outflow that represents economic benefits is removed. A contingent asset is not recognized in the financial statements, but it is presented when an inflow of economic benefits is almost certain.

In this category for the year 2025 are classified the greenhouse gas emission allowances received by Vrancart as a participant in the EU Emissions Trading Scheme (ETS). Under the scheme, the Company receives, through the allocation process, several EUA credits used to meet its CO<sub>2</sub> emission obligations related to its operations.

For the year 2025, greenhouse gas emission allowances (EUAs) under the EU ETS are not recognized in the financial statements for the current fiscal year and are recorded off-balance sheet until the new accounting policy is implemented. These are used exclusively for the purpose of complying with the Company's environmental obligations and are quantitatively monitored throughout the reporting period.

As of December 31<sup>st</sup>, 2025, the Company holds 14.909 greenhouse gas emission allowances.

### **t. Subsequent events**

The financial statements reflect events after the year-end that provide additional information on the Company's position on the reporting date or indicate a potential breach of the business continuity principle (events leading to adjustments). Subsequent events to year-end that do not require adjustments are presented in the notes when considered significant.

## Notes to the stand-alone financial statements

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### u. New standards and interpretations

#### The initial application of the new amendments to the existing standards in force for the current reporting period

The following amendments to existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period and remain applicable:

- **IFRS 18, “Presentation and Disclosure in Financial Statements” – which replaces IAS 1, with a focus on updates to the statement of profit or loss, effective January 1, 2027**

The adoption of the new amendments to the existing standards did not have a significant impact on the Company's individual financial statements.

#### Standards and amendments to the existing standards issued by the IASB and adopted by the EU, but not yet effective

At the date of approval of these consolidated financial statements, the following amendments to the existing standards issued by the IASB and adopted by the EU are not yet effective:

- **IFRS 19, “Non-Publicly Listed Subsidiaries: Disclosures” – is a voluntary standard for eligible subsidiaries, effective as of January 1, 2027.**
- **Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates” – Effective as of January 1, 2027.**
- **Amendments to IFRS 19, “Disclosures” – Effective as of January 1, 2027.**

The Company has chosen not to adopt these amendments to existing standards prior to their effective dates. The Company anticipates that the adoption of these standards and amendments to existing standards will not have a significant impact on the Company's separate financial statements during the period of initial application.

### v. Fair value determination

Certain accounting policies and the Company's information-submission requirements require the determination of fair value for financial and non-financial assets and liabilities.

The Company has an established control framework for the evaluation at fair value. This includes an evaluation team responsible for supervising significant fair value evaluations, including 3rd-level fair values, and reporting directly to the financial manager.

The evaluation team regularly revises the unobservable entry data and significant evaluation adjustments. If data provided by third parties, for example, quoted prices, provided by brokers or by price establishment services, is used, the evaluation team assesses whether this data complies with the requirements imposed by the International Financial Reporting Standards, including the level in the hierarchy of fair values where these evaluations should be categorized.

When evaluating assets or liabilities at fair value, the Company uses, to the maximum extent possible, observable market information. The hierarchy of fair value classifies the entry data for the evaluation techniques used to evaluate the fair value on three levels, as follows:

**Vrancart S.A.**

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- 1st level: quoted (unadjusted) price on identical active markets for assets or liabilities that the Company can access at the evaluation date;
- 2nd level: entry data, other than quoted prices included in 1st level, that is observable for assets or liabilities, directly or indirectly;
- 3rd level: unobservable entry data for assets or liabilities.

If the entry data for the fair value evaluation of an asset or liability can be classified on several levels of the fair value hierarchy, the evaluation at fair value is classified entirely at the same level of fair value hierarchy as the entry data with the lowest level of uncertainty that is significant for the entire evaluation.

The Company recognizes transfers between the levels of the fair value hierarchy at the end of the reporting period in which the modification took place. Additional information on the hypotheses used for the evaluation at fair value is included in Note 3 (d) (i), for tangible assets.

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### 4. Tangible assets

	Land and land improvement s	Buildings and special constructions	Plant and other fixed assets	Intangible Assets	Tangible assets in progress	Total
<i>Cost or re-evaluated value</i>						
<b>As of January 1<sup>st</sup>, 2024</b>	<b>16.538.077</b>	<b>131.133.649</b>	<b>298.161.340</b>	<b>6.515.095</b>	<b>16.698.175</b>	<b>469.046.337</b>
Reclassification of usage rights	-	(6.031.346)	6.031.346	-	-	-
Purchases	-	-	569.657	49.217	94.720.382	95.339.256
Rights of use of leased assets	-	2.292.921	5.635.894	-	-	7.928.815
Transfers from assets in progress	-	3.793.554	89.543.122	-	(93.336.676)	-
Outflows	-	-	(2.533.508)	(88.596)	-	(2.622.104)
Outflows of assets related to rights of use	-	(8.812.583)	(5.458.297)	-	-	(14.270.880)
<b>As of December 31<sup>st</sup>, 2024</b>	<b>16.538.077</b>	<b>122.376.195</b>	<b>391.949.554</b>	<b>6.475.716</b>	<b>18.081.882</b>	<b>555.421.424</b>
<i>Cumulated amortisation and impairment losses</i>						
<b>As of January 1<sup>st</sup>, 2024</b>	<b>210.840</b>	<b>18.444.161</b>	<b>79.245.658</b>	<b>2.359.265</b>	<b>-</b>	<b>100.259.924</b>
Depreciation expense	277.179	3.707.240	28.141.806	115.082	-	32.241.307
Depreciation expense for the rights of use of leased assets	-	4.865.773	4.957.169	-	-	9.822.942
Outflows	-	-	(1.828.922)	(88.293)	-	(1.917.215)
Outflows of assets related to rights of use	-	(7.859.488)	(4.226.829)	-	-	(12.086.317)
<b>As of December 31<sup>st</sup>, 2024</b>	<b>488.019</b>	<b>19.157.686</b>	<b>106.288.882</b>	<b>2.386.053</b>	<b>-</b>	<b>128.320.640</b>
<i>Net book value</i>						
<b>As of December 31<sup>st</sup>, 2024</b>	<b>16.050.058</b>	<b>103.218.509</b>	<b>285.660.672</b>	<b>4.089.663</b>	<b>18.081.882</b>	<b>427.100.784</b>

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	<b>Land and land improvements</b>	<b>Buildings and special constructions</b>	<b>Plant and other fixed assets</b>	<b>Intangible assets</b>	<b>Tangible assets in progress</b>	<b>Total</b>
<i>Cost or re-evaluated value</i>						
<b>As of January 1st, 2025</b>	<b>16.538.077</b>	<b>122.376.195</b>	<b>391.949.554</b>	<b>6.475.716</b>	<b>18.081.882</b>	<b>555.421.424</b>
Reclassification of usage rights	-	(6.031.346)	6.031.346	-	-	-
Purchases	93.619	93.619	5.422.431	-	22.238.193	27.754.244
Rights of use of leased assets	-	2.891.770	117.230	-	-	3.009.001
Transfers from assets in progress	-	928.665	3.501.410	-	(4.430.074)	-
Transfers to intangible assets	-	-	-	3.812.180	(3.812.180)	-
Outflows	-	(3.724.759)	(14.116.078)	(4.052.473)	-	(21.893.310)
Outflows of assets related to rights of use	-	(16.394.620)	(16.469.841)	-	-	(32.864.461)
Revaluations	5.812.701	(22.248.720)	(42.650.380)	-	-	(59.086.399)
Accumulated depreciation reduced in correspondence with the revalued amount	(765.198)	(8.912.672)	(83.504.067)	-	-	(93.181.938)
<b>As of December 31st 2025</b>	<b>21.585.580</b>	<b>75.009.478</b>	<b>244.250.259</b>	<b>6.235.423</b>	<b>32.077.821</b>	<b>379.158.561</b>
<i>Cumulated amortisation and impairment losses</i>						
<b>As of January 1st 2025</b>	<b>488.019</b>	<b>19.157.686</b>	<b>106.288.882</b>	<b>2.386.053</b>	-	<b>128.320.640</b>
Depreciation expense	277.179	3.618.005	32.984.189	786.530	-	37.665.903
Depreciation expense for the rights of use of leased assets	-	3.130.636	3.322.513	-	-	6.068.375
Outflows	-	(2.416.623)	(9.390.647)	(52.497)	-	(11.859.766)
Outflows of assets related to rights of use	-	(10.563.087)	(10.308.005)	-	-	(20.871.092)
Accumulated depreciation reduced in correspondence with the revalued amount	(765.198)	(8.912.672)	(83.504.067)	-	-	(93.181.938)
<b>As of December 31st 2025</b>	<b>-</b>	<b>4.013.945</b>	<b>39.392.865</b>	<b>3.120.086</b>	<b>-</b>	<b>46.526.896</b>
Advances for the purchase of fixed assets	-	-	1.466.508	-	-	1.466.508
<i>Net book value</i>						
<b>As of December 31s 2025</b>	<b>21.585.580</b>	<b>70.995.533</b>	<b>206.323.902</b>	<b>3.115.337</b>	<b>32.077.821</b>	<b>334.098.173</b>

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### Goodwill

The goodwill recognized by the Company stems from the acquisition of Giant (which merged with Vrancart S.A.) in accordance with IFRS 3 and from the acquisition of Rom Paper SRL.

The goodwill related to the subsidiary Giant Prodimpex SRL was recognized at the amount recorded on the acquisition date, namely 3,380,811 lei. During the fiscal year ended December 31, 2025, the goodwill related to the GIANT project was fully written off as an expense in the income statement, as a result of the closure of the corresponding business, and was fully recorded as an expense in the income statement, in accordance with the provisions of IAS 36 regarding the impairment of assets. Thus, as of December 31, 2025, the Company does not hold any assets of the nature of goodwill (as of December 31, 2024, goodwill amounted to 3,380,811 lei).

The main acquisitions and transfers of assets under construction relating to tangible and intangible assets in 2025 consisted of:

- Implementation of the Business Central ERP system at a cost of RON 3.812.180, with the implementation date set for January 1, 2025.
- Investment in the DRUM PULPER equipment in the amount of RON 16.151.883, with a commissioning date of January 14, 2026.
- Paper waste moisture measurement system, valued at RON 1.863.755, with a start date of June 1<sup>st</sup>, 2025.

The unamortized value of fixed assets removed from the balance sheet because of sale and/or disposal as of December 31<sup>st</sup>, 2025, was 29.961.102 RON (December 31<sup>st</sup>, 2024: RON 704.586).

The net book value of fixed assets acquired using government subsidies received through December 31<sup>st</sup>, 2025, is RON 112.270.369 (December 31<sup>st</sup>, 2024: RON 113.683.303).

A portion of the Company's property, plant, and equipment is mortgaged or pledged as collateral for bank loans. The fair value as of December 31<sup>st</sup>, 2025, of these pledged or mortgaged assets is 219,381 thousand RON (December 31<sup>st</sup>, 2024: 303,212 thousand RON net book value). The value of rights of use for assets held under lease agreements is presented in Note 16.

If the land, buildings, and production lines had not been revalued, their value as of December 31<sup>st</sup>, 2025, would have been as follows:

	<b>Cost</b>	<b>Cumulated amortization</b>	<b>Netbook value</b>
Land and land improvements	16.620.545	3.444.155	17.084.709
Constructions and special buildings	93.125.823	31.886.684	64.857.144
Production lines	459.492.175	285.506.771	215.663.240
<b>Total</b>	<b>569.238.544</b>	<b>320.837.610</b>	<b>297.605.093</b>

### Revaluation

As of December 31, 2025, based on a report prepared by an ANEVAR-authorized appraiser, the Company recorded a cumulative revaluation loss for land and land improvements, structures and special buildings, and production lines in the amount of 52,790,936 lei (in revaluation reserves, of

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which: buildings—negative impact in the amount of 21,787,037 lei, equipment – negative impact of 37,359,027 lei, and land and land improvements – positive impact of 6,355,128 lei) and a net impairment loss of 6,295,461 lei (in expenses). The fair value of the fixed assets subject to revaluation was determined using the market comparison method (IFRS 13 Level 2) where market information was available, and the net replacement cost method (IFRS 13 Level 3).

Given that the determined fair value falls under Level 3 of the fair value hierarchy, in accordance with IFRS 13—Fair Value Measurement, a sensitivity analysis was performed to assess the impact of changes in key input parameters on the estimated value.

In this analysis, two parameters considered representative of the valuation model were tested: the discount rate (WACC) and operating performance, as reflected by EBITDA. The simulated variations in EBITDA were set within a range of -2.5% to +2.5%, based on historical variations and company-budgeted year-to-year changes, which lends a realistic character to the tested scenarios. For WACC, variations were simulated over the range -1.0% to +1.0% in 0.5% increments.

The results are presented on the table below:

Analiza de senzitivitate VRANCART SA						Lei
WACC	EBITDA					
	-2.50%	-1.50%	0.00%	+1.5%	+2.5%	
-1.0%	368,203,005	408,034,960	467,747,594	527,460,228	567,268,650	
-0.5%	351,832,547	389,383,096	445,672,219	501,961,342	539,487,423	
11.7%	337,158,218	372,678,861	<b>425,921,742</b>	479,164,623	514,659,876	
+0.5%	323,917,564	357,620,450	408,135,331	458,650,212	492,326,800	
+1.0%	311,900,062	343,965,790	392,023,589	440,081,388	472,119,921	

The base value, corresponding to the central scenario, was determined using a WACC of 11.7% and an estimated EBITDA, resulting in 425,921,742 Lei.

The analysis of the results highlights the following:

#### ➤ EBITDA sensitivity

- A +2.5% increase in EBITDA leads to a value of 514,659,876 Lei (+20.8% compared to the base value)
- A -2.5% decrease in EBITDA leads to a value of 337,183,608 Lei (-20.8% compared to the base value)

Analiza de senzitivitate, EBITDA			
Variatie EBITDA	-2.5%	0.0%	2.5%
Lei	337,158,218	<b>425,921,742</b>	514,659,876
Variatie VIU	-20.8%	0.0%	20.8%

#### ➤ WACC sensitivity

- A decrease of -1,0% in the WACC results in a value of 467.747.594 lei (+9.8% compared to the base value)
- An increase of +1,0% in the WACC results in a value of 392.023.589 lei (+8.0% compared to the base value)

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<b>Analiza de senzitivitate, WACC</b>			
Variatie EBITDA	1.00%	0.0%	-1.00%
Lei	392,023,589	<b>425,921,742</b>	467,747,594
Variatie VIU	-8.0%	0.0%	9.8%

In conclusion, the results indicate that changes in EBITDA have a more pronounced impact on the estimated value than marginal changes in WACC, a characteristic specific to discounted cash flow valuations. With respect to this indicator, the valuation model exhibits significant sensitivity, reflecting the estimated value's dependence on the company's future operating performance.

For assets with an active market (land, certain types of buildings, transportation and handling equipment, IT, office equipment, etc.), Level 2 inputs were used.

For other assets, given their specialized nature or the inactivity of the specific market, level 3 inputs were used.

The Level 3 inputs are those specific to the cost approach: estimated replacement costs, the degree of physical wear and tear correlated with remaining useful life, and economic depreciation determined based on a profitability test of the business. The profitability test considered the cash flows generated by the assets and a discount rate commensurate with the business risk profile. The final fair value was derived by deducting the cumulative depreciation—physical, functional, and economic—from the estimated gross replacement cost.

Regarding the sensitivity of fair value to changes in key assumptions, an increase in the discount rate used in the profitability test leads to greater economic impairment and, consequently, a lower fair value, while a decrease in the discount rate has the opposite effect.

Regarding the sensitivity of fair value to changes in key assumptions, an increase in the discount rate used in the profitability test results in greater economic impairment and, consequently, a lower fair value, while a decrease in the discount rate has the opposite effect.

We would like to note that the best and most efficient use of the assets being valued is consistent with their current use in the Company's operations.

During 2025, movements in the revaluation reserve were recognized in the income statement or other comprehensive income, reflecting gains realized from the sale or disposal of fixed assets, amounting to 3,648,019 lei.

The accumulated impairment reversal method is used to record the valuation results in financial statements.

### **Impairment Testing**

As of December 31, 2025, impairment tests were performed as part of the valuation process; the appropriate measure is "value in use," as defined by IAS 36 – Impairment of Assets, as: "the present value of future cash flows expected to be derived from an asset or a cash-generating unit" for the securities held by the Company as per Note 5.

**Vrancart SA** (hereinafter referred to as the "Company") is a joint-stock company operating in Romania in accordance with the provisions of Law 31/1990 on commercial companies.

The Company operates in the field of non-hazardous waste collection and recycling, including the

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paper, cardboard, and corrugated cardboard industries, corrugated cardboard packaging, and the hygiene and sanitary paper sector. The Company has branches in the following locations: Chiajna, Ploiești, Pantelimon, and Bacău.

According to the analysis, the VRANCART SA business line has a single cash-generating unit (the corrugated cardboard packaging manufacturing business). The input data used to estimate the value in use of the assets subject to the test were:

- **Net cash flow** – these cash flows (the income and expense budget) were forecasted by the Company’s representatives for the entire explicit forecast period, and for perpetuity they were estimated by the appraiser by applying a perpetual growth rate of 2.6%, representing the long-term inflation rate in lei as projected by the National Bank of Romania.
- **The discount rate and the capitalization rate for the residual value** - estimated by the appraiser. The discount rate was estimated using the weighted average cost of capital (WACC) by calculating each component; for verification, it was also compared with market data from other manufacturers of similar products.
- **The variation in net working capital** - estimated by the appraiser based on the working capital for the first year of the forecast, namely 26.4% of the estimated revenue for the explicit forecast, and for the rest of the explicit forecast period, declining rates in the range of approximately 4.4 percentage points to 5 percentage points were used— and starting in 2029 for the perpetuity, the level corresponding to the last year of the explicit period was maintained, respectively 12%.

#### 5. Financial assets

	December 31 <sup>st</sup> , 2025	December 31 <sup>st</sup> , 2024
Rom Paper SRL	28.866.728	28.866.728
Vrancart Recycling SRL	33.621.000	33.621.000
Ecorep Group SA	99.600	99.600
<b>Total</b>	<b>62.587.328</b>	<b>62.587.328</b>

To testing fixed assets for impairment, the Group has identified three cash-generating units: Vrancart S.A., Rom Paper SRL, and Vrancart Recycling SRL. In addition, VRANCART S.A. holds investments in its subsidiary Ecorep Group S.A., for which no indications of impairment of the held securities were identified.

**Rom Paper SRL (“Branch 1”)** was established in 2002, and it is a Romanian privately-owned company, active in the field of production of tissue paper products, such as: napkins, folded towels, tissue paper, professional rolls, facial tissues, and boxed tissues. The products are sold in 6 countries, both in Romania and abroad, through a store chain (hypermarkets, supermarkets, cash-and-carry) and through distributors.

On January 20, 2017, the acquisition of a majority stake (70%) in Rom Paper SRL by Vrancart SA was completed. As of December 31, 2025, the Group holds 100% of Rom Paper SRL’s shares, following the acquisition in June 2017 of an additional 15% and, in June 2018, the final 15%.

In the case of Rom Paper SRL, there is a single cash-generating unit (the paper manufacturing business). The input data for estimating the value in use of the assets being tested are:

- **Net cash flow** - these cash flows (revenue and expense budgets) were forecasted by the Company’s representatives for the entire explicit forecast period, and for the perpetual period

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they were estimated by the appraiser by applying a perpetual growth rate of 2.6%, representing the long-term inflation rate in lei as forecast by the National Bank of Romania;

- **The discount rate** and the capitalization rate for the residual value – estimated by the appraiser. The discount rate was estimated using the weighted average cost of capital (WACC). To determine it, we calculated each of its components;
- **Change in net working capital** – estimated by the appraiser based on the working capital for the first year of the forecast period, specifically 13.5% of the estimated revenue for the explicit forecast period; for the perpetual period, the rate corresponding to the last year of the explicit period was maintained, specifically 12.5%;

Impairment tests were performed on the Company's equity securities using the discounted cash flow (DCF) method, in accordance with applicable accounting policies.

Since Rom Paper SRL has already conducted profitability tests to estimate the economic impairment of assets measured for financial reporting purposes as of December 31, 2025, to test for impairment of the equity investments, the recoverable amount was estimated by determining the value in use (VIU) using the discounted cash flow (DCF) method.

The net cash flow projections were prepared based on the income and expense budgets approved by management for the explicit forecast period. As a result of these impairment tests, no indications of impairment were identified that would lead to the recognition of impairment losses as of December 31, 2025, in relation to the securities held by the Company in its subsidiary Rom Paper SRL.

Given that the determined fair value falls under Level 3 of the fair value hierarchy, in accordance with IFRS 13—Fair Value Measurement, a sensitivity analysis was performed to assess the impact of changes in key input parameters on the estimated value.

In this analysis, two parameters considered representative of the valuation model were tested: the discount rate (WACC) and operating performance, as reflected by EBITDA. The simulated variations in EBITDA were set within a range of -2.5% to +2.5%, based on historical variations and company-budgeted year-to-year changes, which lends a realistic character to the tested scenarios. For WACC, variations were simulated over the range -1.0% to +1.0% in 0.5% increments.

The results are presented on the table below:

Analiza de senzitivitate ROM PAPER		Lei			
WACC	EBITDA				
	-2.50%	-1.50%	0.00%	+1.5%	+2.5%
-1.0%	49,557,130	62,780,960	82,616,707	102,452,453	115,676,284
-0.5%	46,348,681	58,837,867	77,571,645	96,305,423	108,794,609
0.0%	43,487,768	55,320,628	<b>73,069,919</b>	90,819,210	102,652,071
+0.5%	40,921,610	52,164,596	69,029,074	85,893,552	97,136,538
+1.0%	38,607,583	49,317,556	65,382,515	81,447,474	92,157,446

The base value, corresponding to the central scenario, was determined using a WACC of 12.0% and an estimated EBITDA, resulting in 73.069.919 Lei.

The analysis of the results highlights the following:

- EBITDA sensitivity

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- A +2.5% increase in EBITDA leads to a value of 102.652.071 Lei (+40.5% compared to the base value)
- A -2.5% decrease in EBITDA leads to a value of 43.487.768 Lei (-40.5% compared to the base value)

Analiza de senzitivitate, EBITDA			
Variatie EBITDA	-2.5%	0.0%	2.5%
Lei	43,487,768	<b>73,069,919</b>	102,652,071
Variatie VIU	-40.5%	0.0%	40.5%

#### ➤ WACC sensitivity

- A decrease of -1,0% in the WACC results in a value of 82.616.707 lei (+13.1% compared to the base value)
- An increase of +1,0% in the WACC results in a value of 65.382.515 lei (-10.5% compared to the base value)

Analiza de senzitivitate, WACC			
Variatie EBITDA	1.00%	0.0%	-1.00%
Lei	65,382,515	<b>73,069,919</b>	82,616,707
Variatie VIU	-10.5%	0.0%	13.1%

In conclusion, the results indicate that changes in EBITDA have a more pronounced impact on the estimated value than marginal changes in WACC, a characteristic specific to discounted cash flow valuations. With respect to this indicator, the valuation model exhibits significant sensitivity, reflecting the estimated value's dependence on the company's future operating performance.

**Vrancart Recycling SRL ("Branch 2")** was established in August 2020 and is a privately held company with Romanian capital and a sole shareholder. The main activity of this subsidiary is the treatment and disposal of non-hazardous waste. The company is in its early stages of operation and had 105 employees as of December 31, 2025 (2024: 108 employees).

The investment in Vrancart Recycling is relatively new and increased through a new investment (capital increase) during the 2023 fiscal year.

For the Vrancart Recycling business line, there is a single cash-generating unit (the paper products manufacturing business). The input data for estimating the value in use of the assets subject to the test are:

- **Net cash flow** - these cash flows (revenue and expense budgets) were forecasted by the Company's representatives for the entire explicit forecast period, and for the perpetual period they were estimated by the appraiser by applying a perpetual growth rate of 2.6%, representing the long-term inflation rate in lei as forecast by the National Bank of Romania;
- **The discount rate** and the capitalization rate for the residual value – as estimated by the appraiser. The discount rate was estimated using the weighted average cost of capital (WACC). To determine it, we calculated each of its components;
- **Change in net working capital** – estimated by the appraiser based on working capital for the first year of the forecast, namely -13.3% of estimated revenue during the explicit forecast period; through 2029, the rates are declining by approximately 5 percentage points, and for perpetuity starting in 2030, the rate corresponding to the last year of the explicit period was maintained, respectively 1.1%

Since Vrancart Recycling SRL has already conducted profitability tests to estimate the economic

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impairment of assets valued for financial reporting purposes as of December 31, 2025, to test for impairment of the equity investments, the recoverable amount was estimated by determining the value in use (VIU) using the discounted cash flow (DCF) method.

Management performed impairment tests on the Company's equity securities using the discounted cash flow (DCF) method, in accordance with applicable accounting policies. The net cash flow projections were prepared based on the income and expense budgets approved by management for the explicit forecast period. As a result of these impairment tests, no indications of impairment were identified that would lead to the recognition of impairment losses as of December 31, 2025, with respect to the securities held by the Company in its subsidiary Vrancart Recycling.

Given that the determined fair value falls under Level 3 of the fair value hierarchy, in accordance with IFRS 13—Fair Value Measurement, a sensitivity analysis was performed to assess the impact of changes in key input parameters on the estimated value.

In this analysis, two parameters considered representative of the valuation model were tested: the discount rate (WACC) and operating performance, as reflected by EBITDA. The simulated variations in EBITDA were set within a range of -5% to +5%, based on historical variations and company-budgeted year-to-year changes, which lends a realistic character to the tested scenarios. For WACC, variations were simulated over the range -1.0% to +1.0% in 0.5% increments.

The results are presented on the table below:

Analiza de senzitivitate VRANCART Recycling						Lei
WACC	EBITDA					
	-5.0%	-2.5%	0.0%	+2.5%	+5.0%	
-1.0%	145,105,465	155,923,873	166,740,629	177,557,386	188,374,142	
-0.5%	137,718,222	147,970,885	158,221,839	168,472,794	178,723,748	
0.0%	131,024,873	140,766,569	<b>150,506,501</b>	160,246,433	169,986,365	
+0.5%	124,931,082	134,209,071	143,485,241	152,761,410	162,037,579	
+1.0%	119,358,958	128,214,294	137,067,756	145,921,217	154,774,678	

The base value, corresponding to the central scenario, was determined using a WACC of 13.1% and an estimated EBITDA, resulting in 150.506.501 Lei.

The analysis of the results highlights the following:

➤ EBITDA sensitivity

- A +5% increase in EBITDA leads to a value of 169.986.365 Lei (+12.9% compared to the base value)
- A -5% decrease in EBITDA leads to a value of 131.024.873 Lei (-12.9% compared to the base value)

Analiza de senzitivitate, EBITDA			
Variatie EBITDA	-5.0%	0.0%	5.0%
Lei	131,024,873	<b>150,506,501</b>	169,986,365
Variatie VIU	-12.9%	0.0%	12.9%

➤ WACC sensitivity

- A decrease of -1,0% in the WACC results in a value of 166.740.629 lei (+10.8% compared to the base

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value)

- An increase of +1,0% in the WACC results in a value of 137.067.756 lei (-8.9% compared to the base value)

Analiza de senzitivitate, WACC			
Variatie EBITDA	1.00%	0.0%	-1.00%
Lei	137,067,756	<b>150,506,501</b>	166,740,629
Variatie VIU	-8.9%	0.0%	10.8%

In conclusion, the results indicate that both changes in EBITDA and changes in WACC have a moderate influence on the estimated value, with the impact of the two parameters being relatively comparable within the ranges analyzed. This aspect is specific to valuations based on discounted cash flows, in which the estimated value depends on both the company's future operating performance and the discount rate used to reflect the risk associated with the projected cash flows.

**Ecorep Group SA ("Branch 3")** was established in November 2020 and is a privately owned company with Romanian capital. The main activity of this subsidiary is providing services related to implementing obligations under extended producer responsibility for environmental objectives. The company had 6 employees as of December 31, 2025 (2024: 11 employees).

For Ecorep Group SA, the impairment test was performed to identify any indications of impairment. The analysis considered the evolution of financial results, the balance sheet position, market conditions, and other relevant factors. Following this analysis, no indications of impairment were identified that would justify conducting a detailed impairment test.

As of December 31, 2025, there were no indications of impairment of the securities held in affiliated entities. Similarly, as of December 31, 2024, there were no indications of impairment of the securities held in affiliated entities

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### 6. Other non-current receivables

The Company has granted its subsidiary, Vrancart Recycling, a credit facility of RON 34 million, due for repayment on December 31, 2031. The financing drawn down by Vrancart Recycling as of December 31, 2025, amounts to RON 34 million (December 31, 2024: RON 32.1 million). Interest on the loan is charged at a rate equal to the 3-month Robor plus a margin of 2%..

### 7. Inventories

	December 31 <sup>st</sup> , 2025	December 31 <sup>st</sup> , 2024
Raw materials and consumables	34.868.516	36.416.145
Finished goods and merchandise	24.511.364	17.576.247
Work in progress	-	22.238.017
Semi-finished goods	20.959.765	-
Residual products	554.405	-
Advance payment for inventories	172.999	6.936
Adjustments for the impairment of inventories	(1.022.041)	(2.445.821)
<b>Total</b>	<b>80.045.008</b>	<b>73.791.524</b>

Specific to the Company's operations is the practice of considering work in progress as a semi-finished product, on the basis that it can be sold as is or used in the production process to create different types of products.

Accordingly, the operational and financial processes established by the Company's policies are to record and report work in progress as a semi-finished product, followed by reclassification as a finished product once its intended use is determined (whether for sale as is or for further processing to produce other products).

To determine the net realizable value in accordance with IAS 2 "Inventories," the Company starts with the estimated selling price for the upcoming period, deducting distribution costs (primarily transportation costs) and the estimated gross margin. An adjustment factor of 10% shall be applied to the value determined, to reflect the principle of prudence and the risks associated with market conditions.

As of December 31, 2025, the Company performed a cost-to-market analysis, resulting in an adjustment of 6,154,087 lei for the finished goods and merchandise category, specifically paper for cardboard. As of December 31, 2024, no differences were recorded as a result of comparing the cost of production with the net realizable value.

Furthermore, as of December 31, 2025, the Company recorded inventory write-downs totaling 1,022,041 lei, in accordance with the accounting policy detailed in Note 3. Significant Accounting Policies, point g. As of December 31, 2024, the Company recorded inventory write-downs totaling 2,445,821 lei.

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for the financial year ended on December 31<sup>st</sup>, 2025

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### 8. Assets held for sale

In accordance with Resolution No. 54 of December 14, 2023, and Resolution No. 55 of December 14, 2023, the Company's Board of Directors decided to reclassify the assets at two locations as held for sale, as follows:

- Piatra Neamț location – tissue paper production line – initially, the plan was to relocate to Adjud, but since the costs of the specialized construction were significant, it was decided to sell the asset.
- Ungheni, Mureș location – land and production facility – the production facility moved to Sântana de Mureș, to a rented space, as the location in Ungheni was too small to accommodate the increased production and storage capacity.

As of the date of approval of the financial statements for December 31, 2025, both properties had been sold, and the Company no longer has any assets held for sale in its accounting records (as of December 31, 2024, the value of assets held for sale was 19,725,761 lei). Following the sale of the two locations, the Company recognized a gain of 2,021,874 lei in the income statement.

<b>IMPACT OF SALE UNGHENI</b>		
	<b>Explanation</b>	<b>Amount (RON)</b>
6583	Expenses related to disposed assets and other capital operations	3,065,746
7583	Income from the sale of assets and other capital transactions	3,732,450
<b>PROFIT FROM THE SALE</b>		<b>666,704</b>
<b>IMPACT OF SALE PETROCART</b>		
	<b>Explanation</b>	<b>Amount (RON)</b>
6583	Expenses related to disposed assets and other capital operations	16,660,015
7583	Income from the sale of assets and other capital transactions	18,015,185
<b>PROFIT FROM THE SALE</b>		<b>1,355,170</b>
<b>TOTAL PROFIT FROM THE SALE</b>		<b>2,021,874</b>

### 9. Trade receivables

	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Trade receivables	79.936.901	87.614.266
Adjustments for the impairment of trade receivables	(5.536.160)	(4.151.233)
<b>Total</b>	<b>74.400.741</b>	<b>83.463.033</b>

#### **Adjustments for the impairment of trade receivables**

	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Balance as at the beginning of the period	4.151.233	5.183.843
New adjustments during the year	1.704.020	449.593
Cancellation of adjustments during the year	(319.093)	(1.482.203)
Balance at the end of the period	5.536.160	4.151.233

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(all amounts in RON, unless otherwise stated)

Trade receivables also include intra-group receivables, recorded in accounting account 4511 “Intra-group settlements,” representing amounts receivable from affiliated entities for commercial transactions and intra-group settlement operations. Detailed information regarding transactions and balances with affiliated parties as of December 31<sup>st</sup>, 2025, is presented in Note 30.

### 10. Cash and cash equivalents

	<u>December 31<sup>st</sup>, 2025</u>	<u>December 31<sup>st</sup>, 2024</u>
Current accounts at banks and other values	1.745.189	1.024.155
Cash on hand	31.057	26.434
<b>Total cash and cash equivalents</b>	<b>1.776.246</b>	<b>1.050.589</b>

### 11. Other receivables

	<u>December 31<sup>st</sup>, 2025</u>	<u>December 31<sup>st</sup>, 2024</u>
Other personnel-related receivables	1.371.582	1.449.831
Other receivables	7.721.850	1.021.084
Subsidies		3.884.271
Down payments for services	45.272	35.051
Receivables related to the state budget		-
Other receivables from affiliated parties	5.597.911	
Adjustments for the impairment of other receivables		-
<b>Total</b>	<b>14.736.615</b>	<b>6.390.237</b>

The company was involved in a commercial litigation concerning the recovery of receivables from a contractual partner, which was the subject of Case No. 887/1285/2021. The litigation was settled in 2025 through the execution of a Settlement Agreement in favor of VRANCART SA, through which the opposing party agreed to pay the amount owed, totaling 10 million RON.

Thus, as of December 31, 2025, under the “Other receivables” account, out of the total amount of 7.7 million RON, 7.5 million RON represents the outstanding balance related to the transaction that was the subject of Case No. 887/1285/2021.

As a result of the transaction, the Company recognized an asset representing the related receivable, in accordance with the applicable provisions regarding the recognition of assets and revenue. Pursuant to the provisions of the Transaction Agreement, the receivable is collected in four equal installments, with the first tranche due on December 23, 2025.

As of the reporting date, the Company recorded in the financial statements the amounts collected and the remaining receivable.

Furthermore, the category “other receivables from related parties” includes, among other items, the VAT amount settled within the tax group in relation to VRANCART RECYCLING SRL, representing amounts to be recovered from the Tax Authority by the tax group leader, namely VRANCART SA, the amount as of December 31, 2025 being 3,400,496 lei.

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## Notes to the stand-alone financial statements

for the financial year ended on December 31<sup>st</sup>, 2025

(all amounts in RON, unless otherwise stated)

### 12. Share capital

#### Company's shareholding structure

	Number of shares	Amount (RON)	(%)
<b>December 31<sup>st</sup>, 2025</b>			
LION Capital SA	1.534.275.712	153.427.571	76.33%
Pavăl Holding SRL	348.786.406	34.878.641	17.35%
Other shareholders	127.053.633	12.705.363	6.32%
<b>Total</b>	<b>2.010.115.751</b>	<b>201.011.575</b>	<b>100%</b>
<b>December 31<sup>st</sup>, 2024</b>			
LION Capital SA	1.534.275.712	153.427.571	76.33%
Pavăl Holding SRL	348.786.406	34.878.641	17.35%
Other shareholders	127.053.633	12.705.363	6.32%
<b>Total</b>	<b>2.010.115.751</b>	<b>201.011.575</b>	<b>100%</b>

During the fiscal year ending December 31, 2025, the Company did not increase its share capital. The last share capital increase took place during the 2024 fiscal year, in accordance with the provisions of the Resolution dated January 25, 2024, by which the Extraordinary General Meeting of Shareholders decided to increase the share capital. On September 2, 2024, the share capital increase procedure was completed. A total of 318,899,098 registered common shares were subscribed, with a par value of 0.1 lei per share, for a total amount of 31,956,862 lei, of which 31,889,910 lei represents the total par value and 66,952 lei represents the issue premium.

#### Dividends

During 2025, Vrancart SA did not distribute dividends.

In accordance with applicable legal provisions on the statute of limitations for claims, shareholders' right to request payment of dividends is subject to the statute of limitations set forth in the applicable legislation, calculated from the date dividends become due. Upon the expiration of the statute of limitations, the Company derecognizes the liability related to uncollected dividends and recognizes the corresponding amount in the income statement under other income.

During the 2025 fiscal year, the Company recognized dividends declared but not yet received by shareholders totaling RON 1.131.605, relating to periods prior to 2021.

### 13. Reserves

	December 31 <sup>st</sup> , 2025	December 31 <sup>st</sup> , 2024
Revaluation reserves	56.527.710	103.936.472
Legal reserves	13.345.280	13.345.280
Other reserves	60.790.128	60.790.128
<b>Total reserves</b>	<b>130.663.118</b>	<b>178.071.880</b>

**Vrancart S.A.**

## **Notes to the stand-alone financial statements**

*for the financial year ended on December 31<sup>st</sup>, 2025*

*(all amounts in RON, unless otherwise stated)*

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### **Legal reserves**

In accordance with legal requirements, the Company sets aside legal reserves equal to 5% of the recorded profit, up to a maximum of 20% of the share capital. The amount of the legal reserve as of December 31<sup>st</sup>, 2025 is RON 13.345.280 (December 31<sup>st</sup>, 2024: RON 13.345.280). Legal reserves cannot be distributed to the shareholders. Other reserves comprise reserves from tax on reinvested profit and other reserves, established in accordance with the legal provisions in force.

### **Reserves from the revaluation of tangible assets**

These reserves include the cumulated net changes of the fair values of the land, buildings, special constructions and of the technological equipment whose fair value is greater than historical cost. Revaluation reserves are presented at value net of the related deferred tax (16%).

The difference between the revaluation value and the net book value of tangible assets is shown in revaluation reserve as a separate sub-item under “Equity”.

The revaluation surplus included in the revaluation reserve is transferred to retained earnings when it represents an actual gain. The gain is deemed to be achieved when the asset is retired from service following its sale or cassation. No part of the revaluation reserve may be distributed, directly or indirectly, unless the revalued asset has been revalued, in which case the revaluation surplus represents an actual achieved gain.

As of May 1st, 2009, due to changes in tax legislation, revaluation reserves recorded after January 1st, 2004, have become taxable as the fixed asset concerned is amortized. Consequently, the Company has recorded a deferred tax liability in respect of this revaluation difference, which is debited against the amount of the revaluation surplus recorded in revaluation reserves in respect of the fixed assets concerned.

As of December 31, 2025, the Company recognized a revaluation loss related to land and land improvements, structures and special-purpose buildings, as well as production lines, in the amount of 52,790,936 lei (in revaluation reserves, of which: buildings - negative impact in the amount of 21,787,037 lei, equipment – negative impact in the amount of 37,359,027 lei, and land and land improvements – positive impact in the amount of 6,355,128 lei). At the same time, during the financial year, gains realized on fixed assets disposed of through sale or write-off were recognized in the amount of 3,648,019 lei, transferred from the revaluation reserve to retained earnings, in accordance with the Company’s accounting policies.

The evolution of revaluation reserves led to a temporary change in the differences between the tax basis and the carrying amount of assets, resulting in a revaluation of the deferred tax position in accordance with the provisions of IAS 12. As a result of this analysis, the Company determined that deductible temporary differences exceed taxable temporary differences, leading to the recognition of a deferred tax receivable.

Revaluation reserves are presented with the net related deferred tax effect, determined in accordance with IAS 12. The net effect of revaluations is reflected in the statement of comprehensive income and in equity, depending on the nature of the movements in the revaluation reserve and subsequent transfers to retained earnings, in accordance with IAS 1.

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## Notes to the stand-alone financial statements

for the financial year ended on December 31<sup>st</sup>, 2025

(all amounts in RON, unless otherwise stated)

### Other reserves

Other reserves in the statement of changes in equity include reserves from tax facilities and other reserves. In 2023 the Company benefited from tax exemption on reinvested profits, as provided for in the Tax Code (art. 22).

The value of the reserve established in 2023, related to reinvested profit, is RON 5.320.851, the balance of this reserve as of December 31<sup>st</sup>, 2023 being RON 60.589.500.

In 2025, since the Company recorded a loss, it was required, in accordance with the updated Fiscal Code, to calculate and pay the minimum corporate income tax (1%) from turnover.

## 14. Trade liabilities

### Short-term trade liabilities

	December 31 <sup>st</sup> , 2025	December 31 <sup>st</sup> , 2024
Trade liabilities	50.708.732	56.257.342
Advances collected for orders	259.024	1.346.556
<b>Total</b>	<b>50.967.756</b>	<b>57.603.898</b>

Trading liabilities also include intra-group liabilities, recorded in accounting account 4511 “Intra-group settlements,” representing payment obligations to affiliated entities arising from commercial transactions and intra-group settlement operations. Detailed information regarding transactions and outstanding balances as of December 31<sup>st</sup>, 2025, with related parties is provided in Note 30.

## 15. Other liabilities

	December 31 <sup>st</sup> , 2025	December 31 <sup>st</sup> , 2024
Liabilities to the state budget	3.976.839	4.229.926
Dividends payable	233.986	1.355.540
Other liabilities	3.624.840	171.279
<b>Other short-term liabilities</b>	<b>7.835.665</b>	<b>5.756.745</b>
Provisions for litigation	4.790	439.212
<b>Other long-term liabilities</b>	<b>4.790</b>	<b>439.212</b>

For the “Other Liabilities” category, the balance as of December 31, 2025 consists of account 462 “Miscellaneous Creditors” in the amount of 3,624,840 lei, of which 3,429,698 lei represents a guarantee retained by the Company in the sale transaction of the asset held for sale at the Piatra Neamț location (see Note 8. Assets held for sale).

Provisions for litigation are estimated based on the probability that economic resources will be required in the future to extinguish this obligation.

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for the financial year ended on December 31<sup>st</sup>, 2025

(all amounts in RON, unless otherwise stated)

Reconciliation of provisions for litigation	December 31 <sup>st</sup> , 2025	December 31 <sup>st</sup> , 2024
Balance at the beginning of the period	439.212	12.961
Provisions constituted during the period	-	431.041
Provisions used during the period	434.422	(4.790)
<b>Balance at the end of the period</b>	<b>4.790</b>	<b>439.212</b>

### 16. Leasing liabilities

	December 31 <sup>st</sup> , 2025	December 31 <sup>st</sup> , 2024
Long-term leasing liabilities	8.420.009	19.066.190
Short-term leasing liabilities	5.743.232	7.712.995
<b>Total leasing liabilities</b>	<b>14.163.241</b>	<b>26.779.185</b>

The reconciliation of leasing liabilities and rights of use recognised because of the application of IFRS 16 is presented in the following tables:

Leasing liabilities	Buildings and special constructions	Equipment and other fixed assets	Total
<b>As of January 1<sup>st</sup>, 2025</b>	<b>9.966.382</b>	<b>16.812.803</b>	<b>26.779.185</b>
Reclassifications	-	-	-
Recognition of lease liabilities	2.891.770	117.230	3.009.001
Derecognition of ceased lease liabilities	(5.831.533)	(6.161.835)	(11.993.369)
Interest and currency exchanges differences	209.715	45.858	255.573
Lease payments	(3.148.805)	(738.345)	(3.887.149)
<b>As of December 31<sup>st</sup>, 2025, out of which:</b>	<b>4.087.529</b>	<b>10.075.711</b>	<b>14.163.241</b>
Long-term leasing liabilities	1,508,444	6,911,565	8,420,009
Short-term leasing liabilities	2,579,086	3,164,147	5,743,232

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Leasing liabilities	Buildings and special constructions	Equipment and other fixed assets	Total
<b>As of January 1<sup>st</sup>, 2024</b>	<b>20.321.041</b>	<b>10.312.885</b>	<b>30.633.926</b>
Reclassifications	(7.498.727)	7.498.727	-
Recognition of lease liabilities	2.292.921	5.568.224	7.861.145
Derecognition of ceased lease liabilities	(938.144)	(1.246.407)	(2.184.562)
Interest and currency exchanges differences	864.237	637.227	1.501.464
Lease payments	(5.074.935)	(5.957.854)	(11.032.789)
<b>As of December 31<sup>st</sup>, 2024, out of which:</b>	<b>9.966.382</b>	<b>16.812.803</b>	<b>26.779.185</b>
Long-term leasing liabilities	7.096.413	11.969.777	19.066.190
Short-term leasing liabilities	2.869.969	4.843.026	7.712.995

Right of use	Buildings and special constructions	Equipment and other fixed assets	Total
<b>La 1 ianuarie 2025</b>	<b>9.736.910</b>	<b>16.572.598</b>	<b>26.309.508</b>
Entries	2.891.770	4.147.757	7.039.528
Depreciation	(3.130.636)	(3.322.513)	(6.453.149)
Outputs	(5.831.533)	(6.161.835)	(11.993.369)
<b>Net values as of December 31, 2025</b>	<b>3.666.511</b>	<b>11.236.007</b>	<b>14.902.518</b>

Right of use	Buildings and special constructions	Equipment and other fixed assets	Total
<b>La 1 ianuarie 2024</b>	<b>19.279.263</b>	<b>11.108.933</b>	<b>30.388.196</b>
Entries	(6.031.346)	6.031.346	-
Depreciation	2.292.921	5.635.894	7.928.815
Outputs	(4.865.773)	(4.957.169)	(9.822.942)
Entries	(938.155)	(1.246.406)	(2.184.561)
<b>Net values as of December 31, 2024</b>	<b>9.736.910</b>	<b>16.572.598</b>	<b>26.309.508</b>

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## Notes to the stand-alone financial statements

for the financial year ended on December 31<sup>st</sup>, 2025

(all amounts in RON, unless otherwise stated)

### 17. Loans

	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Bank loans	83,739,730	79,709,290
Other long-term loans	6,979,750	6,979,750
<b>Total long-term loans</b>	<b>90,719,480</b>	<b>86,689,040</b>

	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Bank loans	108,467,482	101,254,966
Other long-term loans	97,401	157,474
<b>Total short-term loans</b>	<b>108,564,883</b>	<b>101,412,440</b>

<b>Bank loans</b>	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Opening balance	180,964,256	121,242,834
Draws	297,322,973	120,341,599
Refunds	(290,185,269)	(60,665,533)
Net currency exchange differences	4,105,253	45,356
<b>Final balance</b>	<b>192,207,213</b>	<b>180,964,256</b>

<b>Bonds</b>	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Opening balance	-	38,250,000
Draws	-	-
Refunds	-	(38,250,000)
Net currency exchange differences	-	-
<b>Final balance</b>	<b>-</b>	<b>-</b>

<b>Other loans</b>	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Opening balance	7.137.224	9.125.060
Draws	-	-
Refunds	(628.523)	(2.000.000)
Interest	568.450	12.164
<b>Final balance</b>	<b>7.077.151</b>	<b>7.137.224</b>

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No.	Date of Loan Granting	Currency	Type of interest rate (fixed/variable)	Nature	Final maturity date	Principal balance as of December 31 <sup>st</sup> , 2025 – RON equivalent	Principal balance as of December 31 <sup>st</sup> , 2024 – RON equivalent
1	5/18/2022	RON	Variable	line of credit	Apr 20, 2026	35.490.121	30.711.856
2	7/31/2022	EUR	Variable	line of credit	Jan 20, 2026	-682	2.509.124
3	7/8/2022	RON	Variable	line of credit	Jan 17, 2027	33.006.592	29.015.245
4	12/26/2022	EUR	Variable	line of credit	Dec 31, 2026	17.663.061	8.298.227
5	6/2/2023	EUR	Variable	investment loan	Dec 31, 2027	767.228	1.122.762
6	12/20/2022	EUR	Variable	investment loan	Jan 20, 2026	5.163.380	15.112.190
7	12/20/2022	EUR	Variable	investment loan	Jan 15, 2026	-	-
8	12/28/2022	EUR	Variable	investment loan	Dec 28, 2027	3.263.039	4.775.136
9	12/27/2022	EUR	Variable	investment loan	Jul 27, 2024	-	-
10	12/21/2022	EUR	Variable	investment loan	Dec 21, 2027	2.245.676	3.286.325
11	12/21/2022	EUR	Variable	investment loan	Dec 21, 2027	4.833.378	7.073.170
12	12/21/2022	EUR	Variable	investment loan	Mar 4, 2025	-	3.879.798
13	12/22/2023	EUR	Variable	investment loan	Oct 31, 2030	9.583.619	5.348.152
14	12/21/2021	RON	Variable	investment loan	Dec 20, 2026	417.796	835.593
15	10/23/2020	RON	Variable	investment loan	Oct 23, 2025	-	789.474
16	12/19/2023	EUR	Variable	investment loan	Jul 29, 2026	1.292.528	3.782.974
17	5/9/2018	RON	Variable	investment loan	Apr 20, 2025	-	664.242
18	11/29/2017	RON	Variable	investment loan	Nov 29, 2024	-	-
19	10/17/2023	EUR	Variable	investment loan	Sep 30, 2029	3.810.246	2.947.527
20	10/12/2023	EUR	Variable	investment loan	Oct 12, 2033	33.305.627	36.641.035
21	10/12/2023	RON	Variable	investment loan	Mar 31, 2026	-	2.956.798
22	9/26/2019	RON	Variable	investment loan	Sep 20, 2026	461.542	1.076.926
23	12/20/2020	RON	Variable	investment loan	Dec 20, 2026	-	-
24	12/22/2023	EUR	Variable	investment loan	Sep 30, 2033	20.641.338	20.137.703
25	10/29/2019	EUR	Fixed	investment loan	Nov 20, 2024	-	-
26	9/11/2025	EUR	Variable	Working capital	Sep 15, 2028	20.262.724	-
	<b>Total</b>					<b>192.207.213</b>	<b>180.964.256</b>

The Company has agreed, through the bank loans it has contracted, to comply with a series of financial and non-financial conditions. Failure to comply with these conditions for long-term loans may result in early maturity and other penalties.

Regarding the contractual covenants related to the financing facilities, the company did not fully meet certain financial covenants established in the credit agreements during 2025, as a result of the financial developments recorded during the period under review. In this context, the company obtained waiver agreements from financial institutions for the year 2025 (ING 12/31/2025, BRD 12/30/2025, and BCR 12/19/2025), and there was no need to reclassify long-term loans into the short-term loan category; and furthermore, the Company is currently in the process of renegotiating the contractual terms and the structure of the applicable covenants.

The interest rate for loans in RON is determined as Robor + margin, with the final interest rate in the range of 6,6% - 7,8%. The interest rate for loans in EUR is determined as Euribor + margin, the final interest rate being in the range 2,8% - 3,9%.

As guarantee for its loans, the Company set up the following security interests in favour of banks: on its inventories of raw materials, finished and semi-finished products, on the balances of

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## **Notes to the stand-alone financial statements**

*for the financial year ended on December 31<sup>st</sup>, 2025*

*(all amounts in RON, unless otherwise stated)*

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accounts opened with banks, on claims arising from present and future contracts and on its rights of claims arising from insurance policies covering the goods pledged as security. In addition, as of December 31<sup>st</sup>, 2025, tangible assets are mortgaged to banks (see Note 4).

### **Bonds**

During the first months of 2017, the Company issued a total of 382,500 bonds with a nominal value of RON 100/bond. The bond issuance was entirely subscribed and the Company collected RON 38,250,000 from the bondholders.

The bonds were issued in two stages:

- in the first stage, to the Company's shareholders, proportionally to their shareholding in relation to the total number of shares;
- in the second stage, only the bonds not subscribed during the first stage, to qualified investors.

The interest rate was the 3-month ROBOR, to which a 2% p.a. margin was added, with interest paid quarterly. The company may reimburse the bonds in advance. The bonds matured on March 17<sup>th</sup>, 2024. Interest payment being made on a quarterly basis. The bonds reach maturity on March 17<sup>th</sup>, 2024. The Company may reimburse the bonds in advance at any time after 2 years from their issuance. Bonds may be converted into shares by the bondholders during each of the years between 2019 and 2023 at a price equal to the average share price in the past 12 months preceding the date when the conversion price is determined. The reimbursement can only be initiated if at least 10% of the bonds issued are requested to be converted into shares.

As of December 31<sup>st</sup>, 2023, LION Capital S.A. holds 96.4% of the bonds.

The redemption and conversion options are recognized as a single compound derivative financial instrument. This financial instrument is evaluated separately from the bonds in accordance with IFRS 9, as neither option is closely related to the bond contract (see Note 13 for the value of the compound derivative financial instrument).

March 15<sup>th</sup>, 2024, marked the fifth term for exercising the right to convert bonds into shares. Since the Company did not receive conversion notifications exceeding the 10% threshold of the total bonds issued, no conversion took place.

On March 17<sup>th</sup>, 2024, the Company made full repayment of the bonds, along with the interest on the final coupon. As of that date, the Company has fully fulfilled its obligations stipulated in the Bond Issuance Prospectus.

The bonds issued by the Company were fully redeemed and/or matured during the 2024 fiscal year, including the related interest, in accordance with the contractual terms. Accordingly, as of December 31<sup>st</sup>, 2025, the Company no longer has any liabilities related to bond loans.

During the 2025 fiscal year, there were no financial costs related to these instruments, and as of the reporting date, there are no unfulfilled contractual terms or contingent liabilities associated with previously issued bonds.

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## Notes to the stand-alone financial statements

for the financial year ended on December 31<sup>st</sup>, 2025

(all amounts in RON, unless otherwise stated)

### 18. Employee liabilities

	<u>December 31<sup>st</sup>, 2025</u>	<u>December 31<sup>st</sup>, 2024</u>
Payroll liabilities	1.959.667	2.170.808
Other employee payables	2.852.699	2.650.968
Long-term pension liabilities	668.045	920.509
<b>Total employee liabilities</b>	<b>5.480.411</b>	<b>5.742.285</b>

### 19. Deferred tax liabilities or receivables

Deferred tax by the items detailed in the following tables:

<i>December 31<sup>st</sup>, 2025</i>	<b>Liabilities</b>	<b>Assets</b>	<b>Net</b>
Tangible assets	(3.323.279)	-	(3.323.279)
Assets held for sale	-	-	-
Inventory provision	-	1.021.688	1.021.688
Impairment of receivables	-	5.536.160	5.536.160
Other receivables	-	-	-
Other liabilities	-	(3.276.314)	(3.276.314)
	<u>(3.323.279)</u>	<u>3.281.534</u>	<u>(6.604.813)</u>
Net temporary differences - 16% share			<u>(6.604.813)</u>
<b>Deferred profit tax liability/(asset)</b>			<u><b>(1.056.770)</b></u>

<i>December 31<sup>st</sup>, 2024</i>	<b>Liabilities</b>	<b>Assets</b>	<b>Net</b>
Tangible assets	84.271.330	-	84,271,330
Assets held for sale	1.765.655	-	1,765,655
Inventory provision	-	2,445,821	(2,445,821)
Impairment of receivables	-	4,151,233	(4,51,233)
Other receivables	-	-	-
Other liabilities	-	3,389,396	(3,389,396)
	<u>92.519.465</u>	<u>9,986,450</u>	<u>76,050,535</u>
Net temporary differences - 16% share			<u>76.050.535</u>
<b>Deferred profit tax liability</b>			<u><b>12.168.086</b></u>

	<u>December 31<sup>st</sup>, 2025</u>	<u>Movement</u>	<u>December 31<sup>st</sup>, 2024</u>
<b>Deferred tax to be paid</b>			
Tangible assets	531.725	14.015.138	(13.483.413)
Assets held for sale	-	282.505	(282.505)

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## Notes to the stand-alone financial statements

for the financial year ended on December 31<sup>st</sup>, 2025

(all amounts in RON, unless otherwise stated)

<b>Deferred tax to be recovered</b>			
Inventory provision	163.527	227.804	391.331
Impairment of receivables	885.729	221.532	664.197
Other receivables	-	-	-
Other liabilities	(524.210)	(1.066.514)	542.304
	<b>1.056.770</b>	<b>13.224.856</b>	<b>(12.168.086)</b>

Deferred income tax is primarily generated by the revaluation of fixed assets, which is not recognized for tax purposes, impairment adjustments for inventory and trade receivables, and provisions for employee benefits.

## 20. Subsidies

Investment subsidies classified as short-term liabilities represent the part of the government subsidies received that will be recognized as income in the following financial year. Deferred income categorized as long-term liabilities represents the part of the government subsidies received that will be recognized within periods of over 1 year.

The investment subsidies received, remaining in balance, are presented in the table below:

	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Ministerul Economiei și Cercetării II	1.454.219	2.175.869
Innovation Norway Parc 1MW	2.067.063	2.198.305
Ministerul Economiei Parc 20MW	27.241.198	25.872.863
Administrația fondului pentru mediu	1.932.680	2.093.733
Innovation Norway 1	97.318	170.933
Innovation Norway 2	1.770.891	2.051.908
Non-reimbursable financial aid for microenterprises	7.397	4.119
The European Bank for Reconstruction and Development	54.294	63.044
<b>Total</b>	<b>34.625.056</b>	<b>34.630.774</b>

The subsidy received from the Ministry of Economy and Research aims to finance the upgrade and development of the paper manufacturing technological line, and the non-reimbursable eligible amount was initially RON 18,500,000. The Company completed the project monitoring stage in June 2018. The financing agreement included a series of indicators that had to be met by the end of the monitoring period. All the indicators were met.

The subsidy received from the Environmental Fund Administration was granted for the technological waste-burning boiler and had an initial amount of RON 4,509,517. The monitoring period of this project was completed in 2013. The grant received from the EBRD is for energy efficiency and amounted to 477,767 lei. The Norway 1 grant relates to the expansion of collection centers, while the Norway 2 grant relates to increasing corrugated cardboard production capacity. The company requested and received reimbursements totaling 3,111,923 lei for the Norway 2 project as of December 31, 2016, representing 70% of the total grant. For both projects funded by Norway, the monitoring period concluded in 2020 and 2021, respectively.

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## Notes to the stand-alone financial statements

for the financial year ended on December 31<sup>st</sup>, 2025

(all amounts in RON, unless otherwise stated)

The 20MW Photovoltaic Park Construction Project benefited from a European grant under the National Recovery and Resilience Plan (NRRP) in the amount of RON 25.872.863 aimed at “Supporting investments in new electricity generation capacities from renewable sources – wind and solar – with or without integrated storage facilities,” approved by Order of the Minister of Energy No. 282/30.03.2022, as subsequently amended and supplemented, and in accordance with the provisions of the State Aid Scheme intended to support investments in new electricity generation capacities from renewable sources – wind and solar – with or without integrated storage facilities, approved by Order of the Minister of Energy No. 281/30.03.2022. The project was completed on November 30<sup>th</sup>, 2024, and is currently in the monitoring period.

### 21. Income from customer contracts

	2025	2024
Income from the sale of finished products	294.033.065	356.737.596
Income from the sale of goods	11.822.851	22.204.070
Income from services provided	10.572.210	15.939.253
Income from various activities	11.697.727	674.530
Revenue from royalties, management fees, and rent	831.906	-
<b>Total</b>	<b>328.957.760</b>	<b>395.555.449</b>

The company recognizes its income on a *point in time* basis for the sale of finished products and goods, while its income from services rendered and other miscellaneous activities is recognized *over time*.

The Company’s income includes mainly sales of goods, related to the production of the following types of goods:

- Paperboards
- Corrugated cardboard and packaging
- Hygiene and sanitary paper

The paperboards can be used as semi-finished products to produce corrugated cardboard and packaging or sold as finished products to customers.

The Company’s customers are mostly Romanian companies and exports hold a share of approximately 15% of the total sales. No client holds a significant share of the Company's total sales.

Trade discounts granted represent both the amounts granted to customers as a discount for the volume of goods purchased, as well as amounts invoiced by customers which are calculated as a percentage of the total amount of the sales.

### 22. Other income

	2025	2024
Income from investment subsidies	2.963.903	1.485.483
Income from the trading of CO2 certificates	-	1.088.771
Income from compensations, fines and penalties	10.716	1.699.785
Income from rentals and royalties	-	838.278

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## Notes to the stand-alone financial statements

for the financial year ended on December 31<sup>st</sup>, 2025

(all amounts in RON, unless otherwise stated)

Net profit from the sale of tangible assets	-	484.595
Other operating income	11.667.571	6.317.099
Value adjustments on trade receivables	679.388	-
<b>Total</b>	<b>15.321.576</b>	<b>12.861.998</b>

### Raw materials and consumables expenses

	2025	2024
Raw materials expenses	90.100.443	103.683.343
Consumables and auxiliary materials expenses	50.799.264	39.531.013
Fuel expenses	5.173.249	7.575.384
Utilities expenses	40.671.054	55.912.041
Spare parts expenses	4.193.984	6.536.659
<b>Total</b>	<b>190.937.993</b>	<b>213.238.440</b>

Beginning with the 2025 financial year, the Company reports expenses related to technological steam produced and purchased under intra-group agreements. Those costs result from investments made at the level of group entities, specifically the commissioning of thermal energy production facilities (waste-to-energy boilers, HOST boilers, and other specialized equipment) to improve energy efficiency and optimize operating costs.

### 23. Third-party expenses

	2025	2024
Maintenance and repairs expenses	4.304.688	3.491.565
Transportation of goods expenses	19.855.180	21.479.317
Waste management services	2.850.338	1.582.136
Provision of services related to fulfilment of environmental objectives	772.915	876.973
Security services expenses	1.925.867	2.149.554
Other third-party expenses	6.976.002	5.112.739
<b>Total</b>	<b>36.684.990</b>	<b>34.692.284</b>

### 24. Other expenses

	2025	2024
Commissions and fees expenses	722.826	552.688
Operating expenses related to provisions	-	743.317
Expenses for rentals and royalties	778.082	404.151
Expenses with banking and similar services	311.724	366.500
Insurance premiums expenses	1.855.672	2.057.111
Expenses for other taxes, duties and similar payments	4.475.978	2.993.526
Donations granted	-	397.914
Business travel, secondment and transfers expenses	394.323	406.403
Postage and telecommunication fees	317.845	400.395

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## Notes to the stand-alone financial statements

for the financial year ended on December 31<sup>st</sup>, 2025

(all amounts in RON, unless otherwise stated)

Entertainment, advertising and publicity expenses	217.903	290.137
Compensation, fines and penalties expenses	453.859	64.494
Impairment of inventories	-	878.498
Impairment of receivables	283.920	-
Personnel transportation expenses	48.473	1.174.681
Social benefits expenses according to the collective labour agreement	-	1.281.000
Other operating expenses	1.883.420	494.196
Net loss resulting from the sale of tangible assets	1.787.221	
<b>Total</b>	<b>13.531.246</b>	<b>12.505.011</b>

Financial audit services are included in the total expenses for other expenses related to services provided by third parties. The company's auditor is PricewaterhouseCoopers Audit SRL. The fees for the audit of the individual financial statements of Vrancart SA as of December 31, 2025, prepared in accordance with MFP Order 2844/2016, pursuant to the service agreement entered between the parties.

### 25. Labor expenses

	2025	2024
Salary expenses	77.814.941	86.791.896
Insurance and social protection expenses	2.827.282	1.972.224
Meal vouchers granted	5.723.850	7.365.780
<b>Total</b>	<b>86.366.073</b>	<b>96.129.900</b>

In 2025, the average number of employees of the Company was 698 (2024: 1,148).

### 26. Financial income and expenses

	2025	2024
Interest income	2.909.515	1.869.931
Dividends received	-	2.500.000
Other financial income	4.510	1.991
<b>Total income</b>	<b>2.914.025</b>	<b>4.371.922</b>
Interest expenses for loans	8.195.308	8.773.112
Interest expenses for leasing agreements	255.573	366.114
Currency exchange losses	4.443.423	781.198
Other financial expenses	140.378	12.869
<b>Total expenses</b>	<b>13.034.682</b>	<b>9.933.293</b>

**Notes to the stand-alone financial statements***for the financial year ended on December 31<sup>st</sup>, 2025**(all amounts in RON, unless otherwise stated)***27. Corporate income tax expense**

	<b>2025</b>	<b>2024</b>
Current corporate income tax expenses	3.444.738	2.863.431
Corrections to corporate income tax from previous years	-	-
Deferred corporate income tax expenses	-	(905.344)
Deferred corporate income tax revenue	(4.194.616)	
<b>Total</b>	<b>(749.878)</b>	<b>1.958.087</b>

	<b>2025</b>	<b>2024</b>
<b>Loss/Profit before taxation</b>	<b>(48.871.558)</b>	<b>(9.478.278)</b>
<b>Tax in accordance with the statutory taxation rate of 16% (2025: 16%)</b>	<b>(7.819.449)</b>	<b>(1.516.524)</b>

**Effect on the corporate income tax of the:**

Legal reserve	-	-
Non-deductible expenses	58.556.143	-
Revenue-like items	-	5.610.239
Fiscal amortisation	(25.221.749)	(1.166)
Exemptions for sponsorships	(48.473)	(281.914)
Recording of temporary differences	(26.216.350)	(905.344)
Reinvested profit – tax credit	-	(947.204)
<b>Corporate income tax</b>	<b>(749.878)</b>	<b>1.958.087</b>

Starting in 2024, the Company applies the minimum turnover tax (IMCA) regime, in accordance with the tax legislation in force. The tax owed by the Company for the fiscal year is determined as the higher of the income tax calculated in accordance with applicable tax rules and the minimum turnover tax.

For the fiscal year ended December 31, 2025, the Company owed minimum turnover tax (IMCA), which was higher than the income tax calculated under general rules. For the fiscal year ended December 31, 2024, the Company also owed minimum turnover tax

**28. Earnings per share**

The calculation of base earnings per share was made based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares:

	<b>2025</b>	<b>2024</b>
Profit attributable to ordinary shareholders	(48.121.680)	(11.436.365)
Weighted average number of ordinary shares	2.010.115.751	1.799.819.966
<b>Base earnings per share</b>	<b>(0.0239)</b>	<b>(0.0064)</b>

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## Notes to the stand-alone financial statements

for the financial year ended on December 31<sup>st</sup>, 2025

(all amounts in RON, unless otherwise stated)

The diluted earnings per share are calculated on the assumption that the bonds would be fully converted, as follows

	<u>2025</u>	<u>2024</u>
Profit attributable to ordinary shareholders	(48.121.680)	(11.436.365)
Adjustment to the bonds interest and the tax effect	-	-
<b>Profit attributable to ordinary shareholders – adjusted</b>	<b>(48.121.680)</b>	<b>(11.436.365)</b>
Weighted average number of ordinary shares	2.010.115.751	1.799.819.966
Potential shares from bond conversion - 228,358,209	-	-
<b>Weighted average number of ordinary shares – adjusted</b>	<b>2.010.115.751</b>	<b>1.799.819.966</b>
<b>Diluted earnings per share</b>	<b>(0.0239)</b>	<b>(0.0064)</b>

### 29. Affiliated parties

The people that are part of the Coordination Committee and the Board of Directors, as well as Lion Capital SA, which is the main shareholder, along with the other companies controlled by it are considered affiliated parties.

On November 5<sup>th</sup>, 2025, following the resignation of Mr. Ciprian-Nicu Fedor from his positions as Chief Executive Officer and Chairman of the Board of Directors, changes to the management structure of Vrancart S.A. were approved as follows:

- Ștefan - Viorel Movilă has been named General Manager of VRANCART S.A. effective November 6<sup>th</sup>, 2025, for a four-year mandate.
- Alexandru - Lucian Minea has been named as an interim member of the Board of Directors of VRANCART S.A., effective November 6<sup>th</sup>, 2025, until the date of the Ordinary General Meeting of Shareholders.

Sergiu Mihailov was named Chairman of the Board of Directors of VRANCART S.A., effective November 6<sup>th</sup>, 2025, through April 27<sup>th</sup>, 2026.

The list of people that were part of the Board of Directors as of December 31<sup>st</sup>, 2025:

Mihailov Sergiu	Chairman of the Board of Directors
Drăgoi Bogdan Alexandru	Member of the Board of Directors
Minea Alexandru-Lucian	Member of the Board of Directors
Fercu Adrian	Member of the Board of Directors
El Lakis Rachid	Member of the Board of Directors

**Vrancart S.A.****Notes to the stand-alone financial statements***for the financial year ended on December 31<sup>st</sup>, 2025**(all amounts in RON, unless otherwise stated)***Transactions with Key Management Personnel:**

	<b>2025</b>	<b>2024</b>
Remuneration of members of the Board of Directors	3.052.525	3.371.111

The amounts mentioned include the total gross remuneration (fixed and variable) for the financial years 2024 and 2025, for all the members of the Board of Directors, as well as the total remuneration of the Chief Executive Officer.

**Transactions with affiliated parties:**

Affiliated party	Relation	Transactions in* 2025	Transactions in* 2024	Balance in 2025	Balance in 2024
Rom Paper/ branch	Supplier	9.610.362	340.814	2.787.791	54.104
Rom Paper/ branch	Customer	28.945.705	31.531.108	9.506.410	10.448.493
Vrancart Recycling	Supplier	21.716.958 (f)	5.563.746	1.618.453 (a)	416.858
Vrancart Recycling	Customer	2.717.233	2.259.043	3.513.641 (b)	1.263.113
Vrancart Recycling	Loan granted	1.850.000	29.050.000	34.000.000	32.150.000
Vrancart Recycling	Other debts	-	4.954.758	-	616.671
Vrancart Recycling	Other receivables	6.254.196	-	5.597.911 (c)	-
Ecorep Group SA	Customer	2.493.986	2.975.583	1.570.382 (d)	1.871.223
Ecorep Group SA	Supplier	786.640	874.281	190.355 (e)	114.894
SIF1 IMGB SA	Loan received	568.450	481.837	7.077.151	7.137.224
Biofarm S.A.	Customer	453.107	355.679	157.627	119.379
Biofarm S.A.	Supplier	557	1.409	-	770
LION Capital SA	Supplier	-	35	-	-
Bucur SA	Supplier	-	-	-	-
Ci-Co SA	Supplier	12.409	11.038	2.718	1.508
Sifi Cj Logistic SA	Supplier	115.664	128.687	3.723	13.834
Semtest Craiova SA	Supplier	-	69.547	-	-
Dedeman SRL	Supplier	2.319.482	1.571.442	89.444	137.903
Dedeman SRL	Customer	3.001.613	2.891.458	646.624	781.135

\*Note: The values do not include VAT.

(a) Within the relationship with VRANCART RECYCLING, the balance of 1,618,453 lei presented at the reporting date representing liabilities related to goods and services received, for which invoices had not yet been received as of the end of the fiscal year. These amounts are recognized on an accrual basis in accounts for estimated liabilities (unreceived invoices), and do not represent commercial liabilities recorded in account 401 "Suppliers" as of the reporting date.

(b) As part of the receivables balance with Company VRANCART RECYCLING as at 31 December 2025, the amount of RON 3,513,551 represents:

- The amount of 249,500 RON represents receivables related to goods and services delivered and rendered, for which invoices had not yet been issued as of the end of the fiscal year. These amounts are recognized on an accrual basis in estimated receivables accounts (invoices to be issued) and do not represent trade receivables recorded in account 411 "Customers" as of the reporting date.

- The amount of 3,264,051 RON represents receivables owed to VRANCART SA

(c) The amount of 5,597,911 RON reflects the balance of receivables representing intra-group

Vrancart S.A.

## Notes to the stand-alone financial statements

for the financial year ended on December 31<sup>st</sup>, 2025

(all amounts in RON, unless otherwise stated)

VAT and interest on the loan, as disclosed in Note 23.

d) In the context of the relationship with ECOREP GRUP, the amount of 169,302 RON, included in the 1,570,382 RON reported as of the reporting date—comprises receivables related to goods and services delivered and rendered for which invoices had not yet been issued as of the end of the fiscal year. These amounts are recognized on an accrual basis in estimated receivables accounts (invoices to be issued) and do not represent trade receivables recorded in account 411 “Customers” as of the reporting date.

(e) In the relation between the Company and ECOREP GROUP, the amount of 60,478 RON, included in the 190,355 RON balance presented as of the reporting date, comprises amounts representing liabilities for goods and services received, for which invoices had not yet been received as of the end of the fiscal year. These amounts are recognized on an accrual basis in estimated liability accounts (invoices not yet received) and do not represent trade payables recorded in account 401 “Suppliers” as of the reporting date.

(f) The amount of 21,716,958 lei includes an expense of 16,004,853 lei for the purchase of process steam, given that in 2025, VRANCART RECYCLING S.R.L. saw an increase in activity related to the development of new recycling capabilities for waste paper, plastic, and wood, as well as a cogeneration plant for the production of thermal energy (16.2 t/h) and electricity (1.2 MW/h), information presented in Note 23.

Other operations:

<b>Affiliated party</b>		<b>Transactions in 2025</b>	<b>Transactions in 2024</b>	<b>Balance in 2025</b>	<b>Balance in 2024</b>
SIF Banat Crişana SA	Payment of dividends distributed during the year	-	-	-	-
Rom Paper	Receipt of dividends distributed during the year	-	2,500,000		
ARIO Bistriţa	Debtor	-	-	-	-

### 30. Subsequent events

In January 2026, a new piece of equipment, known as the Drum Pulper, was commissioned to process wastepaper into pulp for paper production, with a purchase price of 3.5 million euro.

Also, in January 2026, the multicurrency investment loan contracted from Raiffeisen Bank, amounting to EUR 1.012.725 as of December 31<sup>st</sup>, 2025, was fully repaid.

### Change in Accounting Policy Effective in 2026

Starting with the 2026 fiscal year, the Company will change the accounting treatment of emission allowances, which will be recognized in the financial statements at the lowest trading price over a one-year period, adjusted by 5%, and subject to quarterly revaluation. The recognition of certificates

**Vrancart S.A.**

## **Notes to the stand-alone financial statements**

*for the financial year ended on December 31<sup>st</sup>, 2025*

*(all amounts in RON, unless otherwise stated)*

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for a fiscal year will be performed in the first quarter of the following fiscal year, based on the annual average price determined for the reporting period.

This accounting policy involves the use of significant estimates and professional judgment, particularly in determining the timing of recognition and the value of emission certificates.

Accounting recognition will be based on the final quantitative inventory of emission allowances existing at the end of the fiscal year, given that, at the time of reporting, the Company cannot estimate the volume of allowances that will be used to meet the obligations for the reference year, as this involves an inherent degree of uncertainty in the estimates. Therefore, the adopted policy reflects only those future economic benefits considered probable as of the reporting date.

In the event of the sale of emission allowances, the Company will recognize the result of the transaction in the income statement under the “other income” category.

The Company believes that this approach results in a fair presentation of the Company’s financial position and financial performance, consistent with the applicable general principles of financial reporting. At the same time, the adopted policy reflects the application of the principle of prudence by recognizing only those future economic benefits and gains that are appropriate as of the reporting date, thereby avoiding the overvaluation of assets and net income for the period.

### **31. Financial risk management**

#### **Overview**

The Company is exposed to the following risks related to the use of financial instruments:

- credit risk;
- liquidity risk;
- market risk
- currency exchange risk

These notes provide information on the Company’s exposure to each of the abovementioned risks, the Company’s objectives, policies and processes for the assessment and management of risk and the procedures used for capital management. Other quantitative information is also included in these financial statements.

The Company’s risk management policies are defined as identifying and analyzing the risks the Company faces, establishing adequate limits and controls, and monitoring risks and compliance with those limits. The risk management policies and systems are revised periodically to reflect changes in market conditions and the Company’s activities.

The Company, through its training and management standards and procedures, aims at developing an orderly and constructive control environment where all employees understand their roles and obligations.

#### **(a) Credit risk**

Credit risk is the risk that the Company incurs a financial loss because of a customer’s failure to comply with its contractual obligations and this risk results mainly from the Company’s trade receivables.

The book value of the financial assets represents the maximum exposure to credit risk. The

Vrancart S.A.

## Notes to the stand-alone financial statements

for the financial year ended on December 31<sup>st</sup>, 2025

(all amounts in RON, unless otherwise stated)

maximum exposure to credit risk was:

<b>Bookvalue</b>	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Trade and other receivables	87.708.537	83.899.482
Restricted cash	-	-
Cash and cash equivalents	1.776.246	1.050.589
<b>Total</b>	<b>89.484.783</b>	<b>84.950.071</b>

The Company's exposure to credit risk is mainly influenced by the individual characteristics of each customer.

The management has established a credit policy under which every new customer is evaluated individually for trustworthiness before being granted the Company's standard payment and delivery terms. Purchase limits are established for each individual customer. Customers who fail to meet the conditions established by the Company may conduct transactions with it only after making an advance payment.

The Company does not request collateral for trade receivables and other receivables.

In estimating receivables impairment adjustments, the Company uses an impairment model whose operating principle has not changed from previous years, as it reflects the requirements of the impairment model introduced by IFRS 9.

### Impairment losses

Analysis of the number of days of delays for trade receivables and other receivables:

<b>December 31<sup>st</sup>, 2025</b>	<b>Gross value</b>	<b>Depreciation</b>
Current and outstanding receivables aged 0 to 30 days	74.474.085	-
Outstanding receivables aged 31 to 60 days	3.291.898	62.748
Outstanding receivables aged 61 to 90 days	1.975.208	69.892
Outstanding receivables aged 91 to 180 days	3.953.782	227.136
Outstanding receivables aged 181 to 360 days	3.272.539	322.861
Outstanding receivables aged more than 360 days	6.277.187	4.853.525
<b>Total</b>	<b>93.244.698</b>	<b>5.536.161</b>

<b>December 31<sup>st</sup>, 2024</b>	<b>Gross value</b>	<b>Depreciation</b>
Current and outstanding receivables between 0 and 30 days	75.026.012	-
Outstanding receivables between 31 and 60 days	3.449.099	75.959
Outstanding receivables between 61 and 90 days	1.747.877	39.327
Outstanding receivables between 91 and 180 days	2.402.757	233.140
Outstanding receivables between 181 and 360 days	235.208	118.429
Outstanding receivables for more than 360 days	5.189.761	3.684.378
<b>Total</b>	<b>88.050.714</b>	<b>4.151.233</b>

Vrancart S.A.

## Notes to the stand-alone financial statements

for the financial year ended on December 31<sup>st</sup>, 2025

(all amounts in RON, unless otherwise stated)

Provision percentages overview	December 31 <sup>st</sup> , 2025	December 31 <sup>st</sup> , 2024
Current and outstanding between 0 and 30 days	-	0.7%
Outstanding between 31 and 60 days	2.50%	0.7%
Outstanding between 61 and 90 days	5.00%	1.6%
Outstanding between 91 and 120 days	12,50%	19.4%
Outstanding between 121 and 180 days	25.00%	59.7%
Outstanding between 181 and 9365 days	50.00%	91.2%
More than 365 days	100.00%	100%

The company conducted a review of its policy for adjusting trade receivables to reflect both current market conditions and historical conditions over the past three years, given that previous assumptions had changed significantly in that receivables previously considered past due were subsequently collected, and the write-offs related to these receivables were significantly reduced, and furthermore, the actual loss rate was below historical adjustments. As a result of this analysis, the adjustment percentages changed compared to previous years, as shown in the table above. Furthermore, through this analysis, the Company included certain commercial factors (guarantees for debt recovery and tax incentives).

Although the average collection period for receivables increased compared to previous fiscal years, the Company believes that this indicator, when analyzed in isolation, does not directly reflect a proportional increase in the risk of non-collection. The increase in the average collection period is primarily influenced by the extension of credit terms granted to certain strategic customers, as well as by changes in the customer portfolio structure and sales mix.

Thus, a retrospective analysis of receivables written down in previous fiscal years indicates low actual losses and a high rate of subsequent recovery, supporting recalibration of the write-down percentages.

### (b) Liquidity risk

Liquidity risk is the Company's risk of facing difficulties in meeting its obligations related to financial liabilities that are discounted in cash or through the transfer of another financial asset.

The Company's approach to managing liquidity consists of ensuring, to the greatest extent possible, that it always has sufficient liquidity to pay its outstanding debts under both normal and stressed conditions, without incurring unacceptable losses or endangering the Company's reputation.

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## Notes to the stand-alone financial statements

for the financial year ended on December 31<sup>st</sup>, 2025

(all amounts in RON, unless otherwise stated)

In general, the Company ensures that it has sufficient cash to cover the operating expenses. The following table provides a presentation of the residual contractual maturities of financial liabilities as at the end of the reporting period, including the estimated payments of interests:

December 31 <sup>st</sup> , 2025	Book value	Contractual cash flows	Less than 1 year	1 - 5 years	Over 5 years
Bank loans	199.284.363	209.796.736	115.544.634	80.809.629	13.442.474
Bonds	-	-	-	-	-
Lease liabilities	14.163.241	15.686.563	-	15.008.434	678.128
Trade liabilities and other liabilities	64.801.487	64.801.487	64.121.154	680.333	-
<b>Total</b>	<b>278.249.091</b>	<b>290.284.786</b>	<b>179.665.788</b>	<b>96.498.396</b>	<b>14.120.602</b>

December 31 <sup>st</sup> , 2024	Book value	Contractual cash flows	Less than 1 year	1 - 5 years	Over 5 years
Bank loans	188.101.480	206.940.013	108.282.203	78.724.480	19.933.330
Bonds	-	-	-	-	-
Lease liabilities	26.779.185	29.686.470	8.859.129	20.089.604	737.737
Trade liabilities and other liabilities	70.425.666	70.425.666	69.065.945	1.359.721	-
<b>Total</b>	<b>285.306.331</b>	<b>307.052.149</b>	<b>186.207.277</b>	<b>100.173.805</b>	<b>20.671.066</b>

### (c) Market risk

Market risk is the risk that the variation of market prices, such as the currency exchange rate, the interest rate, and the price of equity instruments, affects the Company's revenues or the value of the financial assets held. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing investment profitability.

#### *Interest rate risk*

##### *(i) Risk exposure profile*

As at the reporting date, the profile of exposure to the interest rate risk related to the interest-bearing financial instruments held by the Company was:

	December 31 <sup>st</sup> , 2025	December 31 <sup>st</sup> , 2024
<b>Variable rate instruments</b>		
Bank loans	192.207.213	180.964.256
Loans from bond issues	-	-
Other loans	7.077.151	7.137.224
Debts related to leasing agreements	14.163.241	26.779.185
<b>Total</b>	<b>213.447.605</b>	<b>214.880.665</b>

Vrancart S.A.

## Notes to the stand-alone financial statements

for the financial year ended on December 31<sup>st</sup>, 2025

(all amounts in RON, unless otherwise stated)

### (ii) Cash flows sensitivity analysis for variable interest rate instruments

A 1% increase in the interest rates during the current period would have led to a profit or loss reduction by RON 2.134.476 (RON 2.148.807 as of December 31<sup>st</sup>, 2023). This analysis requires that all the other variables, particularly the foreign currency exchange rates, remain constant.

A depreciation of the interest rates by 100 base points as of December 31<sup>st</sup> would have led to the same effect, but in the opposite sense, onto the amounts presented above, considering that all the other variables remain constant.

### Fair values

Fair value is the price that would be received following the sale of an asset or the price that would be paid to transfer a liability through a normal transaction between the market participants as at the evaluation date. Financial instruments that are not accounted for at fair value in the statement of financial position include trade receivables and other receivables, cash and cash equivalents, loans, trade liabilities and other liabilities. The book values of the abovementioned financial instruments are approximate of their fair values.

### (d) Currency exchange risk

The Company is exposed to the currency exchange risk due to sales, purchases and other loans that are expressed in a currency other than the functional currency, mainly Euro, but also American dollars.

The Company's exposure to currency exchange risk is presented in the following tables:

December 31 <sup>st</sup> , 2025	TOTAL	RON	EUR	USD	Other currencies
Trade receivables and other receivables	89.137.356	88.372.446	627.101	137.809	-
Cash and cash equivalents	1.776.246	477.241	1.184.121	109.474	5.411
<b>Financial assets</b>	<b>90.913.602</b>	<b>88.849.687</b>	<b>1.811.221</b>	<b>247.282</b>	<b>5.411</b>
Loans	199.284.363	58.048.288	141.236.075		
Leasing liabilities	14.163.241	-	14.163.241		
Trade liabilities and other liabilities	64.125.944	45.872.672	18.253.272		
<b>Financial liabilities</b>	<b>277.573.548</b>	<b>103.920.959</b>	<b>173.652.589</b>		
<b>Total net financial assets/(liabilities)</b>	<b>(186.659.946)</b>	<b>(15.071.272)</b>	<b>(171.841.367)</b>	<b>247.282</b>	<b>5.411</b>

Vrancart S.A.

## Notes to the stand-alone financial statements

for the financial year ended on December 31<sup>st</sup>, 2025

(all amounts in RON, unless otherwise stated)

December 31 <sup>st</sup> , 2024	TOTAL	RON	EUR	USD	Other currencies
Trade receivables and other receivables	89.853.270	73.223.184	16.630.086	-	-
Cash and cash equivalents	1.050.589	770.664	270.391	3.752	5.781
<b>Financial assets</b>	<b>90.903.859</b>	<b>73.993.848</b>	<b>16.900.477</b>	<b>3.752</b>	<b>5.781</b>
Loans	188.101.480	28.452.374	159.649.106	-	-
Leasing liabilities	26.779.185	-	26.779.186	-	-
Trade liabilities and other liabilities	69.505.157	51.431.192	17.727.699	346.266	-
<b>Financial liabilities</b>	<b>284.385.822</b>	<b>79.883.567</b>	<b>204.155.990</b>	<b>346.266</b>	<b>-</b>
<b>Total net financial assets/(liabilities)</b>	<b>(193.481.963)</b>	<b>(5.889.718)</b>	<b>(187.255.514)</b>	<b>(342.513)</b>	<b>5.781</b>

### Sensitivity analysis

A 10-percentage-point appreciation of RON as of December 31<sup>st</sup> compared to the currencies presented would have led to an increase (reduction) of profit or loss as follows: December 31<sup>st</sup>, 2025: + RON 17,158,867 (December 31<sup>st</sup>, 2024: + 18,759,225 lei). This analysis assumes that all the other variables, particularly the interest rates, remain constant.

A 10-percentage-point depreciation of RON as of December 31<sup>st</sup>, 2023 compared to the other currencies would have led to the same effect, but in the opposite sense, of the amounts presented above, assuming that all the other variables remain constant.

### (e) Risk related to taxation

The Romanian tax system is under consolidation and constantly changing, and there can be different interpretations of the authorities in relation to the fiscal legislation, which can generate additional taxes, duties, and penalties. If the state authorities find any violations of the Romanian legal provisions, these can lead, according to the case, to: the confiscation of the relevant amounts, the imposition of additional tax obligations, the charging of fines, the charging of delay penalties (applied to the amounts to be paid). Therefore, fiscal sanctions for violating legal provisions can result in significant amounts payable to the State.

The Romanian government has a significant number of agencies authorized to conduct inspections of companies operating on Romanian territory. These inspections are like fiscal audits in other countries and may cover not only tax aspects but also other legal and regulatory aspects of interest to these agencies. The Company may be subjected to tax inspections as new tax regulations are being issued.

The amounts declared to the State for taxes and duties remain open for tax audit for five years. The Romanian tax authorities conducted controls on the calculation of taxes and fees until December 31<sup>st</sup>, 2020.

All the amounts owed to the State for taxes and duties were paid or registered as at the balance sheet date. The Company considers that it has paid entirely and in due time all the taxes, duties, penalties and penalty interests, when applicable.

**Vrancart S.A.**

## **Notes to the stand-alone financial statements**

*for the financial year ended on December 31<sup>st</sup>, 2025*

*(all amounts in RON, unless otherwise stated)*

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Law no. 431/2023 transposes the provisions of Directive (EU) 2022/2523 (hereinafter referred to as “Pillar 2”), introducing in Romania a complex set of rules for the effective minimum taxation of 15% applicable to multinational enterprise groups and large-scale domestic groups with consolidated annual revenues of at least EUR 750 million in at least two of the four preceding financial years.

The Company is not subject to the Pillar 2 rules in 2025, as the minimum revenue thresholds were not met in two years of the applicable reference period.

Under Law no. 207/2015 on the Fiscal Procedure Code, and in the context of aligning with European and international directives and regulations, Country-by-Country Reporting (hereinafter “CbCR”) was adopted.

The Company is not subject to the CbCR rules in 2025, as the minimum revenue thresholds were not met in two years of the applicable reference period.

### **(f) Transfer price**

In accordance with the relevant fiscal legislation, the fiscal evaluation of a transaction with affiliated parties is based on the market price concept related to the transaction in question. Based on this concept, transfer prices must be adjusted to reflect the market prices that would have been established between non-affiliated entities acting independently under “normal market conditions”.

It is likely that the tax authorities will conduct future verifications of transfer prices to determine whether those prices comply with the “normal market conditions” principle and whether the taxable base of the Romanian taxpayer is not distorted.

### **(g) Business environment**

The economic and financial environment in which the Company operates remains highly uncertain, driven by recent macroeconomic developments, inflationary pressures, frequent changes to the tax framework, and restrictive financing conditions. These factors may influence the behaviour of financial markets, and management cannot reliably estimate the effects on the Group’s financial statements of any future decline in financial market liquidity, the depreciation of financial assets due to low credit market liquidity, or increased volatility in currency and stock markets.

The management considers that it is taking all necessary measures to support the sustainability and development of the Company’s businesses, under the current conditions, by:

- constantly monitoring liquidity;
- preparing short-term forecasts of net liquidity;
- monitoring the cash inflow and outflow (daily), assessing the effects onto debtors, of limited access to financing and onto the development of businesses in Romania.
-

Vrancart S.A.

## Notes to the stand-alone financial statements

*for the financial year ended on December 31<sup>st</sup>, 2025*

*(all amounts in RON, unless otherwise stated)*

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### **(h) Capital adequacy**

The Company's policy is to maintain a sound capital basis necessary to maintain the trust of investors, creditors and of the market and to support the Company's future development.

The Group's capital management objectives are as follows:

- To ensure the ability to continue as a going concern, i.e., to continue creating value for shareholders and benefits for other stakeholders.
- To maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt levels.

In accordance with financial practices, the Group monitors its capital based on the following indicators:

- Total Equity
- Total Assets
- Equity Ratio, calculated as the ratio between total equity and total assets

During 2025, the equity ratio remained at an optimal level of 48%, compared to 54% in 2024. An adequate level of capitalization is above 30%.

The Company's equity includes share capital, various types of reserves, and retained earnings. The Company is not subject to any externally imposed capital requirements. There are certain requirements agreed upon with some of the financing banks regarding the equity ratio, which as of December 31, 2025, was 48% (the contractual requirement being a minimum of 45%).



# Independent Auditor's Report

To the Shareholders of Vrancart SA

## Report on the audit of the standalone financial statements

### Our opinion

In our opinion, the standalone financial statements give a true and fair view of the financial position of Vrancart SA (the "Company") as at 31 December 2025, and the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the Order of the Minister of Public Finance no. 2844/2016 for approving accounting Regulations in accordance with International Reporting Standards and subsequent amendments (the "OMFP 2844/2016").

Our opinion is consistent with our additional report to the Audit Committee dated 26 May 2026.

### What we have audited

The Company's standalone financial statements comprise:

- the standalone statement of financial position as at 31 December 2025;
- the standalone statement of comprehensive income for the year then ended;
- the standalone statement of changes in equity for the year then ended;
- the standalone statement of cash flows for the year then ended; and
- the notes to the standalone financial statements, comprising material accounting policy information and other explanatory information.

The standalone financial statements as at 31 December 2025 are identified as follows:

- Total equity: RON 292,252,863;
- Net loss for the year: RON 48,121,680.

The Company's registered office is in Romania, Vrancea, Adjud county, 17 Ecaterina Teodoroiu Street and its unique fiscal registration code is 1454846.

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EUID ROONRC.J1993017223405, fiscal registration code RO4282940, share capital RON 7,630

This version of our report is a translation from the original, which was prepared in Romanian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation EU No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the “Regulation 537/2014”) and Law 162/2017 regarding statutory audit of annual financial statements and annual consolidated financial statements and regarding changes to other regulations and subsequent amendments (the “Law 162/2017”). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the Company in accordance with the ethical requirements of Regulation 537/2014 that are relevant to audits of financial statements of public interest entities, the ethical requirements of Law 162/2017 that are relevant to audits of financial statements in Romania and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the ethical requirements of the Regulation 537/2014, the ethical requirements of the Law 162/2017 and the IESBA Code.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the Regulation 537/2014.

To the best of our knowledge and belief, we declare that no services other than audit were provided to the Company and its controlled entities in the period from 1 January 2025 to the date of issuing this report.

## Our audit approach

### Overview

<b>Materiality</b>	Overall materiality lei 2,631,000, which represents 0.8 % of Revenue from contracts with customers
<b>Key audit matters</b>	Recognition of revenue from contracts with customers

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the standalone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved

making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the standalone financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

## Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the standalone financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the standalone financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company materiality for the standalone financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the standalone financial statements as a whole.

<b>Overall Company materiality</b>	lei 2,631,000
<b>How we determined it</b>	0.8 % of Revenue from contracts with customers
<b>Rationale for the materiality benchmark applied</b>	We chose Revenue from contracts with customers as the benchmark because, in our view, it is the most representative benchmark for the Company, due to the plans to increase of market share, through investments to capacities and transformation of the business already started few years ago. We chose significance at the level of 0.8% because based on our professional judgment it is within the acceptable quantitative thresholds of materiality.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Recognition of revenue from contracts with customers</p> <p>In 2025 the Company recognized revenue from contracts with customers in the amount of lei 328,957,760, for which the accounting policies were described in notes 3n and the details were included in note 22 of the standalone financial statements.</p> <p>The Company generates revenue mainly from sales of finished goods and merchandise in the form of paperboards, corrugated cardboard and packaging and sanitary products.</p> <p>Revenue is recognized when the control over goods is transferred to the buyer. Revenue is recognized at an amount equal to the transaction price resulting from the agreements signed with customers representing the consideration for the performance obligation performed.</p> <p>Bearing in mind the importance of revenues item in the standalone financial statements of the Company, as well as the susceptibility of the item to the risk of misstatement and the potential risk of fraud, we recognized that this is a key matter for our audit.</p>	<p>Our audit procedures included in particular:</p> <ul style="list-style-type: none"> <li>• assessing compliance of the Company's accounting policies regarding the recognition of revenue from contracts with customers with the related financial reporting standards;</li> <li>• understanding and evaluating the internal control environment, including the IT environment, regarding the recognition and presentation of individual types of revenue;</li> <li>• conducting, on a selected sample, efficiency tests of selected internal controls, in terms of correctness and accuracy of applied selling prices and consistency of the invoice with the order and with the shipping document;</li> <li>• performing tests, on a selected sample, consisting of confirmations of certain aspects of the transactions with customers or on verifying sales transactions against supporting documents (invoices, contracts with customers, shipping and payment received);</li> <li>• analysing the trends in recognized revenue from contracts with customers and explaining of unusual variances;</li> <li>• analysing patterns of non-standard journal entries recorded during the audited year and incorporating an element of unpredictability in determining the nature, timing and extent of audit procedures;</li> <li>• verification, on a selected sample, of revenue recognition in the proper reporting period, considering Incoterms and other terms and conditions of contracts concluded with the Company's customers;</li> <li>• assessment of the appropriateness of disclosures in the standalone financial statements regarding revenues from contracts with customers.</li> </ul>

## Reporting on other information including the Board of Directors' Report

Administrators are responsible for the other information. The other information comprises the Board of Directors' Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information, including the Board of Directors' Report.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Board of Directors' Report, we considered whether the Board of Directors' Report is consistent with the standalone financial statements and whether the Board of Directors' Report includes the disclosures required by OMFP 2844/2016, points 15-20.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Board of Directors' Report for the financial year for which the standalone financial statements are prepared is consistent with the standalone financial statements; and
- the Board of Directors' Report has been prepared in accordance with OMFP 2844/2016, points 15-20.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board of Directors' Report. We have nothing to report in this regard.

## **Responsibilities of management and those charged with governance for the standalone financial statements**

Management is responsible for the preparation of the standalone financial statements that give a true and fair view in accordance with IFRS, as adopted by EU and OMFP 2844/2016, and for such internal control as management determines is necessary to enable the preparation of standalone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's responsibilities for the audit of the standalone financial statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we

determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on other legal and regulatory requirements**

### **Reporting on report regarding information related to income tax**

In accordance with OMFP 2844/2016, point 60<sup>12</sup>, in connection with the audit of the standalone financial statements for the financial year ended as at 31 December 2025, our responsibility is to state if, for the previous financial year ended as at 31 December 2024, the Company had the obligation, in accordance with points 60<sup>2</sup> - 60<sup>6</sup> of OMFP 2844/2016, to publish a report regarding information related to income tax for the financial year ended 31 December 2024 and if this is the case, whether such report was published in accordance with point 60<sup>10</sup> of OMFP 2844/2016.

The Company did not have the obligation to publish the report regarding information related to income tax.

### **Report on the compliance of the presentation of standalone financial statements with the requirements of the European Single Electronic Format (“ESEF”)**

We have been engaged based on our agreement by the management of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the presentation of the standalone financial statements of Company for the year ended 31 December 2025 in the digital files 444bc0ce3a5cd30575dc05d101b6389ea7d3cbf4370f6ae6956394e5bedf1e01 (the “Presentation of the Standalone Financial Statements”).

#### **Description of a subject matter and applicable criteria**

The Presentation of the Standalone Financial Statements has been applied by the management of the Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format and subsequent amendments (the “ESEF Regulation”). The applicable requirements regarding the Presentation of the Standalone Financial Statements are contained in the ESEF Regulation. The requirements described in the preceding sentence determine the basis for application of the Presentation of the Standalone Financial Statements and, in our view, constitute appropriate criteria to form a reasonable assurance conclusion.

#### **Responsibility of the management and those charged with governance**

The management of the Company is responsible for the Presentation of the Standalone Financial Statements that complies with the requirements of the ESEF Regulation.

This responsibility includes designing, implementing and maintaining internal controls relevant for the preparation of the Presentation of the Standalone Financial Statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process, which should also be understood as the preparation of standalone financial statements in accordance with the format resulting from the ESEF Regulation.

### **Our responsibility**

Our responsibility was to express a reasonable assurance conclusion whether the Presentation of the Standalone Financial Statements complies, in all material respects, with the ESEF Regulation.

We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000 (R) - 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (ISAE 3000(R)). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Presentation of the Standalone Financial Statements complies, in all material aspects, with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance with ISAE 3000 (R) will always detect the existing material misstatement (significant non-compliance with the requirements).

### **Quality management requirements and professional ethics**

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

### **Summary of the work performed**

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Presentation of the Standalone Financial Statements complies, in all material aspects, with the applicable requirements and such compliance is free from material errors or omissions. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the single electronic reporting format of the Standalone Financial Statements, including the preparation of the XHTML format;
- verification whether the XHTML format was applied properly; and
- evaluating the consistency between the digital information from the Presentation of Standalone

Financial Statements, visible for the human reader, with the signed and audited standalone financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

## **Conclusion**

In our opinion, based on the procedures performed, the Presentation of the Standalone Financial Statements complies, in all material respects, with the ESEF Regulation.

## **Appointment**

We were first appointed as auditors of the Company by the Ordinary General Shareholders Meeting on 27 April 2023. Our appointment has been renewed by the Ordinary General Shareholders Meeting representing a total period of uninterrupted engagement appointment of 3 years, covering the financial years ended 31 December 2023 up to 31 December 2025. Our appointment for the year ended 31 December 2025 was approved by the Ordinary General Shareholders Meeting on 29 April 2025.

The financial auditor responsible for carrying out the audit resulting in this independent auditor's report is Mihai Adrian Anița.

On behalf of

PricewaterhouseCoopers Audit SRL

Audit firm

registered with the Public Electronic Register of financial auditors and audit firms under no. FA6

**Refer to the original signed  
Romanian version**

Mihai Adrian Anița

Financial Auditor

registered with the Public Electronic Register of financial auditors and audit firms under no. AF489

Bucharest, 26 May 2026



# CONSOLIDATED REPORT

## OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR 2025

### “VRANCART” GROUP OF COMPANIES



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## 1. ANALYSIS OF OPERATIONS

### 1.1.1. General informations

The Vrancart Group (“the Group”) comprises Vrancart SA, with its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County, and its subsidiaries Rom Paper SRL (“Subsidiary 1”), with its registered office in Braşov, 30 Soseaua Cristianului, Braşov County, Vrancart Recycling SRL (“Subsidiary 2”), with its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County, and Ecorep Group SA (“Subsidiary 3”), with its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County.

The group operates in the non-hazardous waste collection and recycling industry, as well as in the production of paper and corrugated cardboard.

#### Key elements of the Group’s overall assessment:

a) profit/(loss) before tax	(48.815) thousand RON
b) revenue	416.175 thousand RON
c) operating costs	466.241 thousand RON
d) market share (% based on internal estimates & ARFCO)	
Year 2025	
Sanitary paper	- 3%
Cardboard paper	- 12%
Corrugated cardboard	- 11%
e) Year-end liquidity	2.138 thousand RON

### VRANCART SA

“VRANCART” was incorporated in 1991 as a joint-stock company with legal personality, in accordance with Law no. 15/1990.

Company name	„VRANCART”
Legal form	Joint-stock company
Registered office	17 Ecaterina Teodoroiu St., Adjud, Vrancea County, 625100, Romania
Telephone / Fax	+40 237 640 800 / +40 237 641 720
Trade Register registration number	J39/239/1991
Sole Registration Code	1454846
Tax Identification Number (TIN)	RO1454846
Paid-up share capital	RON 201,011,575.
Nominal value per share	0.10 lei/acţiune
Number of shares	2,010,115,751

The Company’s registered office is located in Adjud, 17 Ecaterina Teodoroiu St., Vrancea County, with secondary locations (working points) in the following cities: Pantelimon, Chiajna, Ploieşti, and Bacău.

The business activities of “VRANCART” consist of the production and sale of the following:

- ✓ corrugated cardboard,
- ✓ corrugated cardboard packaging,
- ✓ paper for the corrugated cardboard manufacturing,



- ✓ sanitary paper in various assortments,
- ✓ waste paper recycling equipment (sale, rental, and maintenance),
- ✓ electricity from photovoltaic parks (self-consumption and sale).

Through its collection network, the Company secures the raw materials (wastepaper and cardboard) required for production, as well as other recyclable waste that is recovered, processed, and sold to third-party partners.

In addition to the activities listed above, “VRANCART” also carries out support activities for its core operations, including: utilities production (industrial water, treated water for thermal boilers, technological steam, wastewater treatment), mechanical and electrical maintenance, logistics and transport (both internal and for customer delivery), and other related services.

In 2025, the average number of employees within the Group was 950 (2024: 1,246).

The Company's shares are listed on the Bucharest Stock Exchange, Standard Category, under the ticker symbol VNC, as of July 15th, 2005.

As of December 31st, 2025, the Company is 76.33% owned by Lion Capital SA, 17.35% by Paval Holding SRL, and 6.32% by other shareholders.

The register of shares and shareholders is maintained in accordance with the law by Depozitarul Central S.A. Bucharest.

In the context of the Russian Federation's invasion of Ukraine, we state that Vrancart does not conduct physical operations in Ukraine, Russia, or Belarus, nor does it have customers, suppliers, investors, or creditors with operations in these countries. The sanctions imposed on Russia may have an impact to the extent that the entire global business environment could be affected.

Although the full economic impact of the political crisis in the region cannot be fully estimated, the Company considers that its stable financial position, access to financing, and the markets in which it operates provide a solid foundation for ensuring business continuity and mitigating the negative effects of the economic and political crisis in general.

## **ROM PAPER SRL**

**Rom Paper SRL** (“Subsidiary 1”), established in 2002, is a privately owned company with Romanian capital, operating in the production of hygiene and sanitary products made from recycled paper and cellulose, such as: table napkins, folded towels, sanitary paper, industrial rolls, cosmetic tissues, and boxed tissues. The products are marketed both in Romania and in six other countries through retail chains (hypermarkets, supermarkets, cash-and-carry stores) as well as through distributors.

On January 20th, 2017, the acquisition of a majority stake (70%) in Rom Paper SRL by Vrancart SA was completed. As of December 31st, 2023, Vrancart held 100% of the company's shares, following the acquisition in June 2017 of an additional 15% and, in June 2018, of the final 15% of the shares in Rom Paper SRL.

The number of employees of Subsidiary 1 as of December 31<sup>st</sup> 2025 was 94 (December 31<sup>st</sup> 2024: 102 employees).

## **VRANCART RECYCLING SRL**

Vrancart Recycling SRL (“Subsidiary 2”) was established in August 2020 and is a privately-owned company with Romanian capital and a sole shareholder. The main business of this subsidiary is the treatment and disposal of non-hazardous waste. The company is in its early stages of operation and had 105 employees as of December 31, 2025 (December 31, 2024: 108 employees).





## ECOREP GROUP SA

Ecorep Group SA (“Subsidiary 3”) was established in November 2020 and is a privately-owned company with Romanian capital. The primary activity of this subsidiary is providing services to implement Extended Producer Responsibility (EPR) obligations related to environmental targets. The company is currently in its early stages of operation. The number of employees as of December 31st, 2025, is 6 (December 31st, 2024: 8 employees).

### 1.1.2. Technical Assessment of the Group

The Group’s core production activities are organized into three distinct business lines, managed based on their own individual budgets—as integral components of the Group’s general budget—targeting three distinct markets, namely:

- the market for paper used in the manufacture of corrugated cardboard;
- the market for corrugated cardboard and corrugated cardboard packaging
- the market for hygiene and sanitary paper products.

The evolution of production volumes across these markets over the past 3 years is presented in the table below:

Business Lines	UM	2025	2024	2023	2022
Cardboard paper	to	64,502	79,235	69,597	87,010
Corrugated cardboard and packaging	to	68,205	65,565	59,222	69,655
Tissue Paper	to	17,300	24,963	24,269	28,504

The share of each product category in the Group’s total revenue over the past three years is presented in the table below:

Business Lines	UM	2025	2024	2023	2022
Cardboard paper	%	12%	9%	6%	9%
Corrugated cardboard and packaging	%	67%	50%	63%	63%
Tissue Paper	%	17%	34%	23%	19%
Other activities	%	5%	7%	8%	9%

Capital Expenditure	Value (RON)
Buildings and leasehold improvements	1,667,328
Technological equipment	24,075,120
Machinery and operating equipment	2,086,516
Vehicles and other fixed assets	1,281,831
Intangible assets	3,812,180
<b>TOTAL</b>	<b>32,932,975</b>



### 1.1.3. Assessment of Technical and Material Procurement

The main raw material used by the factories in "VRANCART" is wastepaper. This is sourced through the company's own collection centers or directly from waste generators.

The trend in wastepaper collection over the past three years is shown below:

<b>Waste paper procurement</b>	<b>UM</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Purchases through collection centers	To	47,162	66,078	87,864
	% of total purchases	44%	49%	66%
Direct purchases (Adjud)	To	58,843	69,124	44,996
	% of total purchases	56%	51%	34%
<b>Total procurement</b>	<b>To</b>	<b>106,005</b>	<b>135,202</b>	<b>132,860</b>
	<b>%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### 1.1.4. Assessment of Sales Activity

The trend in the Group's product shipments by market segment over the past three years is shown in the table below:

<b>Business Lines</b>	<b>UM</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Cardboard paper	to	16,871	20,591	9,427	14,755
Corrugated Cardboard and Packaging	to	51,004	61,572	59,128	70,040
Tissue Paper	to	20,694	22,107	25,195	26,890

### Competitive Position

In each market segment, there are several manufacturers offering products like those made by "VRANCART".

A. Four competitors operated in the Romanian containerboard market in 2025. Based on the producers' public statements, the production capacities of their papermaking facilities are as follows:

<b>Manufacturer</b>	<b>Annual Production Capacity (to/an)</b>
Ambro (Grup Rossmann)	155.000
DS Smith	200.000
Vrancart	100.000
CCH	80.000
<b>Total</b>	<b>535.000</b>

All factories use corrugated cardboard waste (wastepaper) as raw material for paper production, with the exception of CCH, which also uses cellulose as a raw material; the resulting products are relatively similar in terms of characteristics and quality.



Most paper manufacturers also operate corrugated cardboard and corrugated cardboard packaging plants, which means that most of their own paper production is intended for internal use.

#### Trends in market share for corrugated cardboard

Manufacturers	2025	2024	2023
Vrancart	12%	18%	15%
Other Manufacturers	88%	82%	85%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Estimations VRANCART

B. In 2024, there were nine competitors in the corrugated cardboard and corrugated cardboard packaging sector, five of which operated two factories each (Vrancart, Dunapack, DS Smith, Rossmann, and Rondocarton).

The corrugated cardboard market is regional due to high long-distance transport costs. It is a highly competitive market, and in Romania, consumer preference is oriented toward low-cost products with average quality.

The estimated production capacity of the 15 corrugated cardboard factories is over 750–780 thousand tons per year. Consumption in 2025 amounted to 480,000 tons (63%–65% of total production capacity), representing a 2%–3% increase in volume compared to the previous year.

#### Market share trends for corrugated cardboard and corrugated cardboard packaging:

Manufacturers	2025	2024	2023
Vrancart	11%	13.2%	13.7%
Other Manufacturers	89%	86.8%	86.3%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: ARFCO

#### Corrugated cardboard manufacturers in Romania in 2025

No.	Manufacturer	Production capacity (to/an)
1	Rondocarton (2 Factories)	160,000
2	Rossmann (2 Factories)	120,000
3	Vrancart (2 Factories)	120,000
4	Dunapack (2 fab Factories rici)	120,000
5	DS Smith Group (2 Factories)	80,000
6	VPK Salonta	60,000
8	Thimm Sura Mica	60,000
9	Europa Expres Iași	30,000
<b>TOTAL</b>		<b>750,000</b>

C. In the tissue paper market, with a 3% market share in 2025, the “VRANCART Group” remains one of the leading manufacturers of tissue paper in Romania.

Unlike its competitors, Vrancart produces tissue paper exclusively from recycled paper and is the largest producer on the market; Comceh Călărași also produces small quantities.



In 2019, one of the major producers, Petrocart Piatra Neamț, entered insolvency and ceased its tissue paper production..

At the end of 2020, Vrancart acquired, through a public auction, the tissue paper machine from Petrocart, which was subsequently recognized under the category of "Assets held for sale." In January 2025, a sale agreement for this machine was signed.

New production capacities have emerged on the market, such as the one launched by the Pehart Tec Group, which invested EUR 20 million to develop new production capacities aimed at increasing export volumes, improving the energy efficiency of its production lines, and diversifying its portfolio. (Source: <https://www.zfcorporate.ro>)

Manufacturer	2025	2024	2023
Vrancart	3%	14%	14%
Other manufacturer	97%	86%	86%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Estimations VRANCART

### 1.1.5. Assessment of Human Resources and Personnel Matters

a) Details on the number and level of qualification of the company's employees, as well as the degree of unionization of the workforce;

The average number of employees in 2025 was 950, comprising:

- 177 with higher education
- 347 with secondary education,
- 243 with vocational training,
- 183 with elementary education

Of the total number of employees, 57 are union members (there is a single union within the Group, at the parent company).

The employee turnover rate for 2025 was 53% (number of employees who left / average number of employees × 100).

b) Relations between management and employees and potential labor disputes

*There were no conflicts between company management and employees.*

### 1.1.6. Assessment of the issuer's core activity impact on the environment

A summary description of the impact of the issuer's core activities on the environment, as well as any existing or anticipated litigation regarding violations of environmental protection laws.

VRANCART S.A. has implemented an Integrated Management System for Quality, Environment, and Occupational Health and Safety, recertified multi-site in September 2024 by Lloyd's Register UK, Bucharest office. The certified locations are: Vrancart S.A. Adjud, 17 Ecaterina Teodoroiu Street, and the Adjud branch located at 17 Revolutiei Street.

The company's environmental impact is continuously monitored through the implementation of the Environmental Management System and, consequently, through compliance with applicable legislation and the INTEGRATED ENVIRONMENTAL PERMIT No. 1/18.03.2015, revised on March 17, 2025.



According to the applicable legislation, the INTEGRATED ENVIRONMENTAL PERMIT is valid only with an annual renewal. The working point did not require an environmental permit.

In accordance with current legislation, any changes in operating conditions (e.g., production capacity expansions, investments in technological flow modernization) require a revision of the Integrated Environmental Authorization. This was the basis for the revision of the Integrated Environmental Authorization issued on March 17th, 2025.

#### 1.1.7. Assessment of Research and Development (R&D) Activity

Societatea participa in calitate de partener la diverse proiecte de cercetare-dezvoltare.

In 2019, the "Gheorghe Asachi" Technical University of Iași submitted a grant proposal under the PN-III-CERC-CO-PED-2016 program titled "Novel materials with optical properties for anti-counterfeiting paper" (Opti Paper). The project's objective was to produce secure papers, and it was carried out over a two-year period. VRANCART was a partner in the project, which was approved in November 2020. The project's total cost amounted to 653,850 lei, with 92% of the funding coming from the state budget. The project was completed at the end of 2022.

#### 1.1.8. Assessment of the Group's Risk Management Activities

The Group is exposed to the following risks arising from the use of financial instruments:

- credit risk;
- liquidity risk;
- market risk;
- foreign ex

Further information is provided below regarding the Group's exposure to each of the risks mentioned above, the Group's objectives, policies, and processes for assessing and managing risk, and the procedures used for capital management. These financial statements also include other quantitative information.

The Risk Management Group's policies are designed to ensure the identification and analysis of the risks facing the Group, the establishment of appropriate limits and controls, and the monitoring of risks and compliance with established limits. Risk management policies and systems are reviewed on a regular basis to reflect changes in market conditions and the Group's activities. Through its training and management standards and procedures, the Group aims to develop an orderly and constructive supervisory environment in which all employees understand their roles and responsibilities.

Credit risk is the risk that the Group will incur a financial loss because of its counterparties failing to meet their contractual obligations. The maximum exposure to credit risk was:

<b>Book value</b>	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>	<b>December 31<sup>st</sup>, 2023</b>
Trade and other receivables	90,262,717	98,697,311	84,935,340
Cash and cash equivalents	2,138,112	1,845,212	2,823,519
Restricted cash		-	-
<b>Total</b>	<b>924.400.830</b>	<b>100,542,523</b>	<b>87,758,859</b>



The Group mitigates credit risk by developing and implementing relevant credit policies (e.g., each new customer is individually analyzed for creditworthiness before being offered the Group's standard payment and delivery terms; sales limits are established for each individual customer). Customers who do not meet the Group's established criteria may only conduct transactions on a prepayment basis. Additionally, it holds a Coface insurance policy to cover credit risk in its dealings with eligible customers, which gives it the flexibility and agility to develop both existing and new business relationships.

Liquidity risk - The Group ensures that it has sufficient cash to cover its operating expenses. The following table presents the remaining contractual maturities of financial liabilities at the end of the reporting period, including estimated interest payments:

<b>December 31<sup>st</sup> , 2025</b>	<b>Book value</b>	<b>Contractual cash flows</b>	<b>Less than 1 year</b>	<b>1 - 5 years</b>	<b>more than 5 years</b>
Loans and borrowings	279,109,071	293,064,525	122,444,125	145,284,850	25,335,549
Bonds					
Lease liabilities	18,487,886	18,487,886	7,258,431	11,229,454	
Trade and other payables	77,272,906	77,272,906	76,592,573	680,333	
<b>Total</b>	<b>374,869,862</b>	<b>388,825,317</b>	<b>206,295,130</b>	<b>157,194,638</b>	<b>25,335,549</b>

<b>December 31<sup>st</sup> , 2024</b>	<b>Book value</b>	<b>Contractual cash flows</b>	<b>Less than 1 year</b>	<b>1 - 5 years</b>	<b>more than 5 years</b>
Loans and borrowings	279,353,617	293,321,298	131,460,821	113,053,155	48,807,321
Bonds	-	-	-	-	-
Lease liabilities	31,704,330	31,704,330	8,710,139	22,994,192	
Trade and other payables	87,720,043	87,720,043	86,360,322	1,359,721	
<b>Total</b>	<b>398,777,990</b>	<b>412,745,671</b>	<b>226,531,282</b>	<b>137,407,068</b>	<b>48,807,321</b>

<b>December 31<sup>st</sup> , 2023</b>	<b>Book value</b>	<b>Contractual cash flows</b>	<b>Less than 1 year</b>	<b>1 - 5 years</b>	<b>more than 5 years</b>
Loans and borrowings	245,368,034	263,365,537	103,377,103	145,152,965	14,835,470
Bonds	38,250,000	38,250,000	38,250,000		-
Lease liabilities	31,298,723	31,298,723	9,320,959	21,977,764	-
Trade and other payables	74,148,402	74,158,402	73,221,193	937,209	-
<b>Total</b>	<b>345,383,903</b>	<b>354,459,057</b>	<b>167,533,844</b>	<b>172,691,597</b>	<b>14,233,615</b>

The Group's approach to liquidity management is to ensure, to the greatest extent possible, that it will always have sufficient liquidity to meet its maturing obligations under both normal and stressed conditions, without incurring unacceptable losses or jeopardizing the Group's reputation.

Management believes it is taking all necessary measures to support the Group's business sustainability and growth under current conditions by:

- continuously monitoring liquidity;



- preparing short-term forecasts of net liquidity;
- monitoring cash inflows and outflows (daily) and assessing the impact on debtors, access to financing, and the economic environment in Romania and the European Union;
- negotiating and securing financing facilities tailored to the Company's needs.
- maintaining constant communication with financial partners and credit institutions;
- monitoring economic and financial risks, including credit risk and market risk.

### Market risk

Market risk is the risk that changes in market prices—such as exchange rates, interest rates, and equity prices—will affect the Group's income or the value of the financial instruments it holds. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing return on investment.

### Interest rate risk

#### (i) Risk Exposure Profile

As of the reporting date, the interest rate risk exposure profile for the interest-bearing financial instruments held by the Group was:

Variable-rate instruments	31 december 2025	31 december 2024
Bank loans	272.031.920	272.168.117
Other loans	7.077.151	7.185.500
Lease liabilities	18.487.886	31.704.330
<b>Total</b>	<b>297.596.956</b>	<b>311.057.947</b>

#### (ii) Cash flow sensitivity analysis for variable-rate instruments

A 1% increase in interest rates as of the reporting date would have resulted in a decrease in profit or loss of 2,975,970 lei in 2025 (3,110,579 lei as of December 31, 2024). This analysis assumes that all other variables, particularly exchange rates, remain constant.

A 100-basis-point decrease in interest rates as of December 31 would have had the opposite effect on the amounts presented above, assuming all other variables remain constant.

### Foreign exchange risk

The Group is exposed to foreign exchange risk from sales, purchases, and other transactions denominated in currencies other than its functional currency, primarily the euro and the U.S. dollar.

The Group's exposure to foreign exchange risk is presented in the following tables:

December 31, 2025	TOTAL	RON	EUR	USD	Other currencies
Trade receivables and other receivables	90,262,717	89,381,345	743,563	137,809	
Restricted cash					
Cash and cash equivalents	2,138,112	740,661	1,282,566	109,474	5,411
<b>Financial assets</b>	<b>92,400,830</b>	<b>90,122,007</b>	<b>2,026,129</b>	<b>247,283</b>	<b>5,411</b>
Loans	279,109,071	61,648,539	217,460,532		
Lease liabilities	18,487,886	1,460,646	17,027,240		
Trade payables and other payables	77,272,906	55,962,560	21,310,346	-	-
<b>Financial liabilities</b>	<b>374.869.863</b>	<b>119.071.744</b>	<b>255.798.118</b>		
<b>Total net financial assets/(liabilities)</b>	<b>(282.469.034)</b>	<b>(28.949.738)</b>	<b>(253.771.989)</b>	<b>247.283</b>	<b>5.411</b>



December 31, 2024	TOTAL	RON	EUR	USD	Other currencies
Trade receivables and other receivables	98,697,11	81,780,292	16,917,019	-	-
Restricted cash	-	-	-	-	-
Cash and cash equivalents	1,845,212	1,488,192	347,486	3,752	5,781
<b>Financial assets</b>	<b>100,542,523</b>	<b>83,268,484</b>	<b>17,264,505</b>	<b>3,752</b>	<b>5,781</b>
Loans	279,353,617	37,830,269	241,523,348	-	-
Lease liabilities	31,704,330	1,645,730	30,058,601	-	-
Trade payables and other payables	74,158,197	48,514,960	25,296,971	346,266	-
<b>Financial liabilities</b>	<b>385,216,145</b>	<b>87,990,959</b>	<b>296,878,919</b>	<b>346,266</b>	<b>-</b>
<b>Total net financial assets/(liabilities)</b>	<b>(284,673,622)</b>	<b>(4,722,475)</b>	<b>(279,614,415)</b>	<b>(342,513)</b>	<b>5,781</b>

December 31, 2023	TOTAL	RON	EUR	USD	Other currencies
Trade receivables and other receivables	74,408,633	67,348,104	7,029,958	30,571	-
Restricted cash	-	-	-	-	-
Cash and cash equivalents	2,823,519	2,490,063	326,990	682	5,784
<b>Financial liabilities</b>	<b>77,232,152</b>	<b>69,838,167</b>	<b>7,356,948</b>	<b>31,254</b>	<b>5,784</b>
Loans	245,368,034	43,883,066	201,484,968	-	-
Lease liabilities	31,298,723	664,797	30,633,926	-	-
Trade payables and other payables	74,158,402	50,265,995	23,481,143	411,264	-
<b>Financial liabilities</b>	<b>350,824,955</b>	<b>94,813,653</b>	<b>255,600,037</b>	<b>411,264</b>	<b>-</b>
<b>Total net financial assets/(liabilities)</b>	<b>(273,592,803)</b>	<b>(24,975,486)</b>	<b>(248,243,089)</b>	<b>(380,010)</b>	<b>5,784</b>

### *Sensitivity analysis*

A 10-percentage point appreciation of the RON as of December 31 compared to the currencies presented would have resulted in an increase (decrease) in profit or loss as follows: December 31, 2025: 25,351,930 RON (December 31, 2024: 27,995,115 RON). This analysis assumes that all other variables, particularly interest rates, remain constant

Group management believes it is taking all necessary measures to support the sustainability and growth of the business under current conditions, by:

- continuous monitoring of liquidity;
- preparing short-term forecasts of net liquidity;
- monitoring cash inflows and outflows (daily), assessing the impact on borrowers, access to financing, and the economic environment in Romania and the European Union.

### **1.1.9. Perspective elements regarding the activity of the Group**

As of January 1, 2025, the implementation of a new, state-of-the-art ERP system, valued at over 500 thousand euros and financed through a bank loan and internal funding, was completed. The system is



designed to meet complex business needs. Throughout 2025, two other major projects, valued at approximately 5 million euros, are underway to improve corrugated cardboard production processes and feature state-of-the-art technology unique in Romania. The investments planned and included in the budget for 2025 include:

- a significant investment for the commissioning of the new Drum Pulper equipment, being a machine that transforms wastepaper into paper pulp - the cost was 3.5 million euros, and it was commissioned in January 2026,
- the purchase of a moisture gate, a device used to measure the moisture content of wastepaper received at the factory entrance, at a cost of approximately 0.4 million euros,
- other CAPEX expenses for the maintenance of equipment and fixed assets in the amount of 0.5 million euros.

In 2025, an unbudgeted investment was made to construct a protective structure for the Drum Pulper equipment, at a cost of approximately 156 thousand euros. To ensure more efficient operation of the equipment, it was necessary to set up a temperature-controlled area.

Although implementing these measures will require significant investment and production disruptions (to install the new equipment), the Group expects its results to exceed last year's levels and move into a consistently positive range.

## 2. THE GROUP'S TANGIBLE ASSETS

### 2.1. Specification of the location and characteristics of the main production facilities owned by the Group

The Group operates the following production facilities:

- a) Corrugated cardboard manufacturing machine, with a current production capacity of 80,000 tons per year;
- b) Paper machines for corrugated cardboard, with a production capacity of 100,000 tons per year, operate exclusively on recycled paper as raw material;
- c) Sanitary paper manufacturing machine with a production capacity of 25,500 tons per year;

Land, buildings, and equipment are carried at their revalued amounts, which represent fair value as of the revaluation date, less accumulated depreciation and accumulated depreciation losses. Fair value is based on market price quotations, adjusted, if necessary, to reflect differences in the nature, location, or condition of the asset, except for equipment for which fair value has been determined based on replacement cost.

Revaluations are conducted by specialized appraisers who are members of ANEVAR. The most recent revaluation of the assets took place on December 31, 2025.

Revaluations of property, plant, and equipment are performed with sufficient regularity so that the book value does not differ materially from the amount that would be determined using fair value as of the balance sheet date.

### 2.2. Description and analysis of the Group's assets' wear and tear

Tangible fixed assets are amortized from the date on which they are available for use or are in working condition and, for assets constructed by the entity, from the date on which the asset is completed and ready for use.

Amortization is calculated using the straight-line method over the estimated useful lives of the assets, as follows:

- Lands improvement 10-75 years
- Equipment and other corporal assets 2-30 years



– Constructions 20.70 years

The technical condition of the production facilities is maintained through predictive and routine maintenance.

The degree of script wear and tear as of December 31, 2025, is as follows:

*(All amounts are expressed in thousands of RON)*

Degree of wear	Cost or revalued amount	Amortization and Depreciation	Wear
Buildings and Special Structures	129.885	5.236	4%
Equipment and other fixed assets	392.288	39.436	10%

### 2.3. Identification of potential issues related to ownership of the Group's tangible assets

A portion of the Group's property, plant, and equipment is mortgaged or pledged as collateral for bank loans. The netbook value of these pledged or mortgaged assets is 465,316 thousand RON as of December 31, 2025 (December 31, 2024: 451,584 thousand RON). The net book value of assets acquired through finance leases is 7,822 thousand RON as of December 31, 2025 (December 31, 2024: 7,002 thousand RON).

## 3. MARKET FOR SECURITIES ISSUED BY THE GROUP

### 3.1. Specification of the markets in Romania and in other countries where the securities issued by the Group are traded

The shares of "VRANCART" SA have been listed on the Bucharest Stock Exchange, Standard category, under the ticker symbol VNC, since July 15<sup>th</sup>, 2005.

The shareholder structure as of December 31, 2024, is as follows:

▪ LION Capital	- 76.33%
▪ Pavăl Holding	- 17.35%
▪ Legal entities	- 2.92 %
▪ Individuals	- 3.40 %

### 3.2. Description of the Group's Dividend Policy

The Company's dividend policy is determined by the Ordinary General Meeting of Shareholders. By Resolution No. 4 of April 27, 2023, the Ordinary General Meeting of Shareholders decided to distribute dividends from the net profit for the fiscal year ended December 31, 2022, in the amount of 12,033,855 RON, representing a gross dividend of 0.01 RON per share.

Year	Net profit	Legal reserves	Dividends	Development fund*	Compensation of loss	Other destinations**
2022	23,688,891	1,319,796	12,033,855	4,940,628	-	5,394,612
2023	5,629,023	308,173	-	5,320,850	-	-
2024	(18,269,271)	12,220	-	-	18,257,051	-
2025	<b>(48,649,575)</b>	7,780			48,641,795	

\* These amounts represent tax benefits that the Company received from the exemption from tax on reinvested profits (Article 22 of the applicable Tax Code).

\*\* The distribution of the Group's profits is the responsibility of the Annual General Meeting of Shareholders



### 3.3. Description of any activities related to the Group's share buyback program

Since its inception, the Group has never acquired or held any of its own shares.

### 3.4. If the company has subsidiaries, the specification of the number and par value of the shares issued by the parent company and held by the subsidiaries

On January 19, 2017, the acquisition of the shares in **Rom Paper SRL (Subsidiary 1)** was completed, as approved by the Ordinary General Meeting of Shareholders. The acquisition agreement provided for the acquisition in three annual tranches of 70% (completed), 15% (completed), and 15% (completed in 2018), respectively. Following the acquisition, Vrancart holds 100% of the shares as of December 31, 2025.

**Vrancart Recycling SRL (Subsidiary 2)** was established in August 2020 and is a privately held company with Romanian capital, with a sole shareholder. Vrancart holds 100% of the subsidiary's share capital as of December 31, 2025.

**Ecorep Recycling SA (Subsidiary 3)** was established in November 2020, and it is a privately held company with Romanian capital. Vrancart holds 99.6% of the shares as of December 31, 2025.

### 3.5. If the Group has issued bonds and/or other debt securities, the presentation of how the company fulfills its obligations to the holders of such securities

In 2017, VRANCART S.A. Adjud issued bonds convertible into shares. Based on Decision No. 156/01.02.2017, the Financial Supervisory Authority approved the prospectus for the issuance of bonds in the amount of 38,250,000 RON, bearing interest at Robor 3m + 2%, with a maturity of 7 years. On March 13<sup>th</sup>, 2017, the issuance of bonds was completed following a 100% subscription. These bonds were listed on the Bucharest Stock Exchange. On March 17<sup>th</sup>, 2024, these bonds were repaid in full, together with the interest due on the final coupon payment, as currently the Group has fully discharged its obligations as set forth in the Prospectus.

## 4. GROUP MANAGEMENT

### 4.1. Group Directors

a) Submission of the list of the company's directors and the following information for each director (first name, last name, age, qualifications, professional experience, position, and length of service) as of December 31, 2025:

1. Drăgoi Bogdan Alexandru – 46 years old, economist,  
Member of the Board of Directors of "Vrancart" for 10 years.
2. Fercu Adrian – 50 years old, economist,  
Member of the Board of Directors at "Vrancart" for 5 years.
3. El lakis Rachid – 30 years old, economist,  
Member of the Board of Directors of "Vrancart" for 5 years.
4. Minea Alexandru - Lucian – 35 years old, economist,  
Interim member of the Board of Directors at "Vrancart," as of November 6, 2025.
5. Mihailov Sergiu – 45 years old, economist,  
Member of the Board of Directors at "Vrancart" for 8 years.

NOTES: The Chairman of the Board of Directors of "Vrancart" from January 1, 2025, to November 5, 2025, was FEDOR Nicu-Ciprian, 49, lawyer. Following his resignation, the position of Chairman of the



Board of Directors of “Vrancart” was assumed by Sergiu MIHAILOV as of 06.11.2026.

b) any agreement, understanding, or family relationship between the director in question and another person that led to the appointment of that person as a director;

Not applicable.

c) the director's participation in the company's capital;

Directors' ownership interest in the company's capital as of December 31, 2025:

1. Drăgoi Bogdan Alexandru	– 0 shares
2. Fercu Adrian	– 0 shares
3. El Lakis Rachid	– 0 shares
4. Minea Alexandru	– 0 shares
5. Mihailov Sergiu	– 0 shares

d) Remuneration policy

VRANCART S.A. has published a separate report on its remuneration policy, in accordance with the provisions of Article 107 of Law No. 24/2017 on issuers of financial instruments. The separate report containing the remuneration policy is made available to the public, free of charge, on the Company’s website [www.vrancart.ro](http://www.vrancart.ro), for the period prescribed by law, and is updated whenever changes occur.

e) list of individuals affiliated with the Group

The parties are considered related parties if either party can directly or indirectly control, or to significantly influence, the other party through ownership or based on contractual rights, family relationships, or other relationships, as defined in IAS 24 “Related Party Disclosures”.

Affiliated parties are the members of the Board of Directors and the Executive Board, as well as Lion Capital, which is the majority shareholder, together with the other companies it controls.

#### **4.2. The Group's Executive Management**

a) As of December 31, 2025, the Group’s executive management was led by the executive management of "Vrancart" S.A., headed by Mr. Stefan Movila, in his capacity as General Director.

b) Any agreement, understanding, or family relationship between that person and another person that led to that person’s appointment as a member of executive management;

- Not applicable.

c) Ownership of the company's equity by its management members

- No member of the Group's management holds any shares.

#### **4.3. Any disputes or administrative proceedings**

For all individuals shown in sections 4.1 and 4.2, a description of any disputes or administrative proceedings in which they have been involved over the past 5 years relating to their activities with the issuer, as well as those concerning such person’s ability to perform their duties with the issuer.

- Not applicable.



## **5. INTERNAL CONTROL AND RISK MANAGEMENT**

Internal control regularly monitors and verifies the implementation of new legal provisions applicable to the Group's activities, ensures compliance with the Group's internal regulations established through internal decisions and regulations, supplements existing regulations or introduces new regulations specific to the Group's business activities, and establishes or improves the Group's internal procedures.

The overall objectives of the internal audit for 2025 focused primarily on risk management and on evaluating the overall system of controls implemented for transactions and/or workflows.

The consolidated financial statements of the Vrancart Group for the fiscal year ended December 31, 2025, were audited by PwC, an independent financial auditor appointed by the Ordinary General Meeting of Shareholders on April 27, 2023, for a two-year term.

The audit opinion states that the financial statements present, in all material respects, a true and fair view of the financial position, as well as the comprehensive income and cash flows for the financial year ending December 31, 2025, and are in accordance with International Financial Reporting Standards as adopted by the European Union.

## **6. SOCIAL RESPONSIBILITY**

The "VRANCART" Group of Companies is continuously engaged in corporate social responsibility initiatives, supporting disadvantaged groups in the local community where it operates every year, either directly or through specialized foundations and associations.

The issuer is also directly involved in supporting sports, arts, and music events, as well as other social activities within the local community to which it belongs.

## **7. NON-FINANCIAL STATEMENT**

The "VRANCART" Group of Companies will prepare a separate report on non-financial information and diversity issues, in accordance with the provisions of Chapter 7 of Order 2844/2016. The separate report for the year 2025 will be made available to the public on the Company's website, [www.vrancart.ro](http://www.vrancart.ro), by June 30, 2026.

## **8. FINANCIAL AND ACCOUNTING STATEMENT**

The consolidated financial statements are prepared by the Company in accordance with the requirements of Order of the Minister of Finance No. 2844 of 2016, approving the Accounting Regulations in accordance with International Financial Reporting Standards (OMFP 2844/2016). International Financial Reporting Standards ("IFRS") are the standards adopted in accordance with the procedure set forth in Regulation (EC) No. 1606/2012 of the European Parliament and of the Council of July 19, 2002, on the application of International Accounting Standards.





### Summary table of financial performance indicators for the past 3 years

Indicator name	UM	Dec 31 <sup>st</sup> 2025	Dec 31 <sup>st</sup> 2024	Dec 31 <sup>st</sup> 2023
<b>Overall liquidity</b>	Rap	0.85	0.93	0.82
<b>Immediate liquidity</b>	Rap	0.44	0.54	0.48
<b>Inventory turnover</b>	turnover/year	5	6	7
<b>Collection of receivables</b>	Days	70	69	54
<b>Repayment of trade debts</b>	Days	53	54	41
<b>Operating profit margin</b>	%	-7%	-1.11%	3.76%
<b>Gross profit ratio</b>	%	-12%	-3.33%	1.31%

The general liquidity ratio and the immediate liquidity ratio continued to deteriorate in 2025, reaching 0.85 and 0.44, respectively, compared to 0.96 and 0.82 in 2024. This trend indicates additional pressure on the company's ability to meet its short-term obligations, amid persistently high levels of current liabilities and a reduction in cash and cash equivalents.

The average accounts receivable collection period stabilized at 70 days (compared to 69 days in 2024), suggesting a relative improvement in collection discipline following the significant increase in previous years. At the same time, the average payment term to suppliers remained at a similar level (53 days compared to 54 days in 2024).

Inventory turnover declined slightly to 5 rotations per year, but this level may also indicate an adjustment of the company's sales and procurement policies to market conditions, with a view to ensuring business continuity and fulfilling orders.

In terms of profitability, the indicators remained in negative territory, with an operating margin of -7% and a gross profit margin of -12%. This trend must be analyzed in the context of external market pressures, namely rising raw material and labor costs, as well as changes in selling prices. Nevertheless, the level of activity and operational continuity demonstrate the company's ability to adapt to a difficult economic environment, with prospects for recovery as costs stabilize and sales margins are optimized.



## 8.1. Consolidated statement of financial position for the past 3 years

<i>(RON)</i>	Dec 31 <sup>st</sup> 2025	Dec 31 <sup>st</sup> 2024	Dec 31 <sup>st</sup> 2023
<b>ASSETS</b>			
Tangible assets	538,377,784	639,493,054	552,107,867
Down payments for tangible assets	1,599,146	8,152,139	23,363,024
Intangible assets	3,901,596	2,492,475	3,785,076
Other non-current assets	509,199	900,541	1,224,189
Goodwill	5,145,580	8,526,391	8,526,391
<b>Total non-current assets</b>	<b>549,533,305</b>	<b>659,564,600</b>	<b>589,006,547</b>
Inventories	86,886,092	85,375,917	76,630,055
Trade receivables	80,761,555	92,812,431	74,408,633
Prepaid expenditures	2,263,300	1,292,579	1,054,817
Other receivables	9,501,162	2,000,609	10,526,706
Subsidies		3,884,271	-
Cash and cash equivalents	2,138,112	1,845,212	2,823,520
Assets held for sale		19,725,761	19,725,761
<b>Total current assets</b>	<b>181.550.221</b>	<b>206,936,780</b>	<b>186,005,400</b>
<b>TOTAL ASSETS</b>	<b>731.083.526</b>	<b>866,501,380</b>	<b>775,011,947</b>
<b>EQUITY</b>			
Share capital	201,011,575	201,011,575	169,121,665
Capital premiums	842,449	842,449	842,449
Reserves	135,373,527	178,767,507	179,150,196
Retained earnings	(64,522,329)	(9,300,660)	8,432,683
Non-controlling interests	(6,278)	(3,024)	(3,757)
<b>Total equity</b>	<b>272,665,944</b>	<b>371,317,847</b>	<b>357,543,235</b>
<b>PAYABLES</b>			
Long-term loans	150,215,451	156,806,674	140,955,586
Long-term leasing payables	11,752,154	22,994,191	21,977,764
Long-term bond loans		-	-
Subsidies	77,249,425	77,812,199	13,137,193
Long-term payables to employees	675,543	920,509	444,379
Deferred income tax liabilities	2,935,880	12,868,668	13,894,851
Other long-term payables	4,790	439,212	492,830
<b>Total long-term payables</b>	<b>242.833.243</b>	<b>271,841,453</b>	<b>190,902,603</b>
Short-term trade payables	61,045,662	72,885,129	57,577,273
Short-term loans	128,893,620	122,546,943	104,412,448
Short-term leasing payables	6,735,731	8,710,139	9,320,959
Short-term bond loans		-	38,250,000
Subsidies	3,362,415	5,724,676	1,361,714
Employee payable	5,940,268	5,928,386	7,072,857
Current income tax payables	524,635	890,611	92,996
Other payables	9,082,008	6,656,196	8,477,862
<b>Total current payables</b>	<b>215,584,339</b>	<b>223,342,080</b>	<b>226,566,109</b>
<b>TOTAL PAYABLES</b>	<b>458.417.582</b>	<b>495,183,533</b>	<b>417,468,712</b>
<b>TOTAL EQUITY AND PAYABLES</b>	<b>731.083.526</b>	<b>866,501,380</b>	<b>775,011,947</b>



## 8.2. Consolidated statement of comprehensive income for the past 3 years

<i>(RON)</i>	2025	2024	2023
Revenue from sales	416,175,447	486,795,338	500,299,036
Incomes from operating subsidies	(1,608,910)	408,956	12,922,747
Other incomes	18,273,724	12,325,123	10,248,680
Change in inventory of finished goods and work-in-progress	2,960,037	275,351	3,733,454
Expenditure on raw materials and consumables	(187,519,593)	(236,057,136)	(225,478,150)
Expenditures related to commodities	(38,167,139)	(45,069,441)	(54,073,764)
Third-party expenditures	(45,467,398)	(47,529,758)	(47,561,802)
Personnel expenditures	(106,648,586)	(114,128,732)	(120,053,600)
Expenses related to depreciation and write-off of tangible assets	(64,425,657)	(48,488,831)	(42,988,971)
Other expenditures	(24,013,173)	(13,939,664)	(18,234,873)
<b>Operating income</b>	<b>(30,441,248)</b>	<b>(5,408,794)</b>	<b>18,812,757</b>
Financial incomes	63,893	7,843	1,530,677
Financial expenditures	(18,438,136)	(10,785,217)	(13,765,270)
<b>Profit (loss) before tax</b>	<b>(48,815,491)</b>	<b>(16,186,168)</b>	<b>6,578,164</b>
Expenditure on profit tax	(165,916)	(2,083,103)	(1,155,779)
<b>Net income (loss) for the year</b>	<b>(48,649,575)</b>	<b>(18,269,271)</b>	<b>5,422,385</b>
- Relating to the parent company	<b>(48,650,460)</b>	<b>(18,270,004)</b>	<b>5,423,028</b>
- Relating to minority interests	<b>855</b>	<b>733</b>	<b>(643)</b>
<b>Other components of comprehensive income</b>			
Changes in the revaluation reserve for property, plant, and equipment, net of deferred tax	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(48,649,575)</b>	<b>(18,269,271)</b>	<b>5,422,385</b>
- Relating to the parent company	<b>(48,650,460)</b>	<b>(18,270,004)</b>	<b>5,423,028</b>
- Relating to minority interests	<b>855</b>	<b>733</b>	<b>(643)</b>



### 8.3. Consolidated cash flow statement for the past 3 years

<i>(RON)</i>	2025	2024	2023
<b>Cash flows from operating activities</b>			
Revenue from customers	528.285.996	547,538,046	621,410,211
Supplier payments	(373.064.859)	(352,990,370)	(384,498,240)
Employee payments	(58.777.873)	(72,003,853)	(81,926,320)
Payments to state budget	(83.227.578)	(64,986,249)	(77,381,844)
Profit tax paid	(4.425.219)	(1,637,065)	(2,898,685)
<b>Net treasury from operating activity</b>	<b>8.790.467</b>	<b>55,920,509</b>	<b>74,705,122</b>
<b>Cash flows from investment activities:</b>			
Payments for the purchase of tangible and intangible assets	(12.440.525)	(134,001,873)	(144,411,984)
Warranties for obtaining authorization licenses	-	(149,962)	-
Incomes from the sale of non-current assets	33.951.922	2,114,855	4,127,880
Interest received	1,305,050	1,717	7,331
<b>Net treasury from investment activity</b>	<b>22.816.448</b>	<b>(132,035,263)</b>	<b>(140,276,773)</b>
<b>Treasury flows from financing activities</b>			
Receipts from loans	56,705,490	137,255,249	101,562,320
Share capital increase		31,956,911	48,894,047
Leasing payments	(4,520,797)	(11,621,229)	(10,209,182)
Interests on leases paid	(409,611)	(415,399)	(316,893)
Bond repayments	-	(38,250,000)	-
Loan repayments	(76,812,553)	(101,822,103)	(51,116,389)
Interests paid	(11,502,849)	(13,172,005)	(12,170,909)
Dividends paid		-	(11,811,653)
<b>Net treasury from funding activity</b>	<b>(31.314.015)</b>	<b>75,560.148</b>	<b>64,831,341</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>292,900</b>	<b>(978,308)</b>	<b>(740,312)</b>
<b>Cash and cash equivalent at the beginning of the financial exercise</b>	<b>1,845,212</b>	<b>2,823,520</b>	<b>3,563,830</b>
<b>Cash and cash equivalent at the end of the financial exercise</b>	<b>2,138,112</b>	<b>1,845,212</b>	<b>2,823,520</b>



## 9. SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FISCAL YEAR

After the end of the financial exercise, financial statements shall reflect events occurring after the end of the year; these events provide additional information regarding Company's position as of the reporting date, as well as those that represent a potential breach of the going concern principle, that is, events that will lead to adjustments. There are certain subsequent events occurring after the end of the year that do not represent events leading to adjustments that are disclosed in the Notes when they are deemed material.

Directors' report was approved by VRANCART SA's Board of Directors.

### SIGNATURES

The report shall be signed by the authorized representative of the Board of Directors and the manager/CEO of the company.

**Alexandru-Lucian MINEA**

Chairman of the Board of Directors

**Stefan-Viorel MOVILA**

CEO

Prepared:

**DA.AI AUDIT&ACCOUNTING S.R.L.**

SE15003

Radu Gabriel



## **VRANCART S.A**

Consolidated Financial Statements  
for 31<sup>st</sup> December 2025

Prepared in accordance with  
Order of the Minister of Public Finance No. 2844/2016  
approving the Accounting Regulations in accordance with  
Standardele Internaționale, applicable to companies with securities  
admitted to trading on a regulated market

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**Vrancart SA**  
**Consolidated Statement of Financial Position**  
**for 31<sup>st</sup> December, 2025**

*(All amounts are expressed in RON, unless otherwise stated)*

	Note	2025	2024
<b>ASSETS</b>			
Tangible Assets	4	538.377.784	639.493.054
Advances for tangible Assets		1.599.146	8.152.139
Intangible assets	5	3.901.596	2.492.475
Other long-term receivables		509.199	900.541
Goodwill	5	5.145.580	8.526.391
<b>Total fixed assets</b>		<b>549.533.305</b>	<b>659.564.600</b>
Inventory	6	86.886.092	85.375.917
Trade receivables	8	80.761.555	92.812.431
Prepaid expenses		2.263.300	1.292.579
Other receivables	10	-	2.000.609
Government grants		9.501.162	3.884.271
Cash and cash equivalents	9	2.138.112	1.845.212
<b>Total current assets excluding assets held for sale</b>		<b>181.550.221</b>	<b>187.211.019</b>
Assets held for sale	7	-	19.725.761
<b>Total current assets</b>		<b>181.550.221</b>	<b>206.936.780</b>
<b>TOTAL ASSETS</b>		<b>731.083.526</b>	<b>866.501.380</b>
<b>EQUITY</b>			
Share capital	11	201.011.575	201.011.575
Share premiums	11	842.449	842.449
Revaluation reserves	12	58.541.147	100.507.277
Legal reserves	12	13.365.280	13.659.100
Other reserves	12	63.434.100	64.601.130
Retained earnings		(64.522.329)	(9.300.660)
<b>Total equity – Parent company</b>		<b>272.672.222</b>	<b>371.320.871</b>
Non-controlling interests		(6.278)	(3.024)
<b>Total equity</b>		<b>272.665.944</b>	<b>371.317.847</b>
<b>LIABILITIES</b>			
Long-term loans	17	150.215.451	156.806.674
Non-current lease liabilities	16	11.752.154	22.994.191
Government grants	20	77.249.425	77.812.199
Non-current employee benefits	18	675.543	920.509
Deferred tax liabilities	19	2.935.880	12.868.668
Provisions	15	4.790	439.212
<b>Total long-term liabilities</b>		<b>242.833.243</b>	<b>271.841.453</b>
Short-term trade payables	13	61.045.662	72.885.129
Short-term borrowings	17	128.893.620	122.546.943
Current lease liabilities	16	6.735.731	8.710.139
Current bonds payable	17	-	-
Government grants	20	3.362.415	5.724.676
Employee benefits	18	5.940.268	5.928.386
Current income tax liabilities		524.635	890.611
Other liabilities	14	9.082.008	6.656.196
<b>Total CURRENT LIABILITIES</b>		<b>215.584.339</b>	<b>223.342.080</b>
<b>TOTAL LIABILITIES</b>		<b>458.417.582</b>	<b>495.183.533</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>731.083.526</b>	<b>866.501.380</b>

Vrancart SA

## Consolidated Statement of Financial Position

for 31<sup>st</sup> December, 2025

*(All amounts are expressed in RON, unless otherwise stated)*

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The financial statements were approved by the Board of Directors on May 26, 2026

Chief Executive Officer  
Stefan-Viorel MOVILA



Prepared:  
DA.AI AUDIT&ACCOUNTING SRL  
SE15003  
Radu Gabriel



The notes on pages 7 through 73 are an integral part of the financial statements.

Vrancart SA

## Consolidated Statement of Comprehensive Income

for 31<sup>st</sup> December, 2025

(All amounts are expressed in RON, unless otherwise stated)

	Note	2025	2024
Income from contracts with customers	21	416.175.447	486.795.338
Income from operating grants		(1.608.910)	408.956
Other income	23	18.273.724	12.325.123
Changes in inventories of finished goods and work in progress		2.960.037	275.351
Raw materials and consumables used	24	(187.519.593)	(236.057.136)
Expenses with goods for resale		(38.167.139)	(45.069.441)
Third-party services expenses	25	(45.467.398)	(47.529.758)
Employee benefits expenses	27	(106.648.586)	(114.128.732)
Depreciation, amortization and impairment of non-current assets	4	(64.425.657)	(48.488.831)
Other expenses	26	(24.013.173)	(13.939.664)
<b>Operating result</b>		<b>(30.441.248)</b>	<b>(5.408.794)</b>
Financial income	28	63.893	7.843
Financial expenses	28	(18.438.136)	(10.785.217)
<b>Profit before tax</b>		<b>(48.815.491)</b>	<b>(16.186.168)</b>
Income tax expense	29	165.916	(2.083.103)
<b>Profit for the year</b>		<b>(48.649.575)</b>	<b>(18.269.271)</b>
- Attributable to owners of the Parent		<b>(48.650.460)</b>	<b>(18.270.004)</b>
- Attributable to non-controlling interests		<b>855</b>	<b>733</b>
<b>Other comprehensive income</b>			
Changes in revaluation reserve of property, plant and equipment, net of deferred tax		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(48.649.575)</b>	<b>(18.269.271)</b>
- Attributable to owners of the Parent		<b>(48.650.460)</b>	<b>(18.270.004)</b>
- Attributable to non-controlling interests		<b>855</b>	<b>733</b>
<b>Earnings per share</b>	30		
Basic earnings per share		(0.0270)	(0.0102)
Diluted earnings per share		(0.0270)	(0.0102)

The financial statements were approved by the Board of Directors on May 26, 2026

Chief Executive Officer  
Stefan-Viorel MOVILA



Prepared:  
DA.AI AUDIT&ACCOUNTING SRL  
SE15003  
Radu Gabriel



The notes on pages 7 to 73 are an integral part of these financial statements.

Vrancart SA

## Consolidated Statement of Changes in Equity

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

	Attributable to owners of the Parent							Total equity
	Share capital	Revaluation reserves	Share premium ms	Legal reserve	Other reserve	Retained earnings	Non controlling interests	
<b>Balance as of January 1st, 2024</b>	169.121.665	100.969.137	775.497	13.646.880	64.601.130	8.432.683	-3.757	357.543.235
<b>Total income for the period</b>	-	-	-	-	-	-18.270.004	733	-18.269.271
Net income for the period	-	-	-	-	-	-	-	-
<b>Other components of comprehensive income</b>	-	-	-	-	-	-	-	-
Changes in the revaluation reserve of property, plant and equipment, net of deferred tax	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-18.270.004	733	-18.269.271
Transfer to reserves	-	-	-	12.220	-	-12.220	-	-
Transfer of revaluation reserve to retained earnings upon disposal of property, plant and equipment, net of tax	-	-461.860	-	-	-	548.881	-	87.021
<b>Transactions with shareholders</b>	31.889.910	-	66.952	-	-	-	-	31.956.862
Share capital increase	31.889.910	-	66.952	-	-	-	-	31.956.862
<b>Total transactions with owners</b>	201.011.575	100.507.277	842.449	13.659.100	64.601.130	-9.300.660	-3.024	371.317.847
<b>Balance as of December 31st, 2024</b>	201.011.575	100.507.277	842.449	13.659.100	64.601.130	-9.300.660	-3.024	371.317.847
<b>Balance as of January 1st, 2025</b>	201.011.575	100.507.277	842.449	13.659.100	64.601.130	-9.300.660	-3.024	371.317.847
<b>Total income for the period</b>	-	-	-	-	-1.167.030	-6.543.334	-	-7.710.364
Retained earnings	-	-	-	-	-	-48.650.460	885	-48.649.575
Net income for the period	-	-	-	-	-	-	-	-
<b>Other components of comprehensive income</b>	-	-41.966.129	-	-	-	-	-	-41.966.129
Changes in the revaluation reserve of property, plant and equipment, net of deferred tax	-	-41.966.129	-	-	-	-	-	-41.966.129
<b>Total comprehensive income for the period</b>	-	-41.966.129	-	-	-1.167.030	-55.193.794	885	-98.326.068
Transfer to reserves	-	-	-	7.780	-	-	-	7.780
Transfer of revaluation reserve to retained earnings upon disposal of property, plant and equipment, net of tax	-	-	-	-	-	-	-	-
<b>Other corrections</b>	-	-	-	-301.600	-	-27.875	-4.139	-333.614
<b>Transactions with shareholders</b>	-	-	-	-	-	-	-	-
Share capital increase	-	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	201.011.575	58.541.147	842.449	13.365.280	63.434.100	-64.522.329	-6.278	272.665.944
<b>Balance as of December 31st, 2025</b>	201.011.575	58.541.147	842.449	13.365.280	63.434.100	-64.522.329	-6.278	272.665.944

**Vrancart SA**  
**Consolidated Statement of Changes in Equity**  
*for the financial year ended 31<sup>st</sup> December, 2025*  
*(all amounts are expressed in RON, unless otherwise stated)*

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The financial statements were approved by the Board of Directors on May 26, 2026

Chief Executive Officer  
Stefan-Viorel MOVILA



Prepared:  
DA.A1 AUDIT & ACCOUNTING SRL  
SE15003  
Radu Gabriel



The notes on pages 7 to 73 are an integral part of these financial statements.

**Consolidated Statement of Cash Flows***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)***THE DIRECT METHOD**

	Note	2025	2024
<b>Cash flows from operating activities</b>			
Cash receipts from customers		528.285.996	547.538.046
Cash paid to suppliers		(373.064.859)	(354.720.307)
Cash payments to and on behalf of employees		(58.777.873)	(70.697.618)
Payments to the state budget		(83.227.578)	(64.986.249)
Income tax paid		(4.425.219)	(1.637.065)
<b>Net cash from operating activities</b>		<b>8.790.467</b>	<b>55.496.807</b>
<b>Cash flows from investing activities</b>			
Payments for the purchase of property, plant and equipment and intangible assets		(12.440.525)	(134.001.873)
Guarantees for the issuance of licenses and authorizations		-	(149.962)
Proceeds from sale of property, plant and equipment		33.951.922	2.114.855
Interest received		1.305.050	1.717
<b>Net cash used in investing activities</b>		<b>22.816.448</b>	<b>(132.035.263)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		56.705.490	137.255.249
Proceeds from share capital increase		-	31.956.911
Investment grants received		5.226.305	71.628.724
Principal elements of lease payments		(4.520.797)	(11.621.229)
Interest paid on lease liabilities		(409.611)	(415.399)
Repayment of bonds		-	(38.250.000)
Repayments of borrowings		(76.812.553)	(101.822.103)
Interest paid		(11.502.849)	(13.172.005)
Dividends paid		-	-
<b>Net cash from financing activities</b>		<b>(31.314.015)</b>	<b>75.560.148</b>
		<b>292.900</b>	<b>(978.308)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>			
<b>Cash and cash equivalents at the beginning of the financial year</b>	9	<b>1.845.212</b>	<b>2.823.520</b>
<b>Cash and cash equivalents at the end of the financial year</b>	9	<b>2.138.112</b>	<b>1.845.212</b>

The financial statements were approved by the Board of Directors on May 26, 2026

Chief Executive Officer  
Stefan-Viorel MOVILA



Prepared:  
DA.AI AUDIT&ACCOUNTING SRL  
SE15003  
Radu Gabriel



The notes on pages 7 through 73 are an integral part of the financial statements.

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)***1. The reporting entity**

Vrancart Group (“the Group”) comprises Vrancart SA (the “Parent Company”), with its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County, and its subsidiaries: Rom Paper SRL (“Subsidiary 1”), with its registered office in Brasov, 30 Cristianului Road, Brasov County, Vrancart Recycling SRL (“Subsidiary 2”), with its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County, and Ecorep Group SA (“Subsidiary 3”), with its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County.

The Group’s consolidated financial statements for the financial year ended December 31<sup>st</sup>, 2025, consist of the financial statements of Vrancart SA and its subsidiaries, which together form the Group.

Subsidiary	Field of activity	Ownership as at December 31 <sup>st</sup> , 2025	Ownership as at December 31 <sup>st</sup> , 2024
Rom Paper SRL	Manufacture of paper napkins and hygiene and sanitary products	100%	100%
Vrancart Recycling SRL	Treatment and disposal of non-hazardous waste	100%	100%
Ecorep Group SA	Business support service activities n.e.c	99,6%	99,6%

The Group operates in the field of non-hazardous waste collection and recycling, in the paper and corrugated board industry, and in the hygiene and sanitary paper industry.

***VRANCART SA***

Vrancart SA (the “Company”) is a joint-stock company operating in Romania in accordance with the provisions of Law no. 31/1990 on companies. The Company has its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County. The Company has open working points in the following locations: Chiajna, Ploiesti, Pantelimon, and Bacau.

The Company's object of activity consists of the production and sale of the following products:

- corrugated board,
- corrugated board packaging,

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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- paper for the manufacture of corrugated board,
- hygiene and sanitary papers in various assortments,
- paper recycling equipment (sale, rental, and maintenance),
- electricity from photovoltaic parks (self-consumption and sale).

The Company's shares are listed on the Bucharest Stock Exchange, Standard category, under the ticker symbol VNC, starting from July 15<sup>th</sup>, 2005. The Group publishes its consolidated financial statements on [www.vrancart.ro](http://www.vrancart.ro).

As of December 31<sup>st</sup>, 2025, the Company is owned 76.33% by Lion Capital SA, 17.35% by Pavăl Holding SRL, and 6.32% by other shareholders. The records of shares and shareholders are kept, in accordance with the law, by Depozitarul Central S.A. Bucharest.

### **ROM PAPER SRL**

**Rom Paper SRL (“Subsidiary 1”)** was established in 2002 as a private company with Romanian capital, operating in the production of hygiene and sanitary paper products from recycled paper and cellulose, such as:

- table napkins,
- folded towels,
- toilet paper,
- professional rolls,
- cosmetic towels,
- facial tissues.

The products manufactured are marketed both in Romania and in 6 other countries, through retail chains (hypermarkets, supermarkets, cash and carry), as well as through distributors, standing out on store shelves through both its own brands, "Mototol" and "Papely", and various private labels of its customers.

Rom Paper SRL is the result of Vrancart's inorganic business growth strategy, which, on January 20<sup>th</sup>, 2017, acquired the majority stake (70%) from the former owners. As of December 31<sup>st</sup>, 2024, the Group held 100% of the company's shares, following the acquisition of 15% in June 2017 and the final 15% tranche of Rom Paper SRL's shares in June 2018.

### **VRANCART RECYCLING SRL**

**Vrancart Recycling SRL (“Subsidiary 2”)** was established in August 2020 as a private company with Romanian capital and a sole shareholder. The main activity of this subsidiary is the treatment and disposal of non-hazardous waste.

This company was established with the aim of developing the Group through a greenfield investment, worth over EUR 25 million, in adjacent fields of recycling and thermal and electric

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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energy production, intended to cover a wide range of recoverable resources that it will sell or use internally because of the newly created synergies.

The investment was completed and fully commissioned as of December 31<sup>st</sup>, 2024, and entered the operational phase in 2025, with all its developed business lines.

### **ECOREP GROUP SA**

**Ecorep Group SA (“Subsidiary 3”)** was established in November 2020 and is a private company with Romanian capital. The main activity of this subsidiary is the provision of services for implementing Extended Producer Responsibility (EPR) obligations for environmental targets related to packaging placed on the Romanian market.

The Group carries out extensive and complex activities in fields such as non-hazardous waste collection and recycling, the paper and corrugated board industry (including corrugated board packaging), the production of hygiene and sanitary paper products, and the paper and board recycling equipment sector. Starting with 2024, the Group produces electricity through a new 20 MWh photovoltaic park, which is used for internal consumption, with the excess being capitalized through sale.

Most of the paper used in various production processes is obtained from the recycling of paper and board waste, with the Group making an essential contribution to Romania's circular economy.

#### **Main investments at Group level**

Within Vrancart S.A., a 20 MW photovoltaic park was completed and commissioned at the end of 2024, with a total investment of RON 77 million, financed through investment loans, own contribution, and a grant from Romania's National Recovery and Resilience Plan (“NRRP”) worth RON 29 million. The project was built on a 39-hectare proprietary land parcel, which the company developed and remediated to return it to the economic circuit. Another major project consists of the implementation, starting January 1<sup>st</sup>, 2025, of a new, state-of-the-art ERP system, worth over EUR 750 thousand, financed by bank credit and own contribution, designed to cover complex business needs.

The Company also invested in state-of-the-art technology, unique in Romania (Drum Pulper), aimed at improving the production processes for corrugating paper; this investment was finalized during 2025 and commissioned in January 2026.

Currently, two other important projects are underway, worth approximately EUR 6 million, aimed at increasing production capacity – converting.

Within Vrancart Recycling S.R.L., an integrated waste recycling project was completed during 2024, representing a greenfield investment worth EUR 27 million, financed through investment loans, own contribution, and state aid amounting to EUR 8.3 million. Its main purpose is to develop new recycling capabilities for wastepaper, 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), which is unique in Romania as it utilizes waste and residues resulting from technological processes.

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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At Rom Paper, an extensive project to modernize facial tissue production lines was completed and implemented at the beginning of 2024, increasing productivity and energy efficiency. The project was worth EUR 4.7 million, financed through investment loans, own contribution, and an Innovation Norway grant amounting to EUR 1.9 million.

### 2. Basis of preparation

#### (a) Statement of compliance

The consolidated financial statements are prepared by the Group in accordance with the requirements of the Order of the Minister of Public Finance no. 2844 of 2016, for the approval of the Accounting Regulations compliant with International Financial Reporting Standards (OMFP 2844/2016). International Financial Reporting Standards (“IFRS”) are the standards adopted pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19<sup>th</sup>, 2002, on the application of International Accounting Standards.

#### (b) Presentation of financial statements

The financial statements are presented in accordance with the requirements of IAS 1 “Presentation of Financial Statements”. The Group has adopted a presentation based on liquidity within the statement of financial position and a presentation of income and expenses by their nature within the statement of comprehensive income, considering that these presentation methods provide information that is reliable and more relevant than that which would have been presented under other methods permitted by IAS 1.

#### (c) Functional and presentation currency

The Effects of Changes in Foreign Exchange Rates”, for each of the Group's companies, is the Romanian leu (RON). The consolidated financial statements are presented in RON, rounded to the nearest leu.

#### (d) Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for property, plant and equipment within the categories of land, buildings, and technological equipment, which are measured using the revaluation model.

The accounting policies defined below have been consistently applied to all periods presented in these financial statements. These financial statements have been prepared on a going concern basis.

#### (e) Comparative information

The consolidated financial statements as of December 31<sup>st</sup>, 2025, are comparable with those of the previous financial year. The presentation of information in certain notes as of December 31<sup>st</sup>, 2024, has been updated to present data comparable to that of the current financial year.

#### (f) Going concern

These financial statements have been prepared on a going concern basis, which assumes the Company will continue its operations in the foreseeable future. To assess the applicability of this assumption, management analyzes forecasts regarding future cash inflows.

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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In 2025, the Group recorded a net loss of RON 48,649,575 (2024: a net loss of RON 18,269,271). As of December 31<sup>st</sup>, 2025, the net current assets were negative, amounting to RON 32,977,348 (December 31<sup>st</sup>, 2024: RON 16,405,200).

An analysis of the Group's revenue shows a decline in 2025 (actual: RON 416 million) compared to 2024 (actual: RON 487 million), with a decrease of approximately 15%.

Regarding production volumes recorded in 2025 at the Group's subsidiaries, the following is noted: ROM PAPER and ECOREP maintained a relatively constant level of productivity compared to 2024, while the VRANCART RECYCLING subsidiary increased by over 300% compared to 2024—the increase being driven primarily by the utilization of intra-group process steam generated by the HOST boiler and the cogeneration plant.

This negative trend at the Group level was driven by both market conditions and operational factors, including the temporary halt in production in July and August 2025 to commission the DRUM PULPER equipment, as well as technical malfunctions in the tissue paper machine in December 2025, which affected production volume and, consequently, revenue levels.

During 2025, the Group's performance was influenced, on the one hand, by rising operating costs and, on the other hand, by a decline in sales volume. The business environment was characterized by heightened competition, price pressures, and customer requests for volume discounts, while the Group continued to operate amid high and relatively inflexible costs, factors that impacted profit margins and overall operating results.

Revenue from waste management was also lower than in the same period of the previous year due to rising prices driven by increased exports, as the company focused its efforts on securing raw materials for production.

The decline in domestic demand in 2025 was driven by uncertainties stemming from an unstable international environment, the global crisis, the tense political climate in Romania, and the presidential elections, which dramatically affected exchange rate volatility, consumer confidence, and investment appetite.

Throughout 2025, several unprofitable activities and locations were discontinued, resulting in restructuring costs. Following a detailed analysis of operational and logistical costs in relation to waste collection volumes, Vrancart S.A. decided to close the collection centers in Cluj, Timișoara, Pitești, and Brașov, while keeping operational those centers with superior strategic positioning and significantly higher collection volumes.

Starting in 2025, with the completion of the investment projects, the Group began to benefit from significant synergies, including optimizing production costs (particularly energy and gas consumption) and increasing productivity, as well as a substantial positive impact on the environment.

To optimize utility costs (the cogeneration plant and the solar farm) and to capitalize on the advantages of the newer, more efficient production equipment in Adjud, Vrancart SA has decided to temporarily suspend operations at the production facility in Călimănești, effective September 2025, which currently operates as a logistics center for storage and delivery to neighboring areas. The production capacity available in Adjud will be used to ensure that orders to all customers are

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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fulfilled, with a third shift to be introduced. The organizational chart has been updated to reflect the closure of the branch offices and to streamline the entire production and sales process.

During 2025, despite management's efforts to reduce production costs and operating expenses, streamline operations, and improve labor productivity, the Group's performance was impacted by the steady rise in operating costs. However, the expenses recorded at the Group level in 2025, amounting to 466.2 million RON, compared to the costs recorded in 2024, amounting to 505.2 million RON, there was a decrease in operating expenses of approximately 8%, with total expenses including both the component of exceptional costs recorded by the parent company resulting from business restructuring in the amount of approximately RON 18 million and the impact of the revaluation of fixed assets in the amount of approximately RON 6.5 million.

About the contractual covenants related to financing facilities, the Group did not fully meet certain financial covenants set out in the credit agreements during 2025 due to the financial developments recorded during the period under review. In this context, the Group obtained waiver agreements from financial institutions for the year 2025 (ING 12/31/2025, BRD 12/30/2025, and BCR 12/19/2025).

The pressure on selling prices, driven by customers' need to optimize their costs and fierce market competition, made it impossible to fully pass on all price increases, inevitably affecting the Group's profitability.

The operating losses recorded by the Group in 2025 are the result of a combination of both structural and cyclical factors. On the one hand, they reflect the significant decline in revenues relative to the budgeted level, driven by unfavorable market developments and temporary production interruptions; on the other hand, they reflect the persistence of high operating costs that could not be adjusted at the same pace as the reduction in volumes.

Furthermore, the Group's operating results were primarily influenced by the recognition of exceptional expenses at the parent company level, mainly representing a combination of operational factors and non-recurring items. These include, primarily, restructuring costs of approximately RON 3 million related to staff layoffs, expenses of approximately RON 7.5 million resulting from the closure of a business line in western Romania, namely the GIANT Project, as well as the impact of approximately RON 1.6 million related to subsidies for operations in the energy segment that did not materialize. Furthermore, the result was affected by the recognition of inventory differences of approximately RON 5 million and adjustments to the valuation of paper inventories in accordance with the requirements of IAS 2 "Inventories" of approximately RON 6.5 million.

Although its financial position was adversely affected, the Group continued to operate under normal conditions throughout 2025 and successfully completed planned investments in certain business lines.

The cash flow analysis shows that, in 2025, the Group recorded total receipts of approximately RON 625.4 million and total payments of approximately RON 625.1 million, resulting in a net surplus of approximately RON 0.3 million. However, these cash flows also include financing components, namely collections from loans amounting to approximately RON 56.7 million and payments related to financing sources of approximately RON 93.2 million.

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

An analysis of the Group's working capital at the consolidated level reveals an average collection period of approximately 70 days, an average inventory turnover period of 75 days, an inventory turnover rate of 4.79 per year, and an average supplier payment period of approximately 53 days, resulting in net working capital of RON 106 million in 2025.

Indicator Name	Formula	Value	UM	31.Dec.25
Overall Liquidity	Current Assets/DTS	182.606.991/215.584.339	Rap	0.84
Quick Ratio	(Current Assets – Inventory)/DTS	95.720.899/215.584.339	Rap	0.44
Inventory Turnover (Speed)	Revenue/Inventory/period*360	416.175.447/86.886.092/360*360	Rot/an	4.79
Inventory Turnover (Times per Year)	Inventories/revenue*number of days in the period	80.761.555/416.175.447*360	Zile	75.16
Receivables Collection	Trade receivables/revenue*number of days in the period	80.761.555/416.175.447*360	Zile	69.86
Payables Repayment	DCTS/revenue*number of days in the period	61.045.662/416.175.447*360	Zile	52.81
Operating Profitability	Operating profit/revenue	(30.441.248)/416.175.447	%	(0.07)
Gross Profit Margin	Gross profit/revenue	(48.815.491)/416.175.447	%	(0.12)
Net Working Capital as of December 31, 2025	Revenue*turnover days (inventories + trade receivables + other operating receivables) - (trade payables - duration of other operating payables)/365	416.175.447 * (76 zile + 71 zile + 16 zile - 54 zile - 16 zile) / 365	Valoare	106,039,223

As of December 31, 2025, the Group had cash and cash equivalents of approximately RON 2 million, against total borrowings of approximately RON 279 million.

Under these circumstances, although gross cash flows indicate a relative balance between receipts and payments, the company's ability to generate cash from operating activities remains limited, and its liquidity position depends on effective working capital management and access to financing.

Although the Group reported a net loss during the period under review, the Group generated a positive level of the indicator known as earnings before interest, taxes, depreciation, and amortization (EBITDA) of approximately RON 29.9 million, indicating that core operating activities continue to contribute to value creation before the impact of non-cash items, financial expenses, and non-recurring effects. This reflects the company's operational capacity to generate cash flows from current operations, even amid significant pressures on revenues, costs, and operational efficiency, including inflationary pressures on raw materials and other essential inputs.

Item	Amount (RON)
Consolidated result as of December 31, 2025	- 48,649,575
Consolidated interest	14,269,395
Consolidated depreciation and amortization	64,425,657
Consolidated taxes	- 165,916
<b>TOTAL</b>	<b>29,879,561</b>

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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In 2025, the Group's performance was also impacted by the still-high annual inflation rate (7.3%) and interest rates. As a result, the Group's sales were 15% lower than the previous year and 20% below budget, primarily due to volume declines and price decreases across all business segments.

The Group has access to available credit facilities. As part of its assessment of financing and liquidity, the Group analyzed the structure of existing loans and related obligations, including the maturity profile and their impact on short-term cash flows. As of December 31, the Group had bank loans totaling RON 279 million, of which approximately RON 128.8 million were short-term and approximately RON 150.2 million were long-term, and a positive cash position of approximately RON 2 million. At the same time, the company benefits from available credit facilities, which are currently used to support working capital and ensure financial flexibility.

Cash flow projections indicate that liquidity will remain balanced, supported by working capital management, the efficiency measures implemented, and the stabilization of the cost structure starting in the second half of 2025. In this regard, the measures envisaged at the Group level to optimize the cash conversion cycle—by reducing the average collection period for receivables and more effectively aligning payment terms with suppliers—are expected to alleviate pressure on working capital, improve predictability of operating cash flows, and strengthen the short- and medium-term liquidity position. However, cash flows remain sensitive to changes in sales volumes and the dynamics of collections from current operations, under a conservative budget scenario.

As part of its planned mitigation measures, the Group has initiated, starting in 2025, a comprehensive operational and financial optimization process to streamline its cost structure, strengthen liquidity, and improve operational performance. The measures implemented primarily focused on restructuring and adjusting the fixed and operating cost base, optimizing operations by closing or reorganizing underperforming segments, and improving working capital through actions related to collections and payment terms, including the use of recourse factoring instruments. At the same time, renegotiations of contracts with third parties and measures to strengthen commercial discipline were initiated to support cash flows from current operations.

For 2026, the Group's strategy focuses on strengthening and accelerating operational efficiency through a CAPEX investment program to modernize production capacity and enhance competitiveness in the most profitable segment. This program includes investments in production equipment dedicated to this segment, which has the highest profitability, while also generating significant competitive advantages and creating opportunities to attract and integrate new customers in this market category.

At the same time, the parent company is pursuing a strategic restructuring of production based on existing cost advantages, including optimizing capacity utilization during periods of low energy costs (particularly during the warm season), to maximize economic efficiency and reduce unit production costs. This approach involves recalibrating the product mix to maximize profit margins and dynamically adapting to market demand.

The company also aims to expand and diversify its customer portfolio, supported by improved operational capacity and commercial repositioning, as well as a reconfiguration of the management structure to enhance decision-making efficiency. From a financial perspective, the company will continue to optimize cash flow by utilizing factoring instruments, renegotiating commercial contracts, and further reducing fixed and operational costs.

At the same time, to mitigate exposure to raw material price volatility, the company will implement a procurement strategy that maintains the sufficient inventory for approximately two months of operations, thereby helping stabilize costs and reduce risks associated with the procurement

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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market. Overall, these measures support the transition to a more efficient, flexible, and resilient operating model, adapted to market conditions and medium-term profitability objectives.

Thus, based on the assessment conducted, management considers that applying the going concern principle in preparing the financial statements is appropriate. Despite the negative financial performance recorded in 2025, reduced operating cash flows, high debt levels, and liquidity pressures, including from working capital, the Group believes that the restructuring and efficiency measures implemented, together with the expected improvement in operating performance and the maintenance of access to existing and planned sources of financing, support the company's ability to continue as a going concern under normal conditions.

### **(g) Use of Significant Estimates and Judgments**

The preparation of consolidated financial statements in accordance with OMFP 2844 requires management to make estimates, judgments, and assumptions that affect the application of accounting policies, as well as the reported amounts of assets, liabilities, revenues, and expenses. The judgments and assumptions associated with these estimates are based on historical experience, as well as on other factors considered reasonable in the context of these estimates.

The results of these estimates form the basis for judgments regarding the carrying amounts of assets and liabilities that cannot be determined from other sources of information. The results obtained may differ from the estimated amounts.

The Group periodically reviews these judgments and the underlying assumptions. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revisions affect only that period, or in the period in which the estimates are revised and future periods if the revisions affect both the current period and future periods.

Information regarding estimates, judgments, and assumptions that carry a high risk of resulting in a significant adjustment to the carrying amounts of assets and liabilities as of December 31<sup>st</sup>, 2025, is included in the following notes:

The main estimates relate to:

- Cash flow projections and WACC used in the impairment analysis of the assets presented in Notes 4 and 5
- Estimates related to employee benefits presented in Note 3(l)
- The depreciation period for fixed assets as presented in Note 3(d), (f)
- Adjustments for inventory write-downs disclosed in Note 3(i)
- Allowances for impairment of receivables disclosed in Note 3(i)
- Impairment of goodwill as disclosed in Note 3(i)
- Estimates regarding the recognition of the acquisition of Rom Paper SRL

## **3. Significant accounting policies**

### **a. The Foundations of Consolidation**

The consolidated financial statements include the financial statements of the Group and its subsidiaries as of December 31<sup>st</sup>, 2025.

Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the investee and can influence those returns through its power over the investee.

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(all amounts are expressed in RON, unless otherwise stated)

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Specifically, the Group controls an entity in which it has invested if, and only if, the entity has:

- Power over the investee (e.g. existing rights that give it the current ability to direct the relevant activities)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its authority over the entity in which it has invested to influence the amount of the investor's income.

It is generally assumed that holding a majority of the voting rights confers control. To support this assumption even when the group does not hold most of the voting rights or similar rights in an investee, the group considers all relevant facts and circumstances when assessing whether it has control over an investee, which includes:

- The contractual agreement(s) with the other voting shareholders of the entity in which it has invested
- Rights arising from other contractual obligations
- The Group's voting rights and potential voting rights are important.

The Group reassesses whether it controls an investee if facts and circumstances indicate changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control. Assets, liabilities, equity, income, expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in a deficit for the non-controlling interests.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flow relating to transactions between members of the Group are eliminated in full consolidation.

### *(i) Combinations of entities*

Business combinations are accounted for using the acquisition method as of the date on which the Group obtains control of the acquiree. Control requires exposure to or rights over the variable returns of the investee, as well as the ability to influence those returns by exercising authority over the investee.

The Group measures goodwill at the acquisition date as follows:

- The fair value of the consideration transferred, including
- The amount of any non-controlling interests in the acquiree, including
- If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

A gain on a bargain purchase is recognized immediately in profit or loss when the net recognized amount of the identifiable assets acquired is greater than the fair value of the consideration

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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transferred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships between the Group and the acquiree. Such amounts are generally recognized in profit or loss.

Transaction costs, other than those associated with the issuance of bonds or shares, related to business combinations, are recognized in the income statement when incurred.

Any contingent consideration payable is measured at fair value as of the acquisition date. If the contingent consideration is classified as equity, it is not measured, and the settlement is accounted for within equity. Alternatively, subsequent changes in the fair value of the contingent consideration are recognized in the income statement.

### *(ii) Subsidiaries*

The consideration transferred does not include amounts related to the settlement of pre-existing relationships between the Group and the acquiree. Such amounts are generally recognized in profit or loss.

### *(iii) Loss of control*

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity attributable to the subsidiary. Any resulting gain or loss is recognized in profit or loss. If the Group retains any interest in the former subsidiary, such interest is measured at fair value on the date control is lost. Subsequently, it is accounted for as an associate using the equity method or as a financial asset, depending on the level of influence retained.

### *(iv) Transactions eliminated on consolidation*

Intra-group balances and transactions, as well as any unrealized gains or losses arising from such transactions, are fully eliminated in the consolidated financial statements. Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent that there is no indication of impairment of the transferred assets.

### *(v) Non-controlling interests*

Non-controlling interests relate to the minority stake held by third parties in Ecorep Group and resulted from their capital contribution upon the incorporation of this subsidiary. The amounts attributable to these holdings, namely the proportion of equity held and the proportion of annual results, are presented separately in the financial statements.

## **b. Foreign currency transactions**

Foreign currency transactions are recorded in RON at the official exchange rate at the date of settlement. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency using the exchange rate at that date.

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Gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

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

<b>Currency</b>	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>	<b>Variation</b>
Euro (EUR)	5.0985	4.9741	+2,50 %
Dolar (USD)	4.3417	4.4958	-3.40 %

**c. Financial Instruments***Non-derivative financial instruments*

The Group initially recognizes financial assets (loans, receivables, and deposits) on the date they are originated. All other financial assets are initially recognized on the trade date, when the Group becomes a party to the contractual terms of the instrument.

The classification depends on the nature and purpose of the financial assets and is determined at initial recognition. All standard purchases or sales of financial assets are recognized and recognized on the trade date. Standard purchases or sales are purchases or sales of financial assets that require delivery of the assets within a time frame established by regulation or market convention.

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards associated with ownership of the asset to another entity. If the Group neither transfers nor retains all the risks and rewards of ownership substantially and continues to control the transferred asset, the Group recognizes its retained interest in the asset and the associated liability for the amounts it would be required to pay. If the Group does not substantially retain all the risks and rewards of ownership of a transferred financial asset, then the Group continues to recognize the financial asset and recognizes a collateralized liability for the proceeds received.

Upon the derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable, and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity, is recognized in profit or loss.

Upon derecognition of a financial asset other than in its entirety (e.g., when the Group does not retain an option to repurchase a portion of a transferred asset or retains a residual interest that does not result in the Group retaining substantially all the risks and rewards associated with ownership, and the Group does not retain control). The Group allocates the previous carrying amount of the financial asset between the portion that continues to be recognized under continuing involvement and the portion that is no longer recognized, based on the fair values of those portions as of the date of transfer.

The difference between the carrying amount allocated to the part that is no longer recognized and the amount of consideration received for the part that is no longer recognized, and any allocated cumulative gain or loss that was recognized in other comprehensive income, is recognized in profit or loss. Any cumulative gain or loss that has been recognized in other comprehensive income is allocated between the continuing and discontinued operations based on the fair value of those operations.

A financial asset is classified as at fair value through profit or loss if it is classified as held for

## Notes to the consolidated financial statements

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(all amounts are expressed in RON, unless otherwise stated)

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trading or is designated as such on initial recognition. Financial assets are designated as measured at fair value through profit or loss if the Group manages such investments and makes purchases, and sale decisions based on fair value in accordance with the Group's documented risk management and investment strategy. Attributable transaction costs are recognized in profit or loss as incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein, which consider any dividend income, are recognized in profit or loss.

If the Group has the positive intent and ability to hold debt instruments to maturity, then such financial assets may be classified as held-to-maturity investments. Held-to-maturity financial assets are initially recognized at fair value plus any directly attributable transaction costs. After initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets include debt instruments.

### *Derivative financial instruments*

Derivative financial instruments embedded in contracts are separated from the host contract and accounted separately if the host contract is not a financial asset, and certain criteria are met.

Derivative financial instruments are initially recognized at fair value. After initial recognition, they are measured at fair value, and changes in fair value are recognized in profit or loss.

As of December 31<sup>st</sup>, 2025, the Group no longer holds any derivative financial instruments in the form of conversion and redemption options attached to bond loans.

### *Receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. After initial recognition, loans are measured at amortized cost using the effective interest method. The Group applies the simplified approach under IFRS 9 for measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. Details regarding the calculation of the impairment allowance for trade receivables are included in Note 3(i) Impairment of assets. Impairment of assets Receivables consist of trade receivables and other receivables

### *Cash and cash equivalents*

Cash and cash equivalents include cash balances, demand deposits, and time deposits with maturities of up to three months from the date of acquisition, which are subject to an insignificant risk of changes in fair value and are used by the Group to manage its short-term obligations.

### *Financial assets available for sale*

Financial assets available for sale are non-derivative financial assets designated as such. Financial assets available for sale are initially recognized at fair value plus any directly attributable transaction costs. After initial recognition, they are measured at the cost of less impairment losses.

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### *Share capital – ordinary shares*

Acțiunile ordinare sunt clasificate ca parte a capitalurilor proprii. Costurile suplimentare direct atribuibile emisiunii acțiunilor ordinare și opțiunilor pe acțiuni sunt recunoscute ca o reducere a capitalurilor proprii la valoarea netă de efectele fiscale.

### *Financial liabilities*

Financial liabilities include lease liabilities, interest-bearing bank loans, bonds, bank over-drafts and trade and other payables. The accounting policies for the recognition and measurement of each item are presented in this note.

Loans are initially recognized at fair value, less transaction costs. Subsequently, they are carried at amortized cost. Any difference between the initial amount and the repayment amount is recognized in the income statement over the term of the loans using the effective interest method.

Financial instruments are classified as liabilities or equities in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses related to a financial instrument classified as a liability are reported as an expense or revenue. Distributions to holders of financial instruments classified as equity are recognized directly in equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

## **d. Property, plant and equipment**

### *(i) Recognition and measurement*

Items of property, plant and equipment recognized as assets are initially measured at cost by the Group. The cost of an item of property, plant and equipment comprises its purchase price, including non-refundable taxes, after deducting any trade discounts and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, such as: employee benefits arising directly from the construction or acquisition of the asset, costs of site preparation, initial delivery and handling costs, installation and assembly costs, and professional fees.

The cost of a piece of property, plant, and equipment constructed by the Group includes:

- the cost of materials and direct personnel expenses;
- other costs directly attributable to bringing the assets to the condition necessary for their intended use and, when the Group has an obligation to remove the asset and restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they were capitalized.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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(all amounts are expressed in RON, unless otherwise stated)

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The Group classifies property, plant, and equipment into the following classes of assets of the same nature and with similar uses:

- land;
- buildings;
- technical installations and machinery;
- motor vehicles;
- other property, plant and equipment.

Land, buildings and technical equipment are carried at revalued amounts, representing their fair value at the date of revaluation, less any subsequent accumulated depreciation and any accumulated impairment losses.

Fair value is based on market price quotations, adjusted, if necessary, to reflect differences in the nature, location, or condition of the respective assets, except for equipment for which fair value has been determined based on the replacement cost.

Revaluations are conducted by specialized appraisers who are members of ANEVAR. The most recent revaluation of the assets took place on December 31<sup>st</sup>, 2025, except for the subsidiary ECOREP GROUP SA.

For Ecorep Group SA, the impairment test was conducted to assess indications of impairment. The analysis considered the evolution of financial results, the balance sheet position, market conditions, and other relevant factors. Following this analysis, no indications of impairment were identified, nor were there any grounds to justify conducting a detailed impairment test.

Revaluations of property, plant, and equipment are performed with sufficient regularity so that the carrying amount does not differ substantially from the amount that would be determined using fair value as of the balance sheet date.

If the revaluation results in an increase over the net carrying amount, it is treated as follows: as an increase in the revaluation reserve presented within equity, unless there was a previous decrease recognized as an expense related to that asset, in which case it is recognized as income to offset the previously recognized decrease for that asset.

If the result of the revaluation is a decrease in the net book value, this is treated as an expense equal to the full amount of the impairment when no amount relating to that asset is recorded in the revaluation reserve (revaluation surplus) or as a reduction in the revaluation reserve by the lesser of the amount of that reserve and the amount of the decrease, and any remaining uncovered difference is recognized as an expense.

Costs for maintenance and repairs of property, plant and equipment are recognized by the Group in the statement of comprehensive income when incurred, while significant improvements to property, plant and equipment, which increase their value or useful life, or significantly enhance their capacity to generate economic benefits, are capitalized.

### *(ii) Subsequent costs*

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Expenses for repairs and maintenance are recognized in profit or loss as incurred.

## Notes to the consolidated financial statements

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(all amounts are expressed in RON, unless otherwise stated)

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### (iii) Depreciation

Tangible fixed assets are depreciated from the date they are available for use or are in working condition; for assets constructed by the entity, depreciation begins from the date the asset is completed and ready for use.

Depreciation is calculated using the straight-line method over the estimated useful life of the assets, as follows:

– Land improvements	3-10 years
– Buildings	30-60 years
– Equipment and other property, plant and equipment	2-16 years

Land is not depreciated.

Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset.

Depreciation methods, estimated useful lives, and residual values are reviewed by the Group at each reporting date and adjusted, if appropriate.

### (iv) Disposal of property, plant and equipment

Property, plant and equipment that are retired or sold are eliminated from the balance sheet along with the corresponding accumulated depreciation. Any gain or loss resulting from such an operation is included in the current profit or loss.

## e. Right-of-use assets (Leasing)

The Group assesses whether a contract constitutes or contains a lease at the time it is entered entity recognizes a right-of-use asset and a corresponding lease liability for all leases in which it is the lessee, except for short-term leases (defined as leases with a term of 12 months or less) and leases of low-value assets.

For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of lease payments not paid at the commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed lease payments and the exercise price of purchase options, if the lessee is reasonably certain to exercise the options, in the case of vehicles.

Following the application of IFRS 16 provisions during the current financial year, the Group recognized right-of-use assets and concurrently increased total liabilities by the same amount.

The right-of-use assets the Group holds and recognizes under IFRS 16 relate to buildings, automobiles, and equipment. A breakdown of the carrying amounts of these right-of-use assets by category is provided in Note 4.

Right-of-use assets are recognized at cost in accordance with IAS 16 and depreciated over the lease term.

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

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The Group has chosen to present the right-of-use assets arising from the application of IFRS 16, together with property, plant, and equipment, in the statement of financial position, in accordance with IFRS 16; details are provided in Note 4.

**f. Intangible assets and goodwill***(i) Recognition and Evaluation*

Intangible assets acquired by the Group with finite useful lives are measured at cost, net of accumulated amortization and accumulated depreciation losses.

*(ii) Goodwill*

Goodwill represents the excess of the acquisition cost of an entity over the fair value of the identifiable net assets acquired at the acquisition date. It is recognized as an intangible asset and is tested annually for depreciation or whenever there are indications of depreciation, in accordance with IAS 36. Goodwill is not amortized, and any depreciation losses are recognized in the income statement and are not subsequently reversed.

*(iv) Subsequent expenses*

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the asset for which they are intended. All other expenditures, including those for internally generated goodwill and brands, are recognized in profit or loss when incurred.

*(v) Amortization of intangible assets*

Amortization is calculated as the difference between the asset's cost and its residual value. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of intangible assets, other than goodwill, from the date they are available for use.

Amortization is calculated using the straight-line method over the estimated useful lifespan of the assets, as follows:

– Customer Relations	2-10 years
– Trademarks	7-10 years
– Other intangible assets	2-4 years
– Software and hardware	3 – 8 years

Amortization methods, useful lifespans, and residual values are reviewed at the end of each fiscal year and adjusted as necessary.

*(vi) European Union Allowances (EUAs)*

Vrancart is a participant in the EU Emissions Trading Scheme (ETS) for Phase 4, covering the period 2021–2025. Under the scheme, the company receives a number of EUA allowances through the allocation process, which it uses to comply with its CO<sub>2</sub> emissions obligations related to its operations.

The company applies IAS 38 for their recognition. Since the cost of the allocated allowances is zero, they are recorded only off-balance sheet.

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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To the extent that the Group has a surplus of allocated allowances, these may be sold by the Group, with the revenue recognized upon sale being reported under “Other revenue”.

### **g. Inventory**

Inventories are valued at the lower of cost and net realizable value

Net realizable value is the estimated selling price in the ordinary course of business, minus the estimated costs of completion and the costs necessary to make the sale.

Raw materials are valued at cost, including transportation, handling costs and net of trade discounts.

The cost of inventory is based on the first-in, first-out (FIFO) method and includes expenses incurred to acquire the inventory, production or processing costs, and other costs incurred to bring the inventory to its present form and location.

For inventory produced by the Group and inventory in production, the cost includes the appropriate share of production-related administrative expenses based on normal operating capacity.

### **h. Assets held for sale**

Long-term assets held for sale are recognized at the lower of their book value and fair value minus costs to sell.

The Group classifies a non-current asset (or a group of assets) as being held for sale if its book value will be recovered primarily through a sale transaction rather than through continued use. For this purpose, the asset (or group of assets) must be available for immediate sale in its current condition, exclusively under normal and current selling conditions applicable to such assets (or groups of assets), and the sale of the asset must be highly probable.

For the sale asset to have a high probability of occurring, the appropriate level of management must have prepared a plan for the sale of the asset (or group of assets), and an effective program must have been initiated to identify a buyer and finalize the sale plan. Furthermore, the asset (or group of assets) must be capable of being sold in an active market at a price that is reasonably related to its current fair value. In addition, the sale is expected to qualify for recognition as a “completed sale” within one year of the classification date.

### **i. Depreciation of assets**

The carrying amounts of the Group’s non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of depreciation. If such an indication exists, the recoverable amount of the relevant assets is estimated.

A depreciation loss is recognized when the carrying amount of an asset or its cash-generating unit exceeds the asset’s or cash-generating unit’s recoverable amount. A cash-generating unit is the smallest identifiable group that generates cash and, independently of other assets and other groups of assets, can generate cash flows. Losses from depreciation are recognized in the statement of comprehensive income.

The recoverable amount of an asset or a cash-generating unit is the higher of its use value and its fair value, minus the costs of selling that asset or unit.

To determine the value of use, projected future cash flows are discounted using a pre-tax discount

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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rate that reflects current market conditions and the risks specific to that asset.

Depreciation losses recognized in prior periods are assessed at each reporting date to determine whether they have decreased or no longer exist. A depreciation loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

The loss from depreciation is reversed only if the asset's carrying amount does not exceed the carrying amount that would have been calculated, net of depreciation and impairment, had the loss not been recognized.

The Group has established depreciation adjustment policies for accounts receivable and inventory, as follows:

### *Impairment adjustments for accounts receivable*

The Group individually assesses the need to recognize an impairment loss for customers whose year-end balances exceed RON 100,000 and who are either subject to legal proceedings for debt recovery or have invoices more than one year past due, calculated based on the oldest invoice on the account. The Group also calculates a collective impairment allowance for the risk of uncollectible receivables, using adjustment percentages derived from historical data.

For customers whose accounts do not meet the criteria for individual analysis, a collective impairment adjustment is calculated by dividing their accounts into age intervals based on the due date of each invoice included in the account. Each aging interval is assigned a percentage calculated based on the Group's historical experience regarding the recoverability of past-due balances within each aging interval used for analysis.

In accordance with IFRS 9, the Company used the simplified approach to calculate estimated credit losses (ECL) for trade accounts receivable and contractual assets that did not contain a significant financing component. The Group performed an analysis of adjustments for the impairment of trade receivables that considered historical credit loss experience, the evolution of customer delinquencies, and adjustments to reflect current conditions and estimates of future economic conditions.

### *Depreciation adjustments for inventories*

Given the nature of its business, the Group does not hold perishable inventory or inventory at risk of short-term expiration. The risk of inventory impairment arises primarily from the destruction or deterioration of inventory due to unforeseen events, but may also result from inventory with low market demand.

The Group conducts a periodic assessment of its inventories to identify any indications of impairment, considering the following factors:

- For inventory that has been in storage for more than 180 days, the depreciation adjustment is determined following an individual analysis of each product conducted by a committee composed of representatives from the sales and production departments.
- For all finished goods, the Group compares the cost of inventory with the selling prices minus distribution costs for the immediately following period, to present the remaining inventory at the lower of cost of production and selling price minus distribution costs, in accordance with the provisions of policy (g).

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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### **j. Dividends to be distributed**

Dividends are treated as a distribution of profit in the period in which they were declared and approved by the General Meeting of Shareholders. Dividends declared prior to the reporting date are recognized as obligations on the reporting date.

### **k. Affiliated parties**

Subsidiaries are entities controlled by the Group. Control is achieved when the parent company has the power to govern financial and operating policies to obtain benefits from its activities. The consolidated financial statements include the financial statements of the parent company and the entities controlled by the parent company (its subsidiaries), from the moment control begins until it ceases.

Affiliated parties are those parties that, through ownership, contractual rights, family ties, or other relationships, could directly or indirectly control or significantly influence the other party.

Affiliated parties also include major shareholders, management, members of the board of directors, and their family members.

### **l. Employee benefits**

#### *(i) Short-term benefits*

Liabilities related to short-term employee benefits are not discounted and are recognized in the statement of comprehensive income as the related service is rendered.

Short-term employee benefits include wages, bonuses, and social security contributions.

#### *(ii) Defined contribution plans*

The Group makes payments on behalf of its employees to the Romanian state pension system, health insurance, and the unemployment fund as part of its normal business operations.

All Group employees are members of and are also legally required to contribute (through social security contributions) to the Romanian government's pension system (a government-administered defined-contribution plan). All related contributions are recognized in the profit or loss for the period in which they are made. The Group has no other additional obligations.

The Group does not participate in any independent pension plan and, consequently, has no other obligations in this regard. The Group does not participate in any other post-retirement benefit plan. The Group has no obligation to provide further services to former or current employees.

#### *(iii) Long-term benefits for employees*

The Group's net obligation regarding long-term service benefits represents the value of future benefits that employees have earned in exchange for services rendered during the current and prior periods.

The parent company is required to provide employees with retirement benefits in accordance with the collective bargaining agreement. The Group engages actuarial experts to calculate the provision for long-term benefits at each financial reporting date.

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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### m. Provisions

A provision is recognized if, because of a past event, the Group has a present legal or constructive obligation that can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation.

With respect to provisions for long-term employee benefits, these are determined by discounting the expected future cash flow using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The amortization of the discount is recognized as a financial expense.

### n. Revenue

#### (i) Sale of goods

The Group concludes contracts with its customers. These are typically framework agreements that establish payment terms, delivery and acceptance conditions for the goods sold, and the rights and obligations of the parties. The selling price of the goods is generally determined for each order placed by the customer and accepted by the Group.

Transportation services related to goods are generally included in contracts for the sale of goods. If the Group transports the customer's goods, ownership transfers when the goods are delivered to the destination, in accordance with the terms of delivery. Thus, these transportation services are not recognized as a separate performance obligation.

Revenue from the sale of goods is recognized when control is transferred to the customer.

The Group offers its customers the right to return products sold if they do not meet the quality standards specified in the customer contracts. The Group estimates the amount associated with such customer returns and recognizes it as a revenue adjustment.

The Group has entered into contracts with some of its customers, generally large retailers, under which the customers agree to provide non-monetary consideration in the form of services, including logistics, marketing, and promotional services. These services are recognized as a trade discount, provided that the following conditions are not met:

- the customer delivers a good or service that is distinct and separable from the other elements of the contract
- the fair value of these services can be reasonably determined
- the amount effectively paid does not exceed the fair value of these services

The Group recognizes a discount on the transaction price for services billed by major retailers, as it does not have the information necessary to reliably assess their fair value.

#### (ii) Provision of services

Revenue from the provision of services is recognized in the accounts as the services are performed. The provision of services includes the performance of work and any other operations that cannot be considered supplies of goods.

The main categories of services provided by the Group to third parties consist of the recycling of waste eligible for eco-bonuses and the assumption of extended producer responsibility on behalf of importers and manufacturers for packaging waste placed on the Romanian market (Ecorep). Ecorep provides services to assume responsibility for its clients' fulfillment of their obligations to

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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the Environmental Fund pursuant to Operating License No. 14 of 2021 issued by the Ministry of the Environment.

The stage of completion of the work is determined based on the work reports accompanying the invoices, acceptance reports, or other documents attesting to the stage of completion of the services provided.

### **o. Financial income and expenses**

Financial income consists of interest income on invested funds and other financial income. Interest income is recognized in profit or loss on an accrual accounting basis, using the effective interest method.

Financial expenses include interest expenses on loans and other financial expenses.

Gains and losses from foreign exchange rate fluctuations on financial assets and liabilities are reported based on currency fluctuations: gain or loss.

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets—assets that require a significant period of time to be ready for use or sale—are capitalized as part of the cost of those assets until the assets are substantially ready for their intended use or sale.

Financial income from the temporary investment of specific debt raised for the acquisition or construction of eligible assets is deducted from the borrowing costs that may be capitalized.

All other borrowing costs are recognized in consolidated profit or loss in the period in which they are incurred.

### **p. Corporate income tax**

Corporate income tax expenses include current and deferred income taxes.

Corporate income tax is recognized in the statement of comprehensive income or in other components of comprehensive income if the tax relates to equity elements.

#### *(i) Current tax*

Current tax is the tax payable on the profit earned in the current period, determined based on the tax rates in effect as of the reporting date and all adjustments related to prior periods.

The Group generally applies corporate income tax as its standard tax treatment. If the legal conditions for applying the minimum turnover tax are met, a comparison is made between the two tax liabilities, and the higher amount is recorded and paid in accordance with applicable tax laws.

The minimum turnover tax is a tax owed by taxpayers who meet the conditions set forth in tax legislation, namely, primarily entities with an annual turnover exceeding the legally established threshold of EURO 50 million. This tax is calculated by applying a 1% rate to turnover, subject to adjustments in accordance with legal provisions.

The IMCA applies in parallel with corporate income tax, and the taxpayer is required to calculate both taxes. If the minimum turnover tax is higher than the corporate income tax, the entity owes and pays the minimum turnover tax. Otherwise, the corporate income tax is owed.

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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In 2025, companies included in the scope of consolidation will apply the following tax regime:

- Vrancart SA – IMCA
- Vrancart Recycling – Corporate income tax
- Rom Paper - Corporate income tax
- Ecorep - Corporate income tax

For the fiscal year ended December 31<sup>st</sup>, 2025, the corporate income tax rate was 16% (December 31, 2024: 16%).

### *(ii) Deferred tax*

Deferred tax is calculated by the Group using the balance sheet method for temporary differences between the tax bases of assets and liabilities and their book values, as reported in the consolidated financial statements.

Deferred income tax is not recognized for temporary differences arising from the initial recognition of goodwill.

Deferred tax is calculated based on the tax rates expected to apply to temporary differences when they reverse, in accordance with the laws in effect as of the reporting date.

Deferred tax receivables and liabilities are offset only if there is a legally enforceable right to offset current tax receivables and liabilities, and if they relate to taxes collected by the same tax authority for the same taxable entity, or by different tax authorities that intend to settle current tax receivables and liabilities using a net basis, or the related assets and liabilities are settled simultaneously.

The Group recognizes the deferred tax receivable only to the extent that it is probable that future profits will be available against which the tax loss can be offset.

The deferred tax receivable is reviewed at the end of each fiscal year and is reduced to the extent that the related tax benefit is unlikely to be realized. Additional taxes arising from the distribution of dividends are recognized on the same date as the obligation to pay dividends.

### *(iii) Tax exposures*

In determining the amounts of current and deferred taxes, the Group considers the impact of uncertain tax positions and the possibility of additional taxes and interest.

This assessment is based on estimates and assumptions and may involve several judgments regarding future events. New information may become available, causing the Group to change its judgment regarding the accuracy of the existing tax liability estimate; such changes in tax liabilities affect tax expenses in the period in which such a determination is made.

## **q. Earnings per share**

The Group presents basic and diluted earnings per share for common shares. Basic earnings per share are calculated by dividing the profit or loss attributable to the Group's common shareholders by the weighted-average number of common shares outstanding during the reporting period. Diluted earnings per share are determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares for the dilutive effects of potential ordinary shares.

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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### r. Government grants

Government investment grants are initially recognized as deferred income at fair value when it is certain that they will be received and the Group will comply with the associated conditions. Grants that compensate the Group for the cost of an asset are recognized in the statement of comprehensive income under “Other income” on a systematic basis over the useful life of the asset as the subsidized asset is depreciated. Grants that compensate for expenses incurred by the Group are recognized in the statement of comprehensive income, under “Income from operating grants” on a systematic basis in the same periods in which the expenses are recognized and are presented under Other receivables in the Statement of Financial Position when their settlement is expected to occur during the next fiscal year.

### s. Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources representing economic benefits is remote. A contingent asset is not recognized in the financial statements but is disclosed when an inflow of economic benefits is probable.

This category for the year 2025 classifies the greenhouse gas emission allowances received by the Group as a participant in the EU Emissions Trading Scheme (ETS). Under the scheme, the Group receives, through the allocation process, several EUA credits used to meet its CO<sub>2</sub> emission obligations related to its operations.

For the year 2025, greenhouse gas emission allowances (EUAs) under the EU ETS are not recognized in the financial statements for the current fiscal year and are recorded off-balance sheet until the new accounting policy is implemented. These are used exclusively to comply with the Group’s environmental obligations and are quantitatively monitored throughout the reporting period.

As of December 31<sup>st</sup>, 2025, the parent company holds 14,909 greenhouse gas emission allowances.

### t. Subsequent events

The financial statements reflect events occurring after the end of the year that provide additional information about the Group’s position as of the reporting date or that indicate a possible breach of the going concern principle (events that give cause for adjustments). Events occurring after the end of the year that do not constitute events requiring adjustments are disclosed in the notes when they are considered significant.

### u. New standards and interpretations

#### Initial application of the new amendments to existing standards is in effect for the current reporting period

The following amendments to existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **Amendments to IAS 1 “Presentation of Financial Statements”** – Long-term liabilities with financial indicators (applicable to annual periods beginning on or after January 1, 2024),
- **Amendments to IFRS 16 “Leases”** – Lease liabilities in a sale-and-leaseback transaction (effective for annual periods beginning on or after January 1<sup>st</sup>, 2024),
- **Amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial**

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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**Instruments**” – Supplier financing agreements (applicable to annual periods beginning on or after January 1<sup>st</sup>, 2024)

- **Amendments to IAS 21 “Absence of Exchange Rates”** – Applicable as of January 1<sup>st</sup>, 2025.

The adoption of new amendments to existing standards did not have a significant impact on the Company’s individual financial statements.

### **Standards and amendments to existing standards issued by the IASB and adopted by the EU, but which have not yet become effective**

As of the date of approval of these consolidated financial statements, the following amendments to existing standards issued by the IASB and adopted by the EU are not yet in effect:

- **Amendments to “Classification and Measurement of Financial Instruments”**– Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” effective for annual reporting periods beginning on or after January 1<sup>st</sup>, 2026, with early application permitted, subject to the validation process.
- **IFRS 18 “Presentation and Disclosure in Financial Statements”** – which supersedes IAS 1, with a primary focus on updates to the statement of profit or loss, effective for annual periods beginning on or after January 1<sup>st</sup>, 2027.
- **IFRS 19 “Subsidiaries without Public Accountability: Disclosures”** – a voluntary standard available for eligible subsidiaries, effective for annual periods beginning on or after January 1<sup>st</sup>, 2027.

The Group has chosen not to adopt these amendments to existing standards prior to their effective dates. The Group anticipates that the adoption of these standards and amendments to existing standards will not have a significant impact on the Group’s consolidated financial statements in the period of initial application.

### **v. Determining fair value**

Certain accounting policies and disclosure requirements of the Group require the determination of fair value for both financial and non-financial assets and liabilities.

The Group has established a control framework for fair value measurements. This includes a valuation team responsible for overseeing significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews unobservable inputs and significant valuation adjustments. If data from third parties is used, such as quoted prices from brokers or pricing services, the valuation team assesses whether the data meets IFRS requirements, including the level in the fair value hierarchy to which such valuations should be classified.

When measuring assets or liabilities at fair value, the Group uses observable market information to the extent possible. The fair value hierarchy classifies the input used in the valuation techniques applied to determine fair value into three levels, as follows:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: input data, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3: input data that are unobservable for the asset or liability.

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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If the inputs used to measure the fair value of an asset or liability can be classified into more than one level of the fair value hierarchy, the fair value measurement is classified in its entirety at the same level of the fair value hierarchy as the input with the lowest level of uncertainty that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurred.

Additional information regarding the assumptions used in the fair value measurement is included in Note 3 (d) (i) for property, plant, and equipment.

### 4. Property, plant and equipment

#### Reevaluation

As of December 31, 2025, based on a report prepared by an ANEVAR-authorized appraiser, the Group recorded a revaluation loss for land and land improvements, structures and special-purpose buildings, and production lines in the amount of 47,426,836 lei (in revaluation reserves, of which: buildings—negative impact in the amount of 20,151,304 lei, equipment – negative impact of 35,067,168 lei, and land and land improvements – positive impact of 7,791,636 lei) and a net impairment loss of 6,551,840 lei (in expenses). The fair value of the fixed assets subject to revaluation was determined using the market comparison method (IFRS 13 Level 2) where market information was available, and the net replacement cost method (IFRS 13 Level 3).

For assets with an active market (land, certain types of buildings, transportation and handling equipment, IT, office equipment, etc.), Level 2 inputs were used.

For other assets, given their specialized nature or the lack of an active market, Level 3 inputs were used.

The Level 3 inputs are those specific to the cost approach: estimated replacement costs, the degree of physical wear and tear correlated with remaining useful life, and economic depreciation determined based on a profitability test of the business. The profitability test considered the cash flows generated by the assets and a discount rate commensurate with the business risk profile. The final fair value was derived by deducting the cumulative depreciation—physical, functional, and economic—from the estimated gross replacement cost.

About the sensitivity of fair value to changes in key assumptions, an increase in the discount rate used in the profitability test results in greater economic impairment and, consequently, a lower fair value, while a decrease in the discount rate has the opposite effect.

Regarding the sensitivity of fair value to changes in key assumptions, an increase in the discount rate used in the profitability test results in greater economic impairment and, consequently, a lower fair value, while a decrease in the discount rate has the opposite effect.

We note that the best and most efficient use of the assets being valued coincides with their current use in the Company's operations.

Also, during 2025, movements in the revaluation reserve were recognized in the income statement or other comprehensive income due to gains realized from the sale or disposal of fixed assets, amounting to 3,648,019 lei.

The accumulated impairment reversal method is used to record the valuation results in the financial statements.

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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### Impairment tests

As of December 31<sup>st</sup>, 2025, impairment tests were performed as part of the valuation process; the appropriate value type is “value in use,” as defined by IAS 36 – Impairment of Assets, as: “the present value of future cash flows expected to be derived from an asset or a cash-generating unit” for the securities held by the Company as per Note 5.

**Vrancart SA** (henceforth referred to as “the Company”) is a joint-stock company operating in Romania in accordance with the provisions of Law 31/1990 on commercial companies.

The company operates in the field of non-hazardous waste collection and recycling, in the paper industry for cardboard and corrugated cardboard packaging, as well as sanitary paper products. The company has branches in the following locations: Chiajna, Ploiesti, Pantelimon, and Bacau.

According to the analysis, the VRANCART SA business line has a single cash-generating unit (the corrugated cardboard packaging manufacturing business). The input data used to estimate the value in use of the assets subject to the test were:

- **Net cash flow**—these cash flows (the income and expense budget) were projected by the Company’s representatives for the entire explicit forecast period, and for perpetuity, they were estimated by the appraiser by applying a perpetual growth rate of 2.6%, representing the long-term inflation forecast for the Romanian leu by the National Bank of Romania.
- **The discount rate** and the capitalization rate for the residual value—estimated by the appraiser. The discount rate was estimated using the weighted average cost of capital (WACC) by calculating each of its components; for verification purposes, a comparison was also made with market data for other manufacturers of similar products. Thus, the discount rate used was 11.7%, estimated based on specific data from public sources.
- **The variation in net working capital**—estimated by the appraiser based on the working capital for the first year of the forecast, namely 26.4% of the estimated revenue for the explicit forecast period—while for the remainder of the explicit forecast period, declining rates ranging from approximately 4.4 to 5 percentage points were used, and starting in 2029 for the perpetuity, the level corresponding to the last year of the explicit period was maintained, namely 12%.

Given that the determined fair value falls under Level 3 of the fair value hierarchy, in accordance with IFRS 13—Fair Value Measurement, a sensitivity analysis was performed to assess the impact of changes in key input parameters on the estimated value.

In this analysis, two parameters considered representative of the valuation model were tested: the discount rate (WACC) and operating performance, as reflected by EBITDA. The simulated variations in EBITDA were set within a range of -2.5% to +2.5%, based on historical variations and company-budgeted year-to-year changes, which lends a realistic character to the tested scenarios. For WACC, variations were simulated over the range -1.0% to +1.0% in 0.5% increments.

The results are presented on the table below:

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

Analiza de senzitivitate VRANCART SA						Lei
WACC	EBITDA					
	-2.50%	-1.50%	0.00%	+1.5%	+2.5%	
-1.0%	368,203,005	408,034,960	467,747,594	527,460,228	567,268,650	
-0.5%	351,832,547	389,383,096	445,672,219	501,961,342	539,487,423	
11.7%	337,158,218	372,678,861	<b>425,921,742</b>	479,164,623	514,659,876	
+0.5%	323,917,564	357,620,450	408,135,331	458,650,212	492,326,800	
+1.0%	311,900,062	343,965,790	392,023,589	440,081,388	472,119,921	

The base value, corresponding to the central scenario, was determined using a WACC of 11.7% and an estimated EBITDA, resulting in 425,921,742 Lei.

The analysis of the results highlights the following:

➤ EBITDA sensitivity

- A +2.5% increase in EBITDA leads to a value of 514,659,876 Lei (+20.8% compared to the base value)
- A -2.5% decrease in EBITDA leads to a value of 337,183,608 Lei (-20.8% compared to the base value)

Analiza de senzitivitate, EBITDA			
Variatie EBITDA	-2.5%	0.0%	2.5%
Lei	337,158,218	<b>425,921,742</b>	514,659,876
Variatie VIU	-20.8%	0.0%	20.8%

➤ WACC sensitivity

- A decrease of -1,0% in the WACC results in a value of 467.747.594 lei (+9.8% compared to the base value)
- An increase of +1,0% in the WACC results in a value of 392.023.589 lei (+8.0% compared to the base value)

Analiza de senzitivitate, WACC			
Variatie EBITDA	1.00%	0.0%	-1.00%
Lei	392,023,589	<b>425,921,742</b>	467,747,594
Variatie VIU	-8.0%	0.0%	9.8%

In conclusion, the results indicate that changes in EBITDA have a more pronounced impact on the estimated value than marginal changes in WACC, a characteristic specific to discounted cash flow valuations. With respect to this indicator, the valuation model exhibits significant sensitivity, reflecting the estimated value's dependence on the company's future operating performance.

A portion of the Group's property, plant, and equipment is mortgaged or pledged as collateral for bank loans. The net value of these pledged or mortgaged assets is RON 391,041 thousand as of December 31<sup>st</sup>, 2025 (December 31<sup>st</sup>, 2024: RON 451,583 thousand). The value of the rights of use related to assets held under lease agreements is presented in Note 16.

If the land, buildings, and production lines had not been revalued, their value as of December 31<sup>st</sup>, 2025, would have been as follows:

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

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	<b>Cost</b>	<b>Cummulated depreciation</b>	<b>Net book Value</b>
Land and land improvements	26.969.337	3.444.155	23.525.182
Buildings and special-purpose constructions	140.749.113	35.756.281	104.992.832
Production lines	643.077.102	309.833.877	333.243.224
<b>Total</b>	<b>810.795.552</b>	<b>349.034.313</b>	<b>461.761.239</b>

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

	Land and Land improvements	Buildings and special-purpose constructions	Equipment and other fixed assets	Constructions in progress	Total
<i>Cost or revalued amount</i>					
<b>As of January 1<sup>st</sup>, 2024</b>	<b>20.057.310</b>	<b>144.495.514</b>	<b>343.660.595</b>	<b>146.096.411</b>	<b>654.309.830</b>
Additions	-	-	610.861	127.363.257	127.974.118
Assets related to rights to use leased assets (Note 16)	-	2.946.800	4.717.387	-	7.664.187
Transfers from assets under construction	-	38.744.811	214.392.313	(253.137.124)	-
Disposals	-	-	(2.614.221)	-	(2.614.221)
Disposals of right-of-use assets	-	(8.797.643)	(5.356.219)	-	(14.153.862)
<b>As of December 31<sup>st</sup>, 2024</b>	<b>20.057.310</b>	<b>177.389.482</b>	<b>555.410.716</b>	<b>20.322.544</b>	<b>773.180.052</b>
<i>Accumulated depreciation and impairment losses</i>					
<b>As of January 1<sup>st</sup>, 2024</b>	<b>210.840</b>	<b>19.788.662</b>	<b>82.202.451</b>	<b>-</b>	<b>102.201.953</b>
Impairment expense	277.179	4.010.003	30.412.291	-	34.699.473
Impairment expense related to rights to use leased assets (Note 16)	-	4.991.414	5.422.948	-	10.414.362
Disposals of right-of-use assets	-	-	(1.893.972)	-	(1.893.972)
Disposals of right-of-use assets	-	(7.859.488)	(3.875.330)	-	(11.734.818)
<b>As of December 31<sup>st</sup>, 2024</b>	<b>488.019</b>	<b>20.930.591</b>	<b>112.268.388</b>	<b>-</b>	<b>133.686.998</b>
<i>Net book value</i>					
<b>As of December 31<sup>st</sup>, 2024</b>	<b>19.569.291</b>	<b>156.458.891</b>	<b>443.142.328</b>	<b>20.322.544</b>	<b>639.493.054</b>

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

	Land and Land improvements	Buildings and special-purpose constructions	Equipment and other fixed assets	Constructions in progress	Total
<i>Cost or revalued amount</i>					
<b>As of January 1<sup>st</sup>, 2025</b>	<b>20.057.310</b>	<b>177.389.482</b>	<b>555.410.716</b>	<b>20.322.544</b>	<b>773.180.052</b>
Additions	-	137.968	5.603.520	23.246.763	28.988.251
Assets related to rights to use leased assets (Note 16)	-	2.891.770	1.637.326	-	4.529.096
Transfers from assets under construction	-	946.179	4.446.370	(9.204.728)	(3.812.179)
Disposals	-	(3.724.759)	(17.661.891)	-	(21.386.650)
Iesiri active drepturi de utilizare	-	(16.394.620)	(16.469.841)	-	(32.864.461)
Reevaluări	7.249.209	(20.599.337)	(40.628.550)	-	(53.978.678)
Disposals of right-of-use assets	(765.198)	(10.761.165)	(100.049.278)	-	(111.575.641)
<b>As of December 31<sup>st</sup>, 2025</b>	<b>26.541.322</b>	<b>129.885.518</b>	<b>392.288.371</b>	<b>34.364.579</b>	<b>583.079.789</b>
<i>Accumulated impairment and impairment losses</i>					
<b>As of January 1<sup>st</sup>, 2025</b>	<b>488.019</b>	<b>20.930.591</b>	<b>112.208.943</b>	<b>59.445</b>	<b>133.686.998</b>
Impairment expenses	277.179	4.902.051	44.288.841	-	49.468.071
Impairment expense related to rights to use leased assets (Note 16)	-	3.130.636	2.408.295	-	5.538.931
Disposals	-	(2.416.623)	(9.142.290)	-	(11.558.913)
Disposals of right-of-use assets	-	(10.563.087)	(10.308.005)	-	(20.871.092)
Expenses/(income) from revaluation	-	13.650	-	-	13.650
Accumulated depreciation reduced to match the revalued amount	(765.198)	(10.761.164)	(100.049.278)	-	(111.575.640)
<b>As of December 31<sup>st</sup>, 2025</b>	<b>-</b>	<b>5.236.054</b>	<b>39.406.506</b>	<b>59.445</b>	<b>44.702.005</b>
<i>Net book value</i>					
<b>As of December 31<sup>st</sup>, 2025</b>	<b>26.541.322</b>	<b>124.649.464</b>	<b>352.881.865</b>	<b>34.305.134</b>	<b>538.377.784</b>

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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The parent company's main acquisitions of tangible assets in 2024 consisted of the construction of a 20MW solar farm to ensure partial independence from suppliers and energy price fluctuations. At Vrancart Recycling, the cogeneration plant was completed and commissioned.

The net book value of fixed assets removed from the balance sheet because of sale and/or disposal as of December 31<sup>st</sup>, 2025, was RON 29,963,159 (December 31<sup>st</sup>, 2024: RON 720,242).

The fair value of fixed assets acquired using government grants received through December 31<sup>st</sup>, 2025, is RON 255,129,993 (December 31<sup>st</sup>, 2024: RON 284,615,014).

### 5. Financial assets

To testing fixed assets for impairment, the Group has identified three cash-generating units: Vrancart S.A., Rom Paper SRL, and Vrancart Recycling SRL. In addition, VRANCART S.A. holds investments in its subsidiary Ecorep Group S.A., for which no indications of impairment of the held securities were identified.

For testing fixed assets for impairment, the Group has identified three cash-generating units: Vrancart S.A., Rom Paper SRL, and Vrancart Recycling SRL.

**Rom Paper SRL** ("Subsidiary 1") was established in 2002 and is a privately owned company with Romanian capital, operating in the production of hygiene and sanitary paper products, such as: table napkins, folded towels, sanitary paper, industrial rolls, cosmetic towels, and boxed napkins. The products are sold in six countries, both within Romania and abroad, through retail chains (hypermarkets, supermarkets, cash-and-carry stores) and distributors.

On January 20<sup>th</sup>, 2017, Vrancart SA completed the acquisition of a majority stake (70%) in Rom Paper SRL. As of December 31<sup>st</sup>, 2025, the Group holds 100% of the company's shares, following the acquisition in June 2017 of an additional 15% and, in June 2018, of the final 15% of the shares in Rom Paper SRL.

In the case of the Rom Paper SRL business line, there is a single cash-generating unit (the business of manufacturing paper products). The input data for estimating the value in use of the assets being tested are:

- **Net cash flow**—these cash flows (the income and expense budget) were projected by the Company's representatives for the entire explicit forecast period, and for perpetuity, they were estimated by the appraiser by applying a perpetual growth rate of 2.6%, representing the long-term inflation forecast for the Romanian RON by the National Bank of Romania;
- **The discount rate** and the capitalization rate for the residual value—as estimated by the appraiser. The discount rate was estimated using the weighted average cost of capital (WACC). To determine it, we calculated each of its components. Thus, the discount rate used was 12%, estimated based on specific data from public sources;
- **Change in net working capital** – estimated by the appraiser based on the working capital for the first year of the forecast period, namely 13.5% of the estimated revenue for the explicit forecast period, while for the perpetual period, the rate corresponding to the last year of the explicit period was retained, namely 12.5%;

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

Given that the determined fair value falls within Level 3 of the fair value hierarchy, in accordance with IFRS 13—Fair Value Measurement, a sensitivity analysis was performed to assess the impact of changes in key input parameters on the estimated value.

In this analysis, two parameters considered representative of the valuation model were tested: the discount rate (WACC) and operating performance, as reflected by EBITDA. The simulated variations in EBITDA were set within a range of -2.5% to +2.5%, based on historical variations and company-budgeted year-to-year changes, which lends a realistic character to the tested scenarios. For WACC, variations were simulated over the range -1.0% to +1.0% in 0.5% increments.

The results are presented on the table below:

Analiza de senzitivitate ROM PAPER		Lei			
WACC	EBITDA				
	-2.50%	-1.50%	0.00%	+1.5%	+2.5%
-1.0%	49,557,130	62,780,960	82,616,707	102,452,453	115,676,284
-0.5%	46,348,681	58,837,867	77,571,645	96,305,423	108,794,609
0.0%	43,487,768	55,320,628	<b>73,069,919</b>	90,819,210	102,652,071
+0.5%	40,921,610	52,164,596	69,029,074	85,893,552	97,136,538
+1.0%	38,607,583	49,317,556	65,382,515	81,447,474	92,157,446

The base value, corresponding to the central scenario, was determined using a WACC of 12.0% and an estimated EBITDA, resulting in 73.069.919 Lei.

The analysis of the results highlights the following:

- EBITDA sensitivity
  - A +2.5% increase in EBITDA leads to a value of 102.652.071 Lei (+40.5% compared to the base value)
  - A -2.5% decrease in EBITDA leads to a value of 43.487.768 Lei (-40.5% compared to the base value)

Analiza de senzitivitate, EBITDA			
Variatie EBITDA	-2.5%	0.0%	2.5%
Lei	43,487,768	<b>73,069,919</b>	102,652,071
Variatie VIU	-40.5%	0.0%	40.5%

- WACC sensitivity
  - A decrease of -1,0% in the WACC results in a value of 82.616.707 lei (+13.1% compared to the base value)
  - An increase of +1,0% in the WACC results in a value of 65.382.515 lei (-10.5% compared to the base value)

Analiza de senzitivitate, WACC			
Variatie EBITDA	1.00%	0.0%	-1.00%
Lei	65,382,515	<b>73,069,919</b>	82,616,707
Variatie VIU	-10.5%	0.0%	13.1%

In conclusion, the results indicate that changes in EBITDA have a more pronounced impact on the estimated value than marginal changes in WACC, a characteristic specific to discounted cash flow valuations. With respect to this indicator, the valuation model exhibits significant sensitivity, reflecting the estimated value's dependence on the

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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company's future operating performance.

Impairment tests were performed on the equity securities held by the Company using the discounted cash flow (DCF) method, in accordance with applicable accounting policies.

Given that Rom Paper SRL has already performed profitability tests to estimate the economic impairment of assets measured for financial reporting purposes as of December 31, 2025, to test the impairment of equity investments, the recoverable amount was estimated by determining the value in use (VIU) using the discounted cash flow (DCF) method.

The net cash flow projections were prepared based on the income and expense budgets approved by management for the explicit forecast period. As a result of these impairment tests, no indications of impairment were identified that would lead to the recognition of impairment losses as of December 31<sup>st</sup>, 2025, with respect to the securities held by the Company in its subsidiary Rom Paper SRL.

**Vrancart Recycling SRL** ("Subsidiary 2") was incorporated in August 2020 and is a privately held company with Romanian capital and a sole shareholder. The main activity of this subsidiary is the treatment and disposal of non-hazardous waste. The company is in its early stages of operation and had 105 employees as of December 31<sup>st</sup>, 2025 (2024: 108 employees).

The stake in Vrancart Recycling is relatively new and was increased through a new investment (capital increase) during the 2023 fiscal year.

In the case of the Vrancart Recycling business line, there is a single cash-generating unit (the business involved in the production of paper products). The input data for estimating the value in use of the assets being tested are:

- **Net cash flow** - these cash flows (the income and expense budget) were projected by the Company's representatives for the entire explicit forecast period, and for perpetuity, they were estimated by the appraiser by applying a perpetual growth rate of 2.6%, representing the long-term inflation forecast in RON by the National Bank of Romania;
- The discount rate and the capitalization rate for the residual value - as estimated by the appraiser. The discount rate was estimated using the weighted average cost of capital (WACC). To determine it, we calculated each of its components. Thus, the discount rate used was 13.1%, estimated from specific data available in public sources.
- **Change in net working capital** – estimated by the appraiser based on the working capital for the first year of the forecast, namely -13.3% of the estimated turnover during the explicit forecast period; through 2029, the percentages are decreasing by approximately 5 percentage points, and for perpetuity starting in 2030, the level corresponding to the last year of the explicit period was maintained, namely 1.1%;

Given that the determined fair value falls within Level 3 of the fair value hierarchy, in accordance with IFRS 13—Fair Value Measurement, a sensitivity analysis was performed to assess the impact of changes in key input parameters on the estimated value.

In this analysis, two parameters considered representative of the valuation model were tested: the discount rate (WACC) and operating performance, as reflected by EBITDA. The simulated variations in EBITDA were set within a range of -5% to +5%, based on historical variations and company-budgeted year-to-year changes, which lends a realistic character to the tested scenarios. For WACC,

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

variations were simulated over the range -1.0% to +1.0% in 0.5% increments.

The results are presented on the table below:

Analiza de senzitivitate VRANCART Recycling						Lei
WACC	EBITDA					
	-5.0%	-2.5%	0.0%	+2.5%	+5.0%	
-1.0%	145,105,465	155,923,873	166,740,629	177,557,386	188,374,142	
-0.5%	137,718,222	147,970,885	158,221,839	168,472,794	178,723,748	
0.0%	131,024,873	140,766,569	<b>150,506,501</b>	160,246,433	169,986,365	
+0.5%	124,931,082	134,209,071	143,485,241	152,761,410	162,037,579	
+1.0%	119,358,958	128,214,294	137,067,756	145,921,217	154,774,678	

The base value, corresponding to the central scenario, was determined using a WACC of 13.1% and an estimated EBITDA, resulting in 150.506.501 Lei.

The analysis of the results highlights the following:

➤ EBITDA sensitivity

- A +5% increase in EBITDA leads to a value of 169.986.365 Lei (+12.9% compared to the base value)
- A -5% decrease in EBITDA leads to a value of 131.024.873 Lei (-12.9% compared to the base value)

Analiza de senzitivitate, EBITDA			
Variatie EBITDA	-5.0%	0.0%	5.0%
Lei	131,024,873	<b>150,506,501</b>	169,986,365
Variatie VIU	-12.9%	0.0%	12.9%

➤ WACC sensitivity

- A decrease of -1,0% in the WACC results in a value of 166.740.629 lei (+10.8% compared to the base value)
- An increase of +1,0% in the WACC results in a value of 137.067.756 lei (-8.9% compared to the base value)

Analiza de senzitivitate, WACC			
Variatie EBITDA	1.00%	0.0%	-1.00%
Lei	137,067,756	<b>150,506,501</b>	166,740,629
Variatie VIU	-8.9%	0.0%	10.8%

In conclusion, the results indicate that both changes in EBITDA and changes in WACC have a moderate influence on the estimated value, with the impact of the two parameters being relatively comparable within the ranges analyzed. This aspect is specific to valuations based on discounted cash flows, in which the estimated value depends on both the company's future operating performance and the discount rate used to reflect the risk associated with the projected cash flows.

About the subsidiary Vrancart Recycling, a profitability test was performed to estimate the economic impairment of the assets measured for financial reporting purposes as of December 31<sup>st</sup>, 2025. To test for impairment of equity investments, the recoverable amount was estimated by determining the value in use (VIU) using the discounted cash flow (DCF) method.

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

Management performed impairment tests on the Company's equity securities using the discounted cash flow (DCF) method, in accordance with applicable accounting policies. The net cash flow projections were prepared based on the income and expense budgets approved by management for the explicit forecast period. As a result of these impairment tests, no indications of impairment were identified that would lead to the recognition of impairment losses as of December 31<sup>st</sup>, 2025, with respect to the equity interests held by the Company in its subsidiary Vrancart Recycling.

**Ecorep Group SA** (“Subsidiary 3”) was founded in November 2020 and is a privately held company with Romanian capital. The main activity of this subsidiary is providing services related to implementing obligations under extended producer responsibility for environmental objectives. The company had 6 employees as of December 31<sup>st</sup>, 2025 (2024: 11 employees).

For Ecorep Group SA, the impairment test was conducted to assess indications of impairment. The analysis considered the evolution of financial results, the balance sheet position, market conditions, and other relevant factors. Following this analysis, no indications of impairment were identified, nor were there any grounds to justify conducting a detailed impairment test.

**6. Intangible assets and goodwill**

<i>In RON</i>	Client relations	Trademarks	Other fixed assets	Total non-current assets	Goodwill
<i>Cost</i>					
<b>As of January 1<sup>st</sup>, 2025</b>	<b>6.133.926</b>	<b>3.094.411</b>	<b>4.340.404</b>	<b>13.568.741</b>	<b>8.526.391</b>
Additions	-	-	3.812.180	<b>3.812.180</b>	-
Transfers from assets under construction	-	-	-	-	-
Disposals	-	-	(836.687)	<b>(836.687)</b>	<b>(3.380.811)</b>
<b>As of December 31<sup>st</sup>, 2025</b>	<b>6.133.926</b>	<b>3.094.411</b>	<b>7.315.897</b>	<b>16.544.234</b>	<b>5.145.580</b>
<i>Accumulated depreciation and impairment losses</i>					
<b>As of January 1<sup>st</sup>, 2025</b>	<b>5.117.467</b>	<b>2.475.528</b>	<b>3.409.163</b>	<b>11.002.158</b>	-
Depreciation expenses	411.731	232.081	999.586	<b>1.643.398</b>	-
Disposals	-	-	(217.522)	<b>(217.522)</b>	-
<b>As of December 31<sup>st</sup>, 2025</b>	<b>5.529.198</b>	<b>2.707.609</b>	<b>4.191.227</b>	<b>12.428.034</b>	-
<i>Net book value</i>					
<b>As of December 31<sup>st</sup>, 2025</b>	<b>640.728</b>	<b>386.802</b>	<b>2.910.066</b>	<b>3.901.596</b>	<b>5.145.580</b>
<i>In RON</i>	Client relations	Trademarks	Other fixed assets	Total non-current assets	Goodwill
<i>Cost</i>					
<b>As of January 1<sup>st</sup>, 2024</b>	<b>6.133.926</b>	<b>3.094.411</b>	<b>4.612.111</b>	<b>13.840.448</b>	<b>8.526.391</b>
Additions	-	-	70.833	<b>70.833</b>	-
Transfers from assets under construction	-	-	-	-	-
Disposals	-	-	(342.540)	<b>(342.540)</b>	-
<b>As of December 31<sup>st</sup>, 2024</b>	<b>6.133.926</b>	<b>3.094.411</b>	<b>4.340.404</b>	<b>13.568.741</b>	<b>8.526.391</b>

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

<i>Accumulated depreciation and impairment losses</i>					
<b>As of January 1<sup>st</sup>, 2024</b>	<b>4.618.237</b>	<b>2.166.087</b>	<b>3.271.045</b>	<b>10.055.369</b>	-
Depreciation expense	573.338	309.441	480.353	<b>1.363.132</b>	-
Disposals	-	-	(342.235)	<b>(342.235)</b>	-
<b>As of December 31<sup>st</sup>, 2024</b>	<b>5.191.575</b>	<b>2.475.528</b>	<b>3.409.163</b>	<b>11.076.266</b>	-
<i>Net book value</i>					
<b>As of December 31<sup>st</sup>, 2024</b>	<b>942.351</b>	<b>618.883</b>	<b>931.241</b>	<b>2.492.475</b>	<b>8.526.391</b>

*Intangible assets*

Customer relationships and trademarks were recognized based on a purchase price allocation report prepared by a certified appraiser engaged by Vrancart SA. The fair value of these intangibles is based on detailed business plans for Rom Paper SRL, which include estimates of the future evolution of key indicators, such as customer-level revenues and margins, trademark royalty rates, and the selection of an appropriate discount rate.

The lifespans of the customer relationships recognized following the acquisition of Rom Paper SRL range from 6 to 10 years. These are estimated based on the remaining duration of deliveries to them and correlated with the revenue generated by those customers (customers with a higher share of revenue will collaborate with Rom Paper SRL for a longer period than those with a lower share), as well as in relation to the useful lives of the trademarks.

The useful life of acquired trademarks is 10 years, estimated based on an analysis of the following determining factors: (1) the existence of market demand for products manufactured and sold under these trademarks; (2) the average term of license agreements for trademarks used in paper production; (3) the remaining useful life of the equipment used in paper production and other supporting assets; and (4) the duration of legal trademark protection, which may be renewed for a further 10-year period upon expiration.

These useful lives are based on the Group's estimate of the period over which these intangible assets are expected to generate future economic benefits.

*Goodwill*

The goodwill recognized by the Company stems from the acquisition of Giant (which merged with Vrancart S.A.) in accordance with IFRS 3 and from the acquisition of Rom Paper SRL.

The goodwill associated with the subsidiary Giant Prodimpex SRL was recognized following the merger at its acquisition-date value of RON 3,380,811. During the fiscal year ended December 31<sup>st</sup>, 2025, the goodwill associated with the GIANT project was fully written off following the discontinuation of the related operations and was fully recognized as an expense in the income statement, in accordance with the provisions of IAS 36 regarding the impairment of assets.

Goodwill related to the acquisition of Rom Paper SRL was recognized on the date of completion of the acquisition of 70% of the shares in Rom Paper SRL, January 20<sup>th</sup>, 2017, at a value of RON 5,145,580.

There are no impairment charges related to goodwill, as the revenues, results, and net assets acquired are in line with the Group's expectations.

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The Company tested the goodwill arising from the acquisition of Rom Paper SRL for impairment, and no impairment loss was recognized.

**7. Inventory**

	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Raw materials and consumables	38.813.414	45.090.824
Finished goods and goods for sale	28.349.116	21.686.163
Work in progress	-	22.238.017
Advances paid for inventory	181.018	11.936
Residual goods	554.405	
Semi-finished products	20.959.765	
Adjustments for inventory impairment	(1.971.626)	(3.651.023)
<b>Total</b>	<b>86.886.092</b>	<b>85.375.917</b>

The parent company's specific business practice is to treat work in progress as a semi-finished product, given that it can be sold as is or used in the production process to generate different types of products.

During 2024, work in progress was recorded in the "Work in Progress" category. Starting in 2025, following the migration to the new ERP system, the analysis of operational processes, and the review of how the manufacturing flow is reflected, it was reclassified under the category "Semi-finished products." The company's production model is organized by manufacturing phases, and the goods resulting from certain intermediate stages do not, at the time of production, have a specific destination.

Thus, the operational and financial process established by the parent company's policies is to record and present work in progress as a semi-finished product; once the destination is determined (sale as is or further processing to obtain other products), the classification of the item is changed to the finished goods category.

To determine the net realizable value in accordance with IAS 2 "Inventories," the parent company starts with the estimated selling price for the upcoming period, from which it deducts distribution costs (primarily transportation costs) and the estimated sales margin. An adjustment factor of 10% is applied to the value thus determined to reflect the principle of prudence and the risks associated with market conditions.

As of December 31, 2025, the parent company performed a cost-to-market analysis, resulting in an adjustment of 6,154,087 lei for the category of finished goods and merchandise, specifically paper for cardboard. As of December 31, 2024, no differences were recorded because of comparing the cost of production with the net realizable value.

Furthermore, as of December 31, 2025, the Group recorded inventory write-downs in the amount of 1,971,626 lei, in accordance with the accounting policy detailed in Note 3. Significant Accounting Policies, point g. As of December 31, 2024, the Group recorded inventory write-downs in the amount of 3,651,023 lei.

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)***8. Assets held for sale**

In accordance with Resolution No. 54 of December 14, 2023, and Resolution No. 55 of December 14, 2023, the Company's Board of Directors decided to reclassify the assets at two locations as held for sale, as follows:

- Piatra Neamț location – tissue paper production line – initially, the plan was to relocate to Adjud, but since the costs of the specialized construction were significant, it was decided to sell the asset.
- Ungheni, Mureș location – land and production facility – the production facility moved to Sântana de Mureș, to a rented space, as the location in Ungheni was too small to accommodate the increased production and storage capacity.

As of the date of approval of the financial statements for December 31, 2025, both properties had been sold, and the Company no longer has any assets held for sale in its accounting records (as of December 31, 2024, the value of assets held for sale was 19,725,761 lei). Following the sale of the two locations, the Company recognized a gain of 2,021,874 lei in the income statement.

<b>IMPACT OF SALE UNGHENI</b>		
	<b>Explanation</b>	<b>Amount (RON)</b>
6583	Expenses related to disposed assets and other capital operations	3,065,746
7583	Income from the sale of assets and other capital transactions	3,732,450
<b>PROFIT FROM THE SALE</b>		<b>666,704</b>
<b>IMPACT OF SALE PETROCART</b>		
	<b>Explanation</b>	<b>Amount (RON)</b>
6583	Expenses related to disposed assets and other capital operations	16,660,015
7583	Income from the sale of assets and other capital transactions	18,015,185
<b>PROFIT FROM THE SALE</b>		<b>1,355,170</b>
<b>TOTAL PROFIT FROM THE SALE</b>		<b>2,021,874</b>

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)***9. Trade receivables**

	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Clients	86.796.593	97.723.474
Customers – invoices to be issued	(418.256)	(514.798)
Allowances for bad debts – customers	(5.616.782)	(4.396.245)
<b>Total</b>	<b>80.761.555</b>	<b>92.812.431</b>

Trade receivables also include intra-group receivables, recorded in accounting account 4511 “Intra-group settlements,” representing amounts receivable from affiliated entities for commercial transactions and intra-group settlement operations. Detailed information regarding transactions and balances with affiliated parties as of December 31<sup>st</sup>, 2025, is presented in Note 30.

**Allowances for bad debts - customers**

	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Opening balance	4,396,245	5,383,070
New adjustments during the period	1,882,273	554,328
Reversal of adjustments during the period	(661,736)	(1,541,152)
Closing balance	5,616,782	4,396,246

**10. Cash and Cash equivalents**

	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Current bank accounts and other values	2.106.532	1.817.704
Cash	31.580	27.508
<b>Total cash and cash equivalents</b>	<b>2.138.112</b>	<b>1.845.212</b>

**11. Other receivables**

	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Other receivables related to personnel	1.475.440	1.587.672
Other receivables	7.844.390	444.910
VAT receivable	-	(67.696)
Amounts due from suppliers	-	35.723
Other receivables from the state budget	80.388	-
Grants receivable	-	3.884.271
Other receivables from related parties	55.672	-
Prepaid expenses	45.272	-
Impairment allowance for other receivables	-	-
<b>Total</b>	<b>9.501.162</b>	<b>5.884.880</b>

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

The parent company was involved in a commercial dispute concerning the recovery of receivables from a contractual partner, which was the subject of Case No. 887/1285/2021. The dispute was resolved in 2025 through the execution of a Settlement Agreement in favor of VRANCART SA, whereby the opposing party agreed to pay 10 million RON. Thus, as of December 31, 2025, within the “Other receivables” line item, out of the total amount of RON 7.8 million, RON 7.5 million represents the remaining balance to be collected in connection with the transaction that was the subject of Case No. 887/1285/2021.

As a result of the concluded transaction, the Parent Company recognized an asset representing the related receivable, in accordance with the applicable provisions regarding the recognition of assets and revenue. Pursuant to the provisions of the Transaction Agreement, the receivable will be collected in four equal installments, with the first tranche to be received by the company on December 23, 2025.

As of the reporting date, the parent company recognized the amounts received, as well as the remaining receivable, in the consolidated financial statements.

**12. Share Capital****The group's ownership structure**

<b>December 31<sup>st</sup>, 2025</b>	<b>Number of shares</b>	<b>Amount (RON)</b>	<b>(%)</b>
LION Capital SA	1.534.275.712	153.427.571	76.33%
Pavăl Holding SRL	348.786.406	34.878.641	17.35%
Other shareholders	127.053.633	12.705.363	6.32%
<b>Total</b>	<b>2.010.115.751</b>	<b>201.011.575</b>	<b>100%</b>
<b>December 31<sup>st</sup>, 2024</b>	<b>Number of shares</b>	<b>Amount (RON)</b>	<b>(%)</b>
LION Capital SA	1.534.275.712	153.427.571	76.33%
Pavăl Holding	348.786.406	34.878.641	17.35%
Other shareholders	127.053.633	12.705.363	6.32%
<b>Total</b>	<b>2.010.115.751</b>	<b>201.011.575</b>	<b>100%</b>

During the fiscal year ending December 31, 2025, the Company did not increase its share capital. The last share capital increase took place during the 2024 fiscal year, in accordance with the provisions of the Resolution dated January 25, 2024, by which the Extraordinary General Meeting of Shareholders decided to increase the share capital. On September 2, 2024, the share capital increase procedure was completed. A total of 318,899,098 registered common shares were subscribed, with a par value of 0.1 lei per share, for a total amount of 31,956,862 lei, of which 31,889,910 lei represents the total par value and 66,952 lei represents the issue premium. During the fiscal year ended December 31<sup>st</sup>, 2025, the Group did not carry out any capital increases.

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)***Dividends**

In 2025, the Group did not distribute dividends. Similarly, in 2024, the Group did not distribute dividends.

In accordance with applicable legal provisions on the statute of limitations for claims, shareholders' right to request payment of dividends is subject to the limitation periods set by current legislation, calculated from the date on which they become due. Upon expiration of the statute of limitations, the Group derecognizes the liability for uncollected dividends and recognizes the corresponding amount in the income statement under other income.

During the 2025 fiscal year, the parent company recognized dividends declared but not yet received by shareholders totaling 1,131,605 lei, relating to periods prior to 2021.

**13. Reserves**

	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Revaluation reserves	58.541.147	100.507.277
Legal reserves	13.365.280	13.659.100
Other reserves	<u>63.434.100</u>	<u>64.601.130</u>
<b>Total reserves</b>	<b><u><u>135.340.527</u></u></b>	<b><u><u>178.767.507</u></u></b>

**Legal reserves**

In accordance with legal requirements, legal reserves are set aside at 5% of recorded profit, up to 20% of share capital. The Group's legal reserve as of December 31<sup>st</sup>, 2025, is RON 13,365,280 (December 31<sup>st</sup>, 2024: RON 13,659,100). Legal reserves may not be distributed to shareholders.

**Reserves from the revaluation of property, plant, and equipment**

These reserves include the cumulative net changes in the fair values of land, buildings, special structures, and technological equipment for which the fair value exceeds the historical cost. Revaluation reserves are presented net of the related deferred tax (16%).

The difference between the revaluation amount and the net carrying amount of property, plant, and equipment is presented in the revaluation reserve as a separate sub-item within "Equity."

The revaluation surplus included in the revaluation reserve is transferred to retained earnings when this surplus represents a realized gain. The gain is realized upon the decommissioning of the fixed asset because of disposal. No portion of the revaluation reserve may be distributed, directly or indirectly, unless the revalued asset has been disposed of, in which case the revaluation surplus represents an actual realized gain.

Starting from 1st May 2009, due to changes in tax legislation, revaluation reserves recognized after 1<sup>st</sup> January 2004 become taxable as the respective fixed asset is depreciated. Consequently, the Company has recognized a deferred tax liability related to this revaluation difference, which is charged against the revaluation surplus recorded in the revaluation reserves related to the respective fixed assets.

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

As of December 31, 2025, based on a report prepared by an ANEVAR-authorized appraiser, the Group recorded a revaluation loss for land and land improvements, structures and special-purpose buildings, and production lines in the amount of 47,426,836 lei (in revaluation reserves, of which: buildings - negative impact in the amount of 20,151,304 lei, equipment – negative impact in the amount of 35,067,168 lei, and land and land improvements – positive impact in the amount of 7,791,636 lei). At the same time, during the financial year, gains realized on fixed assets disposed of through sale or write-off were recognized in the amount of 3,648,019 lei, transferred from the revaluation reserve to retained earnings, in accordance with the Group’s accounting policies.

**Other reserves**

Other reserves mainly include reserves set aside for tax benefits, drawn from accounting profits. During 2025, the Group did not benefit from an income tax exemption on reinvested profits under the Tax Code (Article 22), as the parent company paid the minimum tax based on its turnover. The balance of reserves as of December 31<sup>st</sup>, 2025 was RON 63,434,100 (December 31<sup>st</sup>, 2024: RON 64,601,130).

**14. Trade payables**

	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
<b>Short term trade payables</b>		
Trade payables	60.678.638	71.287.916
Advances received	259.024	1.597.213
<b>Total</b>	<b>61.045.662</b>	<b>72.885.129</b>

**15. Other payables**

	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
State budget payables	5.223.156	5.083.385
Dividends to be paid	233.986	1.355.540
Other payables	3.624.865	217.271
<b>Other short-term payables</b>	<b>9.082.007</b>	<b>6.656.196</b>

Trade payables also include intra-group payables, recorded in accounting account 4511 “Intra-group settlements,” representing payment obligations to affiliated entities arising from commercial transactions and intra-group settlement operations. Detailed information on transactions and balances as of December 31<sup>st</sup>, 2025, with related parties is presented in Note 30.

For the “Other Liabilities” category, the balance as of December 31, 2025 consists of account 462 “Miscellaneous Creditors” in the amount of 3,624,840 lei, of which 3,429,698 lei represents a guarantee retained by the Parent Company in the sale transaction of the asset held for sale at the Piatra Neamț location (see Note 8. Assets Held for Sale).

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)***16. Provisions**

Provisions for litigation are estimated based on the probability that economic resources will be required in the future to settle this obligation.

	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Provisions for litigations	4,790	439,212
<b>Provisions</b>	<b>4,790</b>	<b>439,212</b>

**Reconciliation of provisions for litigation**

	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Opening balance	439,212	492,830
Provisions recognized during the period	-	431,041
Provisions used during the period	(434,422)	(484,659)
<b>Closing balance</b>	<b>4,790</b>	<b>439,212</b>

**17. Leasing liabilities**

	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Long-term lease liabilities	11,229,454	22,994,191
Short-term lease liabilities	7,258,431	8,710,139
<b>Total leasing liabilities</b>	<b>18,487,886</b>	<b>31,704,330</b>

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

The reconciliation of lease liabilities and right-of-use assets recognized because of the application of IFRS 16 is presented in the following tables:

<b>Leasing liability</b>	<b>Buildings and special-purpose constructions</b>	<b>Equipment and other fixed assets</b>	<b>Total</b>
<b>As of January 1<sup>st</sup>, 2025</b>	<b>10.482.779</b>	<b>21.221.551</b>	<b>31.704.330</b>
Transfers	-	-	-
Additions	2.924.314	180.616	3.104.930
Net disposals	(5.996.601)	(5.159.502)	(11.156.103)
Interest and exchange rate differences	234.224	123.950	358.174
Leasing payments	(3.557.187)	(1.966.259)	(5.523.446)
<b>As of December 31<sup>st</sup>, 2025, of which:</b>	<b>4.087.529</b>	<b>14.400.356</b>	<b>18.487.885</b>
Long-term lease liabilities	1.508.444	9.721.011	11.229.455
Short-term leasing liabilities	2.579.086	4.679.345	7.258.430

<b>Leasing liabilities</b>	<b>Buildings and special-purpose constructions</b>	<b>Equipment and other fixed assets</b>	<b>Total</b>
<b>As of January 1<sup>st</sup>, 2024</b>	<b>20.352.897</b>	<b>10.945.825</b>	<b>31.298.723</b>
Transfers	(7.498.727)	7.498.727	-
Additions	2.946.800	9.960.314	12.907.114
Net disposals	(938.155)	(1.480.897)	(2.419.051)
Interest and exchange rate differences	864.237	1.162.779	2.027.016
Leasing payments	(5.244.273)	(6.865.198)	(12.109.471)
<b>As of December 31<sup>st</sup>, 2024, of which:</b>	<b>10.482.779</b>	<b>21.221.551</b>	<b>31.704.330</b>
Long-term lease liabilities	7.475.903	15.518.288	22.994.191
Short-term lease liabilities	3.006.876	5.703.263	8.710.139

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

<b>Rights-of-use assets and 2131/2133</b>	<b>Buildings and special-purpose constructions</b>	<b>Equipment and other fixed assets</b>	<b>Total</b>
<b>As of January 1<sup>st</sup>, 2025</b>	<b>18.158.257</b>	<b>11.736.775</b>	<b>29.895.032</b>
Additions	2.946.800	4.717.387	7.664.187
Disposals	(938.155)	(1.480.889)	(2.419.044)
Depreciation	(4.991.414)	(5.422.948)	(10.414.362)
<b>Net book values as of December 31<sup>st</sup>, 2025</b>	<b>15.175.488</b>	<b>9.550.325</b>	<b>24.725.813</b>
<b>As of January 1<sup>st</sup>, 2025</b>	<b>10.265.148</b>	<b>17.604.151</b>	<b>27.869.299</b>
Additions	2.924.314	7.070.653	9.994.967
Disposals	(3.230.638)	(3.543.602)	(6.774.240)
Depreciation	(5.990.478)	(6.342.378)	(12.332.856)
<b>Net book values as of December 31<sup>st</sup>, 2025</b>	<b>3.968.346</b>	<b>14.788.824</b>	<b>12.247.418</b>

**18. Loans**

	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Bank loans	143.235.701	149.778.648
Issued bonds	-	-
Inter-company loans	6.979.570	7.028.026
<b>Total long-term loans</b>	<b>150.215.451</b>	<b>156.806.674</b>
Bank loans	128.796.219	122.389.469
Issued bonds	-	-
Inter-company loans	97.401	157.474
<b>Total short-term loans</b>	<b>128.893.620</b>	<b>122.546.943</b>

<b>Bank loans</b>	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Initial balance	272.168.117	236.242.974
Proceeds	297.381.641	137.255.249
Repayments	(303.354.775)	(99.822.103)
Net foreign exchange differences	5.836.937	(1.508.003)
Closing balance	272.031.920	272.168.117

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

<b>Inter-company loans</b>	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Initial balance	7.185.500	9.125.060
Proceeds	-	-
Repayments	(676.799)	(2.000.000)
Net foreign exchange differences	568.450	60.440
Closing balance	7.077.151	7.185.500

<b>Bonds</b>	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Opening balance	-	38.250.000
Conversion right	-	-
Repayment	-	(38.250.000)
Closing balance	-	-

Through the bank loans it has taken out, the Group has agreed to comply with a few financial and non-financial covenants. Failure to comply with these covenants for long-term loans may result in early repayment and other penalties.

Regarding the contractual covenants related to financing facilities, the Group did not fully meet certain financial covenants set out in the credit agreements during 2025 due to the financial developments recorded during the period under review. In this context, the Group obtained waiver agreements from financial institutions for the year 2025 (ING 12/31/2025, BRD 12/30/2025, and BCR 12/19/2025), and there was no need to reclassify long-term loans into the short-term loan category; and furthermore, the Group is currently in the process of renegotiating the contractual terms and the structure of the applicable covenants.

The interest rate for loans in RON is determined as ROBOR plus a margin, with the final interest rate ranging from 6.6% to 7.8%. The interest rate for loans in EUR is determined as EURIBOR plus a margin, with the final interest rate ranging from 2.8% to 3.9%.

To secure the loans, the Group has provided the following collateral to the banks: inventory of raw materials, finished goods, and work-in-progress; balances in bank accounts; receivables arising from current and future contracts; and rights arising from insurance policies covering the assets pledged as collateral. In addition, as of December 31<sup>st</sup>, 2025, tangible fixed assets are mortgaged in favor of banks.

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

Details regarding loans:

Nr. crt.	Loan grant date	Currency	Interest type (fixed/variable)	Nature	Final maturity date	Principal balance as of December 31 <sup>st</sup> , 2025 – RON equivalent	Principal balance as of December 31 <sup>st</sup> , 2024 – RON equivalent
1	31/07/2022	EUR/RON	Variable	credit line	20/01/2026	(682)	2,509,124
2	09/05/2018	RON	Variable	investment credit	20/04/2025	-	664,242
3	12/10/2023	EUR	Variable	investment credit	12/10/2033	33,305,627	36,641,035
4	12/10/2023	RON	Variable	investment credit	31/03/2026	-	2,956,798
5	29/11/2017	RON	Variable	investment credit	29/11/2024	-	-
6	17/10/2023	EUR	Variable	investment credit	30/09/2029	3,810,246	2,947,527
7	26/12/2022	EUR	Variable	credit line	31/12/2026	17,663,061	8,298,227
8	08/07/2022	EUR/RON	Variable	credit line	17/01/2027	33,006,592	29,015,245
9	20/12/2022	EUR	Variable	investment credit	20/01/2026	5,163,380	15,112,190
10	20/12/2022	EUR	Variable	investment credit	15/01/2026	-	-
11	28/12/2022	EUR	Variable	investment credit	28/12/2027	3,263,039	4,775,136
12	27/12/2022	EUR	Variable	investment credit	27/07/2024	-	-
13	21/12/2022	EUR	Variable	investment credit	21/12/2027	2,245,676	3,286,325
14	21/12/2022	EUR	Variable	investment credit	21/12/2027	4,833,378	7,073,170
15	21/12/2022	EUR	Variable	investment credit	21/12/2027	-	3,879,798
16	22/12/2023	EUR	Variable	investment credit	31/10/2030	9,583,619	5,348,152
17	23/08/2021	EUR	Variable	investment credit	29/07/2026	1,292,528	3,782,974
18	23/10/2020	RON	Variable	investment credit	23/10/2025	-	789,474
19	18/05/2022	RON	Variable	credit line	08/08/2025	35,490,121	30,711,856
20	20/12/2020	RON	Variable	investment credit	20/12/2026	-	-
21	02/06/2023	EUR	Variable	investment credit	31/12/2027	767,228	1,122,762
22	21/12/2021	RON	Variable	investment credit	20/12/2026	417,796	835,593
23	26/09/2019	RON	Variable	investment credit	20/09/2026	461,542	1,076,926
24	22/12/2023	EUR	Variable	investment credit	30/09/2033	20,641,338	20,137,703
25	29/10/2019	EUR	Fixed	investment credit	20/11/2024	-	-
26	18/08/2022	EUR/RON	Variable	credit line	19/10/2025	6,168,638	4,665,264
27	27/12/2021	EUR/RON	Variable	Credit letters	3/12/2025	1,960,452	3,558,230
28	18/12/2018	RON	Variable	investment credit	15/12/2028	1,628,623	2,176,125
29	26/07/2022	EUR	Variable	investment credit	26/03/2031	9,529,097	11,104,966
30	26/07/2022	EUR	Variable	investment credit	30/04/2024	-	-
31	27/12/2021	RON	Variable	investment credit	27/12/2025	-	1,000,764
32	14/02/2019	RON	Variable	investment credit	16/02/2024	-	-
33	06/11/2019	RON	Variable	investment credit	05/11/2029	1,965,599	2,472,549
34	19/08/2022	EUR	Variable	credit line	19/08/2023	-	-
35	21/12/2022	EUR	Variable	credit line	21/12/2023	2,541,119	2,482,451
36	28/05/2021	EUR	Variable	investment credit	30/06/2025	-	-
37	28/05/2021	EUR	Variable	investment credit	31/12/2031	55,937,828	63,743,511
38	11/9/2025	EUR	variable	working capital	15/12/2028	20,262,724	-
<b>Total</b>						<b>272,031,920</b>	<b>272,168,117</b>

Most of the financial indicators agreed upon with the lending institutions fall within the contractual limits or are very close to them. Where necessary, waivers and/or letters of support and commitment to maintain existing facilities have been issued, ensuring that the Company/Group continues to benefit from the full financial support of its banking partners.

**Bonds**

In the first half of 2017, the parent company issued 382,500 bonds with a face value of 100 RON/bond. The bond issue was fully subscribed, and the company received RON 38,250,000 from bondholders.

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

The bonds were issued in two stages:

- in the first stage, to the shareholders of the parent company, in proportion to their shareholding relative to the total number of shares;
- In the second stage, only those not subscribed to in the first phase will be offered to qualified investors.

The interest rate was the 3-month ROBOR plus a 2% p.a. margin, with interest paid quarterly. The bonds were due on March 17<sup>th</sup>, 2024. The bonds could be redeemed early by the parent company at any time after two years from the date of issuance. The bondholders could convert the bonds into shares in each of the years 2019–2023 at a price equal to the average share price over the 12 months preceding the date on which the conversion price was set. Repayment could be initiated only if at least 10% of the bonds issued were requested to be converted into shares.

As of December 31<sup>st</sup>, 2023, Lion Capital SA held 96,4% of bonds.

The repayment and conversion options are recognized as a single compound derivative financial instrument. This financial instrument is measured separately from the bonds in accordance with IFRS 9, as neither option is closely related to the bond contract.

February 15<sup>th</sup>, 2024, marked the sixth deadline for exercising the right to convert the bonds into shares. Since the parent company did not receive any notices regarding the exercise of conversion rights that, in the aggregate, exceeded the 10% threshold of the total bonds issued, the conversion of the securities did not take place.

On March 17<sup>th</sup>, 2024, the bonds were fully repaid, along with the interest due on the final coupon payment; the Company has now fully discharged its obligations as set forth in the Prospectus.

The bonds issued by the Group were fully repurchased and/or matured during the 2024 fiscal year, including the related interest, in accordance with the contractual terms. Consequently, as of December 31<sup>st</sup>, 2025, the Company no longer recognizes any liabilities related to bond loans.

During the 2025 fiscal year, no financial costs related to these instruments were recognized, and as of the reporting date, there are no unmet contractual terms or contingent liabilities associated with previously issued bonds.

**19. Employee related liabilities**

	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Employee related liabilities	2,556,375	2,807,367
Other employee related liabilities	3,383,893	3,121,019
Long term pension benefits	675,543	920,509
<b>Total employee related liabilities</b>	<b>6,615,811</b>	<b>6,848,895</b>

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)***20. Deferred tax liabilities**

Deferred income tax arises primarily from the revaluation of fixed assets that is not recognized for tax purposes, impairment adjustments for inventory and accounts receivable, and provisions for employee benefits.

<b>December 31<sup>st</sup>, 2025</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Net</b>
Property, plant, and equipment	13.082.251	-	13.082.251
Provisions and impairment adjustments	-	(5.266.998)	(5.266.998)
	<u>13.082.251</u>	<u>887.346</u>	<u>18,349.249</u>
Net temporary differences - 16% rate			<u>18,349.248</u>
<b>Deferred income tax liabilities</b>			<u><b>(2.935.880)</b></u>
<b>(Liability)/Asset for deferred income tax</b>			

<b>December 31<sup>st</sup>, 2024</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Net</b>
Property, plant, and equipment	90,240,667	-	90,240,667
Assets held for sale	1,765,655	-	1,765,655
Inventory allowance	-	3,651,023	(3,651,023)
Bad debt allowance	-	4,380,319	(4,380,319)
Other receivables	-	-	-
Other payables	-	3,545,803	(3,545,803)
	<u>92,006,322</u>	<u>11,577,145</u>	<u>80,429,177</u>
Net temporary differences - 16% rate			<u>80,429,177</u>
<b>Deferred income tax liabilities</b>			<u><b>12,868,668</b></u>

**21. Prepaid revenue**

Deferred revenue classified as current liabilities represents the portion of government grants received that will be recognized as revenue in the next fiscal year. Deferred revenue classified as long-term liabilities represents the portion of government grants received that will be recognized over a period of more than one year.

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

The table below shows the outstanding investment grants received:

	<b>31 decembrie 2025</b>	<b>31 decembrie 2024</b>
Ministerul Economiei Parc 20MW	1.454.219	25.872.863
Ministerul Economiei și Cercetării II	27.241.198	2.175.869
Administrația fondului pentru mediu	1.932.680	2.093.733
Innovation Norway Parc 1MW	2.067.063	2.198.305
Innovation Norway 1	97.318	170.933
Innovation Norway 2	1.770.891	2.051.908
Banca Europeană pentru Reconstrucție și Dezvoltare	54.294	4.119
Agenția Națională pentru IMM	7.397	63.044
Împrumuturi nerambursabile - MINIMIS 2160	151.030	175.516
Împrumuturi nerambursabile - 5IMM/213/6/2015	241.026	281.197
Proiect reciclare cu ajutor de stat	37.631.068	39.860.320
Echipament promo FMC		3.385
Innovation Norway 3	7.963.661	8.585.683
<b>Total</b>	<b>80.611.844</b>	<b>83.536.875</b>

The grant received from the Ministry of Economy and Research is intended to finance the modernization and development of the paper manufacturing production line, with the initial eligible non-reimbursable amount totaling RON 18,500,000. The parent company completed the project monitoring phase in June 2018.

The grant agreement included a number of indicators that were to be met by the end of the monitoring period. All indicators were met.

The grant received from the Environmental Fund Administration consists of equipment for a waste-to-energy boiler and had an initial value of RON 4,509,517. The monitoring period for this project ended in 2013. The grant received from the EBRD is for energy efficiency and amounted to RON 477,767. The Norway 1 grant relates to the expansion of collection centers, and the Norway 2 grant to increasing corrugated cardboard conversion capacity. The parent company requested and received reimbursements totaling RON 3,111,923 for the Norway 2 project as of December 31<sup>st</sup>, 2016, representing 70% of the total grant. For both projects funded by Norway, the parent company was subject to a monitoring period until 2020 and 2021, respectively.

Grant 5IMM/213/6/2015 consists of European funds allocated in 2015 through the Central Regional Development Agency for the purchase of equipment by Rom Paper SRL, with a total value of RON 6,324,932, of which RON 3,794,959 represents the amount of the grant received. The financing contract includes a series of indicators that must be met by the end of the 5-year monitoring period.

The 20MW Photovoltaic Park Construction Project received a grant of RON 28,953,720 from European funds under the National Recovery and Resilience Plan (NRRP), with the aim of “Supporting investments in new electricity generation capacities from renewable wind and solar energy sources, with or without integrated storage facilities,” approved by Order of the Minister of Energy No. 282/30.03.2022, as subsequently amended and supplemented, and in accordance with the provisions of the State Aid Scheme, aimed at supporting investments for the installation of new

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

electricity generation capacity from renewable wind and solar energy sources, with or without integrated storage facilities, approved by Order of the Minister of Energy No. 281/March 30<sup>th</sup>, 2022. The project was completed on November 30<sup>th</sup>, 2024, and is currently in the monitoring period.

The project “Highly innovative solution for reducing paper waste and creating a positive environmental impact” is a grant scheme provided by Innovation Norway for the acquisition of new production lines. The grant amount is EUR 1,852,000, representing 40% of the project’s total cost. In 2022, an advance payment of EUR 185,000 was received, with the remaining EUR 1,667,000 to be received in February 2024. The project has already passed the first monitoring phase.

The project “Greenfield Investment for the Establishment of a Waste Recycling and Recovery Facility in Adjud, Vrancea County” received state aid in the amount of RON 40,438,999 based on Government Decision 807/2014. The project was completed in December 2024 and is currently in the monitoring period.

Management believes that it will have no difficulty in fulfilling all the conditions attached to the grant agreements by the end of the grant monitoring period.

**22. Revenue from customer contracts**

	<b>2025</b>	<b>2024</b>
Revenue from the sale of finished goods	338,427,344	410,742,978
Revenue from the sale of goods for sale	47,068,412	63,922,466
Revenue from services provided	18,855,519	23,198,568
Revenues from other activities	12,214,978	1,907,462
Revenue from royalties, management fees, and rent	712,234	
Trade discounts granted	(1,103,041)	(12,976,136)
<b>Total</b>	<b>416,175,447</b>	<b>486,795,338</b>

The Group’s revenue includes revenue from contracts with customers, primarily sales of goods, related to the production of the following types of goods:

- Carton paper
- Corrugated cardboard and packaging
- Sanitary paper products

The Group’s customers are generally companies based in Romania, with exports accounting for approximately 15% of total sales. No single customer accounts for a significant share of the Group’s total sales.

The trade discounts granted include both amounts given to customers based on the volume of goods purchased and amounts billed to customers calculated as a percentage of the total sales value.

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)***23. Presentation of indicators by segment:**

	VRANCART S.A.	VRANCART Recycling	ECOREP Group S.A.	Rom Paper S.R.L.	Adjustments	Group Consolidated
<b>Total Fixed assets</b>	431.019.211	154.572.056	29.816	54.388.807	(90.476.585)	549.533.305
<b>Total current assets</b>	174.107.801	3.939.383	2.774.039	31.815.948	(30.030.180)	182.606.991
<b>TOTAL ASSETS</b>	605.127.012	158.511.439	2.803.855	86.204.755	(120.506.765)	732.140.296
<b>EQUITY</b>	292.252.861	17.155.175	(806.772)	31.089.406	(59.038.031)	272.672.222
<b>Total Long-term liabilities</b>	132.976.037	132.354.856	-	24.372.079	(45.812.958)	243.890.013
<b>Total current liabilities</b>	179.898.114	9.001.408	3.610.627	30.743.270.	(7.669.080)	215.584.339
<b>TOTAL EQUITY AND LIABILITY</b>	605.127.012	158.511.439	2.803.855	86.204.755	(120.506.765)	732.140.296

	VRANCART S.A.	VRANCART Recycling	ECOREP Group S.A.	Rom Paper S.R.L.	Adjustments	Group Consolidated
Revenues	342.670.426	29.966.256	11.098.357	109.122.038	(60.016.816)	432.840.261
Change in Inventories	3.422.533	(184.191)	-	(278.306)	-	2.960.037
Cost of goods for sale and Raw materials	(201.861.454)	(5.672.718)	(12.133)	(75.181.227)	53.046.172	(229.681.360)
<b>Gross margin</b>	<b>144.231.505</b>	<b>24.109.348</b>	<b>11.086.224</b>	<b>33.662.505</b>	<b>(6.970.644)</b>	<b>206.118.938</b>
Operating Expenses	(136.582.311)	(14.298.432)	(10.841.285)	(24.131.529)	9.614.146	(176.239.411)
<b>EBITDA</b>	<b>7.649.194</b>	<b>9.810.915</b>	<b>244.939</b>	<b>9.531.011</b>	<b>2.643.502</b>	<b>29.879.561</b>
Depreciation and Impairment Expenses	(46.400.097)	(9.212.756)	(10.239)	(3.360.529)	(1.337.187)	(60.320.808)
<b>EBIT</b>	<b>(38.750.903)</b>	<b>598.159</b>	<b>234.700</b>	<b>6.170.481</b>	<b>1.306.315</b>	<b>(30.673.601)</b>
Financial result	(10.120.658)	(6.191.484)	16	(1.959.518)	(102.599)	(18.374.243)
<b>EBT</b>	<b>(48.871.561)</b>	<b>(5.593.325)</b>	<b>234.716</b>	<b>4.210.963</b>	<b>1.203.716</b>	<b>(48.815.491)</b>
Profit tax expense	749.878	-	(13.483)	(594.825)	24.346	165.916
<b>Net profit</b>	<b>(48.121.683)</b>	<b>(5.593.325)</b>	<b>221.233</b>	<b>3.616.138</b>	<b>1.228.063</b>	<b>(48.649.575)</b>

**24. Other revenues**

	<b>2025</b>	<b>2024</b>
Revenue from investment grants	5,883,220	2,594,686
Revenue from the sale of certified CO2 allowances	-	1,088,771
Revenue from royalties, management fees, and rent	-	-
Revenue from compensation, fines, and penalties	10,716	1,699,785
Net gain on the sale of property, plant, and equipment	756	484,593
Other operating revenue	12,379,032	6,457,288
<b>Total</b>	<b>18,273,724</b>	<b>12,325,123</b>

About the “Other operating income” line item, the parent company was involved in a commercial dispute concerning the recovery of receivables from a contractual partner, which was the subject of Case No. 887/1285/2021. The dispute was resolved in 2025 through the execution of a Settlement Agreement in favor of VRANCART SA, whereby the opposing party agreed to pay 10 million RON.

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)***25. Expenses raw materials and consumables**

	<b>2025</b>	<b>2024</b>
Expenses with raw materials	104,190,447	124,961,479
Expenses with consumables and auxiliary goods	49,256,708	39,906,522
Expenses with fuel	5,587,501	7,736,766
Expenses with utilities	24,208,667	56,905,238
Expenses with spare parts	4,276,270	6,547,131
<b>Total</b>	<b>187,519,593</b>	<b>236,057,136</b>

**26. Expenses for services provided by third parties**

	<b>2025</b>	<b>2024</b>
Expenses with maintenance and repairs	4,826,830	3,635,910
Expenses with the transport of goods	24,212,502	27,915,713
Other expenses with third party services	16,428,066	15,978,135
<b>Total</b>	<b>45,467,398</b>	<b>47,529,758</b>

**27. Other expenses**

	<b>2025</b>	<b>2024</b>
Expenses with commissions and fees	8,075,312	560,210
Expenses with royalties, management fees, and rent	1,316,683	814,281
Expenses with banking and similar services	481,951	566,797
Expenses with insurance premiums	2,486,989	2,522,975
Expenses with other taxes, fees, and similar payments	5,435,549	3,498,919
Consulting expenses	68,507	-
Expenses for donations made	-	397,914
Travel, secondment, and transfer expenses	469,321	477,985
Postal and telecommunications expenses	422,815	535,264
Expenses with entertainment, advertising, and publicity	300,228	555,481
Expenses with compensation, fines, and penalties	453,859	83,363
Inventory valuation adjustments	-	710,214
Receivables valuation adjustments	35,008	(986,824)
Loss on sales of tangible assets	2,487,221	-
Other operating expenses	1,979,728	4,203,085
<b>Total</b>	<b>24,013,172</b>	<b>13,939,664</b>

Financial audit services are included in the total expenses related to other expenses for services provided by third parties. The Group's auditor is PricewaterhouseCoopers Audit SRL. The fees for the audit of the Group's individual and consolidated financial statements as of December 31, 2025, prepared in accordance with MFP Order 2844/2016, pursuant to the service agreement entered into between the parties.

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)***28. Personnel expenses**

	<b>2025</b>	<b>2024</b>
Expenses with salaries	96,974,259	103,118,127
Expenses with insurance and social security	3,369,797	2,467,591
Expenses with meal vouchers provided	6,304,530	8,543,014
<b>Total</b>	<b>106,648,586</b>	<b>114,128,732</b>

In 2025, the Group had an average of 950 employees (2024: 1,246).

**29. Financial revenues and expenses**

	<b>2025</b>	<b>2024</b>
Interest income	55,959	1,717
Foreign exchange gains	-	-
Other financial income	7,934	6,126
<b>Total revenues</b>	<b>63,893</b>	<b>7,843</b>

Interest expense on loans	11,169,940	9,090,516
Lease interest expense	-	781,513
Foreign exchange loss	6,759,870	854,147
Other financial expenses	508,325	59,041
<b>Total expenses</b>	<b>18,438,135</b>	<b>10,785,217</b>

**30. Income tax expense**

	<b>2025</b>	<b>2024</b>
Current income tax expense	4,053,046	3,270,588
Adjustments to current income tax from prior years	-	-
Deferred income tax expense/(income)	(4,218,962)	(1,187,485)
<b>Total</b>	<b>(165,916)</b>	<b>2,083,103</b>

	<b>2025</b>	<b>2024</b>
<b>Profit / Loss before tax</b>	<b>(48,815,491)</b>	<b>(16,186,168)</b>
<b>Tax calculated at the statutory tax rate of 16% (2025: 16%)</b>	<b>(7,810,479)</b>	<b>(2,589,787)</b>
<b>The effect on income tax of:</b>		
Legal reserve	-	(1,955)
Non-deductible expenses	59,442,958	72,848
Fiscal depreciation	(25,827,127)	(65,616)
Items similar to income	-	7,144,171
Sponsorship tax credits	(184,920)	(341,869)
Recognition of temporary differences	(25,786,348)	(1,187,485)
Reinvested profit – fiscal credit		(947,204)
<b>Income tax</b>	<b>(165,916)</b>	<b>2,083,103</b>

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

In 2025, the companies included in the scope of consolidation apply the following tax regimes:

- Vrancart SA – Minimum Turnover Tax (IMCA)
- Vrancart Recycling – Income Tax
- Rom Paper – Income Tax
- Ecorep – Income Tax

For the fiscal year ended December 31, 2025, the parent company owed minimum corporate tax (IMCA), which was higher than the income tax calculated under the general rules. For the fiscal year ended December 31, 2024, the Parent Company also owed minimum turnover tax.

**31. Earnings per share**

Earnings per basic share were calculated based on profit attributable to common shareholders and the weighted average number of common shares:

	<u>2025</u>	<u>2024</u>
Earnings attributable to ordinary shareholders	(48,650,460)	(18,270,004)
Weighted average number of ordinary shares	1,799,819,966	1,799,819,966
<b>Basic earnings per share</b>	<b>(0.0270)</b>	<b>(0.0102)</b>

Diluted earnings per share are calculated on the assumption that the bonds would be converted in full, as follows:

	<u>2025</u>	<u>2024</u>
Net income attributable to ordinary shareholders	(48,650,460)	(18,270,004)
Adjustment for bond interest and tax effect		-
<b>Net income attributable to ordinary shareholders - adjusted</b>	<b>(48,650,460)</b>	<b>(18,270,004)</b>
Weighted average number of ordinary shares	1,799,819,966	1,799,819,966
Potential shares from bond conversion	-	-
<b>Weighted average number of ordinary shares—adjusted</b>	<b>1,799,819,966</b>	<b>1,799,819,966</b>
<b>Diluted earnings per share</b>	<b>(0.0270)</b>	<b>(0.0102)</b>

**32. Related parties**

Affiliated parties are the members of the Board of Directors and the Executive Board, as well as Lion Capital SA, which is the majority shareholder, together with the other companies it controls.

On November 5, 2025, following the resignation of Mr. Ciprian-Nicu Fedor from his positions as CEO and Chairman of the Board of Directors, the following changes to the management structure of Vrancart S.A. were approved:

- Ștefan - Viorel Movilă was appointed General Manager of VRANCART S.A. effective November 6, 2025, for a four-year term.
- Alexandru - Lucian Minea was appointed as a provisional member of the Board of Directors of VRANCART S.A., effective November 6, 2025, until the date of the Ordinary General Meeting of Shareholders.

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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- Sergiu Mihailov was appointed Chairman of the Board of Directors of VRANCART S.A., effective November 6, 2025, until April 27, 2026.

List of individuals who were members of the parent company's Board of Directors as of December 31<sup>st</sup>, 2025:

Mihailov Sergiu	Chairman of the Board of Directors
Drăgoi Bogdan Alexandru	Member of the Board of Directors
Minea Alexandru Lucian	Member of the Board of Directors
Fercu Adrian	Member of the Board of Directors
El Lakis Rachid	Member of the Board of Directors

The Company's shareholdings held by key management personnel are presented below:

As of December 31<sup>st</sup>, 2025: not the case

As of December 31<sup>st</sup>, 2024: not the case

List of individuals who were members of the Rom Paper branch management as of December 31<sup>st</sup>, 2025:

Fedor Nicu-Ciprian	Administrator
Mihailov Sergiu	Administrator
Minea Alexandru-Lucian	Administrator

List of individuals who were members of the management team of the Vrancart Recycling branch as of December 31<sup>st</sup>, 2025:

Movila Stefan Viorel	Administrator
Mihailov Sergiu	Administrator
Fercu Adrian	Administrator

List of individuals who were members of the Board of Directors of the Ecorep Group SA subsidiary as of December 31<sup>st</sup>, 2025:

Claudia Nicola	Chairman of the Board of Directors
Dumitrache Mariana	Member of the Board of Directors

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

Transactions with related parties:

<b>Related party</b>		<b>Transactions 2025</b>	<b>Transactions 2024</b>	<b>Balance 2025</b>	<b>Balance 2024</b>
Biofarm S.A.	Client	617,651	483,479	197,958	119,379
Biofarm S.A.	Supplier	557	1,409		770
SIF1 IMGB SA	Loan	568,450	481,837	7,234,778	7,137,224
LION Capital SA	Supplier		-		-
Ci-Co SA	Supplier	12,409	-	2,718	-
Sifi Cj Logistic SA	Supplier	115,664	127,687	3,723	13,834
Semtest Craiova SA	Supplier		69,547		-
ARIO Bistrița	Debtor		-		-
Dedeman SRL	Supplier	2,987,105	2,131,751	179,576	153,432
Dedeman SRL	Client	9,118,002	8,594,430	5,613,069	1,820,523

\* Note: Values do not include VAT.

Other transactions:

<b>Related party</b>		<b>Transactions 2025</b>	<b>Transactions 2024</b>	<b>Balance 2025</b>	<b>Balance 2024</b>
SIF Banat Crișana SA	Payment of dividends distributed during the year	-	-		-
Rom Paper	Collection of dividends distributed during the year	-	2,500,000		
ARIO Bistrița	Debtor		-		-

Transactions with key management personnel:

	<b>2025</b>	<b>2024</b>
Remuneration of the members of the Board of Directors	3,320,984	3,671,497

The amounts listed include total compensation (fixed and variable), on a gross basis.

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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### 33. Events after the reporting period

In January 2026, for Vrancart, a new piece of equipment, known as the Drum Pulper, was commissioned to process wastepaper into pulp for paper production, with a purchase price of EUR 3.5 million.

Also, in January 2026, the multicurrency investment loan contracted with Raiffeisen Bank for Vrancart, amounting to EUR 1,012,725 as of December 31<sup>st</sup>, 2025, was fully repaid.

#### Change in accounting policy effective in 2026

Starting with the 2026 fiscal year, the Group will change the accounting treatment applicable to emission allowances, which will be recognized in the financial statements using the lowest trading price over a one-year period, adjusted by 5%, and subject to quarterly revaluation. The recognition of certificates for a fiscal year will be performed in the first quarter of the following fiscal year, based on the annual average price determined for the reporting period.

This accounting policy involves the use of significant estimates and professional judgment, particularly in determining the timing of recognition and the value of emission certificates.

Accounting recognition will be based on the final quantitative inventory of emission allowances existing at the end of the financial year, given that, at the time of reporting, the Group cannot estimate the volume of allowances that will be used to meet the obligations for the reference year, as this involves an inherent degree of uncertainty in the estimates. Therefore, the adopted policy reflects only those future economic benefits considered probable at the reporting date.

In the event of the sale of emission allowances, the Group will recognize the result of the transaction in the income statement under the category "Other income."

The Group believes that this approach results in a fair presentation of the Group's financial position and financial performance, in accordance with the applicable general principles of financial reporting. At the same time, the adopted policy reflects the application of the principle of prudence, in the sense of recognizing only those future economic benefits and gains that are appropriate as of the reporting date, thereby avoiding the overvaluation of assets and the net income for the period.

### 34. Financial risk management

#### Overview

The Group is exposed to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- currency risk

These notes present information about the Group's exposure to each of the risks mentioned above, the Group's objectives, policies, and processes for measuring and managing risk, and the procedures used for capital management. Furthermore, additional quantitative disclosures are included throughout these financial statements.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

**(a) Credit risk**

Credit risk is the risk that the Group will incur a financial loss due to a customer's failure to meet its contractual obligations, and it arises primarily from the Group's accounts receivable.

The carrying amount of financial assets represents the maximum credit risk exposure. The maximum credit risk exposure was:

<b>Book value</b>	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Trade receivable and other receivables	90,262,717	98,697,311
Cash and cash equivalents	2,138,112	1,845,212
Restricted cash	-	-
<b>Total</b>	<b>92,400,830</b>	<b>100,542,523</b>

The Group's exposure to credit risk is primarily influenced by the individual characteristics of each customer.

Management has established a credit policy under which each new customer is individually assessed for creditworthiness before being offered the Group's standard payment and delivery terms. Purchase limits are set for each individual customer. Customers who do not meet the Group's established criteria may conduct transactions with the Group only on a prepaid basis.

The Group does not require collateral for trade receivable and other receivables.

In estimating adjustments for depreciation of trade receivables, the Group uses a depreciation model whose operating principle remains unchanged from previous years, as it reflects the requirements of the depreciation model introduced by IFRS 9.

The Group recognizes an adjustment for depreciation that reflects its estimates of losses on trade receivable, other receivables, and investments. The main components of this adjustment are a specific loss component related to significant individual exposures and a collective loss component established for groups of similar assets corresponding to losses that have been incurred but not yet identified. The adjustment for collective losses is determined by using historical data on payments made on similar financial instruments.

**Losses from depreciation**

Analysis of the number of days past due for trade receivable and other receivables:

<b>December 31<sup>st</sup>, 2025</b>	<b>Gross amount</b>	<b>Depreciation</b>
Current and past overdue between 0 and 30 days	75,702,097	-
Overdue between 31 and 60 days	4,367,317	65,911
Overdue between 61 and 90 days	2,094,370	76,350
Overdue between 91 and 180 days	4,096,279	240,980
Overdue between 181 and 360 days	3,296,012	334,208
More than 360 days	6,323,424	4,899,334
<b>Total</b>	<b>95,879,499</b>	<b>5,616,783</b>

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

<b>December 31<sup>st</sup>, 2024</b>	<b>Gross amount</b>	<b>Depreciation</b>
Current and past overdue between 0 and 30 days	88,797,625	-
Overdue between 31 and 60 days	4,081,935	75,959
Overdue between 61 and 90 days	1,948,737	49,368
Overdue between 91 and 180 days	2,616,038	273,127
Overdue between 181 and 360 days	267,034	130,970
More than 360 days	5,382,187	3,866,821
<b>Total</b>	<b>103,093,556</b>	<b>4,396,245</b>

**(b) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulties meeting its obligations associated with financial liabilities settled in cash or by transferring another financial asset.

The Group's approach to liquidity management is to ensure, to the greatest extent possible, that it will always have sufficient liquidity to meet its maturing obligations under both normal and stressed conditions, without incurring unacceptable losses or jeopardizing the Group's reputation.

In general, the Group ensures that it has sufficient cash on hand to cover its operating expenses.

The following table presents the remaining contractual maturities of financial liabilities at the end of the reporting period, including estimated interest payments:

<b>December 31<sup>st</sup>, 2025</b>	<b>Book value</b>	<b>Contractual cash flows</b>	<b>less than 1 year</b>	<b>1 - 5 years</b>	<b>over 5 years</b>
Bank loans	279,109,071	293,064,525	122,444,125	145,284,850	25,335,549
Bonds					
Financial leasing	18,487,886	18,487,886	7,258,431	11,229,454	-
Trade payable and other liabilities	77,272,906	77,272,906	76,592,573	680,333	-
<b>Total</b>	<b>374,869,862</b>	<b>388,825,317</b>	<b>206,295,130</b>	<b>157,194,638</b>	<b>25,335,549</b>

<b>December 31<sup>st</sup>, 2024</b>	<b>Book value</b>	<b>Contractual cash flows</b>	<b>less than 1 year</b>	<b>1 - 5 years</b>	<b>over 5 years</b>
Bank loans	279,353,617	293,321,298	131,460,821	113,053,155	48,807,321
Bonds	-	-	-	-	-
Financial leasing	31,704,330	31,704,330	8,710,139	22,994,192	-
Trade payable and other liabilities	87,720,043	87,720,043	86,360,322	1,359,721	-
<b>Total</b>	<b>398,777,990</b>	<b>412,745,671</b>	<b>226,531,282</b>	<b>137,407,068</b>	<b>48,807,321</b>

Financial liabilities also include the bond loans described in Note 17.

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)***(c) Market risk**

Market risk is the risk that changes in market prices—such as exchange rates, interest rates, and equity prices—will affect the Group’s income or the value of the financial instruments it holds. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing return on investment.

***Interest Rate Risk****(i) Exposure profile*

As of the reporting date, the interest rate risk exposure profile for the interest-bearing financial instruments held by the Group was:

<b>Variable-rate instruments</b>	<b>December 31<sup>st</sup>, 2025</b>	<b>December 31<sup>st</sup>, 2024</b>
Bank borrowings	272,031,920	272,168,117
Other borrowings	7,077,151	7,185,500
Bond loans		-
Lease liabilities	18,487,886	31,704,330
<b>Total</b>	<b>297,596,956</b>	<b>311,057,947</b>

*(ii) Cash flow sensitivity analysis for variable-rate instruments*

A 1% increase in interest rates at the reporting date would have resulted in a decrease in profit (or an increase in loss) by RON 2,975,970 in 2025 (December 31, 2024: RON 3,110,579). This analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

A 100-basis-point decrease in interest rates at December 31<sup>st</sup> would have led to the same, but opposite, effect on the amounts presented above, if all other variables remain constant.

***Fair values***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments that are not accounted for at fair value in the statement of financial position include trade and other receivables, cash and cash equivalents, borrowings, trade and other payables. The carrying amounts of the financial instruments approximate their fair values.

**(d) Currency risk**

The Group is exposed to foreign currency risk arising from sales, purchases, and borrowings denominated in currencies other than its functional currency, primarily the Euro (EUR) and US Dollars (USD).

The Group’s exposure to foreign currency risk is presented in the following tables:

<b>December 31<sup>st</sup>, 2025</b>	<b>TOTAL</b>	<b>RON</b>	<b>EUR</b>	<b>USD</b>	<b>Other currencies</b>
Trade and other receivables	90,262,717	89,381,345	743,563	137,809	
Restricted cash					
Cash and cash equivalents	2,138,112	740,661	1,282,566	109,474	5,411
<b>Financial assets</b>	<b>92,400,830</b>	<b>90,122,007</b>	<b>2,026,129</b>	<b>247,283</b>	<b>5,411</b>

**Notes to the consolidated financial statements***for the financial year ended 31<sup>st</sup> December, 2025**(all amounts are expressed in RON, unless otherwise stated)*

Borrowings	279,109,071	61,648,539	217,460,532		
Lease liabilities	18,487,886	1,460,646	17,027,240		
Trade and other payables	77,272,906	55,962,560	21,310,346		
<b>Financial liabilities</b>	<b>374,869,863</b>	<b>119,071,744</b>	<b>255,798,118</b>	<b>247,283</b>	<b>5,411</b>
<b>Total net financial assets / (liabilities)</b>	<b>(282,469,034)</b>	<b>(28,949,738)</b>	<b>(253,771,989)</b>	<b>247,283</b>	<b>5,411</b>

<b>December 31<sup>st</sup>, 2024</b>	<b>TOTAL</b>	<b>RON</b>	<b>EUR</b>	<b>USD</b>	<b>Other currencies</b>
Trade and other receivables	98,697,311	81,780,292	16,917,019	-	-
Restricted cash	-	-	-	-	-
Cash and cash equivalents	1,845,212	1,488,192	347,486	3,753	5,781
<b>Financial assets</b>	<b>100,542,523</b>	<b>83,268,484</b>	<b>17,264,505</b>	<b>3,753</b>	<b>5,781</b>
Borrowings	279,353,617	64,721,090	214,632,527	-	-
Lease liabilities	31,704,330	1,645,730	30,058,600	-	-
Trade and other payables	87,720,043	62,076,806	25,296,971	346,266	-
<b>Financial liabilities</b>	<b>398,777,990</b>	<b>128,443,626</b>	<b>269,988,098</b>	<b>346,266</b>	<b>-</b>
<b>Total net financial assets / (liabilities)</b>	<b>(298,235,467)</b>	<b>(45,175,142)</b>	<b>(252,723,593)</b>	<b>(342,513)</b>	<b>5,781</b>

**Sensitivity Analysis**

A 10-percentage point appreciation of the RON as of December 31<sup>st</sup>, relative to the currencies presented, would have resulted in an increase in the loss as follows: December 31<sup>st</sup>, 2025: RON (25,351,930) (December 31<sup>st</sup>, 2024: RON -27,995,115). This analysis assumes that all other variables, particularly interest rates, remain constant.

A 10-percentage-point depreciation of the EUR as of December 31<sup>st</sup>, 2025, relative to the other currencies would have had the opposite effect on the amounts shown above, assuming all other variables remain constant.

**(e) Tax risk**

The tax system in Romania is currently undergoing consolidation and is constantly changing, meaning there may be differing interpretations by the authorities of tax legislation, which could lead to additional taxes, duties, and penalties. If state authorities discover violations of Romanian legal provisions, they may, as appropriate: confiscate the amounts in question, impose additional tax obligations, apply fines, or apply late payment penalties (applied to the remaining amounts due). Therefore, tax penalties arising from breaches of legal provisions can amount to significant sums payable to the State.

The Romanian Government has a significant number of agencies authorized to conduct audits of companies operating in Romania. These inspections are like tax audits in other countries and may cover not only tax matters but also other legal and regulatory aspects of interest to these agencies. It is possible that the Group will be subject to tax audits as new tax regulations are issued.

The amounts declared to the State for taxes and duties remain open to tax audit for a period of five years. The Romanian tax authorities have carried out audits of the calculation of taxes and duties for the Parent Company up to December 31<sup>st</sup>, 2020, and for the subsidiary Rom Paper SRL up to

## Notes to the consolidated financial statements

for the financial year ended 31<sup>st</sup> December, 2025

(all amounts are expressed in RON, unless otherwise stated)

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September 30th, 2020.

All amounts due to the State for taxes and duties have been paid or accrued as of the balance sheet date. The Group believes that it has paid all taxes, duties, penalties, and default interest on time and in full, to the extent applicable.

### **(f) Transfer pricing**

In accordance with relevant tax legislation, the tax assessment of a transaction conducted with related parties is based on the concept of the market price applicable to that respective transaction. Based on this concept, transfer prices must be adjusted to reflect the market prices that would have been established between entities with no affiliation relationship acting independently, based on the "arm's length principle".

It is likely that tax authorities will conduct transfer pricing audits in the future to determine whether these prices comply with the "arm's length principle" and whether the taxable base of the Romanian taxpayer is not distorted.

### **(g) Business environment**

The economic and financial environment in which the Group operates remains highly uncertain, driven by recent macroeconomic developments, inflationary pressures, frequent changes to the tax framework, and restrictive financing conditions. These elements may influence the behavior of financial markets, and Management cannot reliably estimate the effects on the Group's financial statements of any future decline in financial market liquidity, the devaluation of financial assets driven by poor credit market liquidity, and the increased volatility of the currency and equity markets.

Management believes it is taking all necessary measures to support the sustainability and growth of the Group's business under current conditions, by:

- continuously monitoring liquidity;
- preparing short-term forecasts regarding net liquidity;
- monitoring cash inflows and outflows daily, and evaluating the effects on debtors, limited access to financing, and business growth in Romania.

### **(h) Capital adequacy**

The Group's policy is to maintain a strong capital base necessary to retain investors, creditors, and market confidence and to sustain the entity's future development.

The Group's capital management objectives are as follows:

- Ensure the maintenance of the going concern assumption, specifically by continuing to generate value for shareholders and benefits for other stakeholders
- Maintain an optimal capital structure to reduce the cost of capital

To maintain an appropriate capital structure, the Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt levels.

In line with financial practices, the Group monitors capital based on the following indicators:

- Total Equity
- Total Assets
- Equity ratio, calculated as the ratio of total equity to total assets

## **Notes to the consolidated financial statements**

*for the financial year ended 31<sup>st</sup> December, 2025*

*(all amounts are expressed in RON, unless otherwise stated)*

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During 2025, the equity ratio stood at 37%, compared with 43% in 2024. An adequate capitalization level is over 30%.

The Group's equity comprises share capital, various reserves, and retained earnings. The Group is not subject to significant externally imposed capital requirements. However, there are certain requirements agreed upon with some of the financing banks regarding the capitalization rate (Equity ratio), which stood at 37% as of December 31<sup>st</sup>, 2025 (the contractual requirement being a minimum of 45%).



# Independent Auditor's Report

To the Shareholders of Vrancart SA

## Report on the audit of the consolidated financial statements

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Vrancart SA (the "Company") and its subsidiaries (together - the "Group") as at 31 December 2025, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the Order of the Minister of Public Finance no. 2844/2016 for approving accounting Regulations in accordance with International Reporting Standards and subsequent amendments (the "OMFP 2844/2016").

Our opinion is consistent with our additional report to the Audit Committee dated 26 May 2026.

### What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

The consolidated financial statements as at 31 December 2025 are identified as follows:

- Total consolidated equity: RON 272,665,944;
- Net consolidated loss for the year: RON 48,649,575.

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EUID ROONRC.J1993017223405, fiscal registration code RO4282940, share capital RON 7,630

This version of our report is a translation from the original, which was prepared in Romanian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

The Company's registered office is in Romania, Vrancea county, Adjud, 17 Ecaterina Teodoroiu Street and its unique fiscal registration code is 1454846.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation EU No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the "Regulation 537/2014") and Law 162/2017 regarding statutory audit of annual financial statements and annual consolidated financial statements and regarding changes to other regulations and subsequent amendments (the "Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Independence**

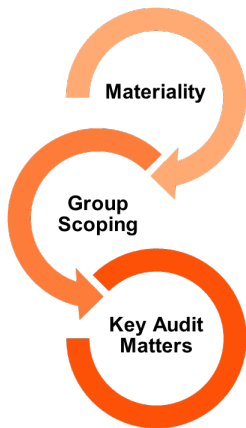
We are independent of the Group in accordance with the ethical requirements of Regulation 537/2014 that are relevant to audits of financial statements of public interest entities, the ethical requirements of Law 162/2017 that are relevant to audits of financial statements in Romania and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the ethical requirements of the Regulation 537/2014, the ethical requirements of the Law 162/2017 and the IESBA Code.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the Regulation 537/2014.

To the best of our knowledge and belief, we declare that no services other than audit were provided to the Company and its controlled entities in the period from 1 January 2025 to the date of issuing this report.

# Our audit approach

## Overview



Overall Group materiality: lei 3,276,000, which represents 0.8 % of Revenue from contracts with customers

We have audited the Company's financial statements and all three subsidiaries. The scope of our audit covered 100% of the Group's revenue and 100% of the Group's total assets.

### Recognition of revenue from contracts with customers

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

<b>Overall Group materiality</b>	lei 3,276,000
<b>How we determined it</b>	0.8 % of Revenue from contracts with customers
<b>Rationale for the materiality benchmark applied</b>	We chose Revenue from contracts with customers as the benchmark because, in our view, it is the most representative benchmark for the Group, due to the plans to increase of market share, through investments to capacities and transformation of the business already started few years ago. We chose significance at the level of 0.8% because based on our professional judgment it is within the acceptable quantitative thresholds of materiality.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Recognition of revenue from contracts with customers</p> <p>In 2025 the Group recognized revenue from contracts with customers in the amount of lei 416,175,447, for which the accounting policies were described in notes 3n and the details were included in note 22 of the consolidated financial statements.</p> <p>The Group generates revenue mainly from sales of finished goods and merchandise in the form of paperboards, corrugated cardboard and packaging and sanitary products and tissue paper.</p> <p>Revenue is recognized when the control over goods is transferred to the buyer. Revenue is recognized at an amount equal to the transaction price resulting from the agreements signed with customers representing the consideration for the performance obligation performed.</p> <p>Bearing in mind the importance of revenues item in the consolidated financial statements of the Group, as well as the susceptibility of the item to the risk of misstatement and the potential risk of fraud, we recognized that this is a key matter for our audit.</p>	<p>Our audit procedures included in particular:</p> <ul style="list-style-type: none"> <li>• assessing compliance of the Group's accounting policies regarding the recognition of revenue from contracts with customers with the related financial reporting standards;</li> <li>• understanding and evaluating the internal control environment, including the IT environment, regarding the recognition and presentation of individual types of revenue;</li> <li>• conducting, on a selected sample, efficiency tests of selected internal controls, in terms of correctness and accuracy of applied selling prices and consistency of the invoice with the order and with the shipping document;</li> <li>• performing tests, on a selected sample, consisting of confirmations of certain aspects of the transactions with customers or on verifying sales transactions against supporting documents (invoices, contracts with customers, shipping and payment received);</li> <li>• analysing the trends in recognized revenue from contracts with customers and explaining of unusual variances;</li> <li>• verification, on a selected sample, of revenue recognition in the proper reporting period, considering Incoterms and other terms and conditions of contracts concluded with the Company's customers;</li> <li>• analysing patterns of non-standard journal entries recorded during the audited year and incorporating an element of unpredictability in determining the nature, timing and extent of audit procedures;</li> <li>• assessment of the appropriateness of disclosures in the consolidated financial statements regarding revenues from contracts with customers.</li> </ul>

## **How we tailored our Group audit scope**

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We performed audit tests for the Company and also for its subsidiaries in order to obtain sufficient audit evidence considering the materiality level, the Group's size and structure.

## **Reporting on other information including the Consolidated Board of Directors' Report**

Board of Directors are responsible for the other information. The other information comprises the Consolidated Board of Directors' Report, including the Consolidated Sustainability Report and the Remuneration Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information, including the Consolidated Board of Directors' Report, the Consolidated Sustainability Report and the Remuneration Report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Consolidated Board of Directors' Report, we considered whether the Consolidated Board of Directors' Report is consistent with the consolidated financial statements and whether the Consolidated Board of Directors' Report, excluding the requirements for the information on the sustainability reporting on which the separate assurance report on the sustainability reporting has been issued by other practitioner on 26 May 2026, includes the disclosures required by OMFP 2844/2016, points 26-28.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Consolidated Administrators' Report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- the Consolidated Administrators' Report, excluding the requirements for the information on sustainability reporting, has been prepared in accordance with OMFP 2844/2016, points 26-28.

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Consolidated Administrators' Report and in the Remuneration Report. We have nothing to report in this regard.

In accordance with Law no. 24/2017 regarding issuers of financial instruments and market operations, republished, and subsequent amendments ("Law 24/2017") our responsibility is to assess whether the Remuneration report contains the information required by Law 24/2017, article 107, alignments (1) and (2).

With respect to the Remuneration Report, we read the Remuneration Report in order to assess whether it contains the information required by Law 24/2017, article 107 alignments (1) and (2). We have nothing to report in this regard.

## **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS, as adopted by EU and OMFP 2844/2016, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other

matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on other legal and regulatory requirements**

### **Reporting on report regarding information related to income tax**

In accordance with OMFP 2844/2016, point 60<sup>12</sup>, in connection with the audit of the consolidated financial statements for the financial year ended as at 31 December 2025, our responsibility is to state if, for the previous financial year ended as at 31 December 2024, the Company had the obligation, in accordance with points 60<sup>2</sup> - 60<sup>6</sup> of OMFP 2844/2016, to publish a report regarding information related to income tax for the financial year ended 31 December 2024 and if this is the case, whether such report was published in accordance with point 60<sup>10</sup> of OMFP 2844/2016.

The Company did not have the obligation to publish the report regarding information related to income tax.

### **Report on the compliance of the presentation of consolidated financial statements with the requirements of the European Single Electronic Format (“ESEF”)**

We have been engaged as part of our audit engagement letter by the management of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the presentation of the consolidated financial statements of the Group for the year ended 31 December 2025 in the digital files boIM1QPEEDJcd94= (the “Presentation of the Consolidated Financial Statements”).

#### **Description of a subject matter and applicable criteria**

The Presentation of the Consolidated Financial Statements has been applied by the management of the Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format and subsequent amendments (the “ESEF Regulation”). The applicable requirements

regarding the Presentation of the Consolidated Financial Statements are contained in the ESEF Regulation.

The requirements described in the preceding sentence determine the basis for application of the Presentation of the Consolidated Financial Statements and, in our view, constitute appropriate criteria to form a reasonable assurance conclusion.

### **Responsibility of the management and those charged with governance**

The management of the Company is responsible for the Presentation of the Consolidated Financial Statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in XBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Presentation of the Consolidated Financial Statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process, which should also be understood as the preparation of consolidated financial statements in accordance with the format resulting from the ESEF Regulation.

### **Our responsibility**

Our responsibility was to express a reasonable assurance conclusion whether the Presentation of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000 (R) - 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (ISAE 3000(R)). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Presentation of the Consolidated Financial Statements complies, in all material aspects, with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance with ISAE 3000 (R) will always detect the existing material misstatement (significant non-compliance with the requirements).

### **Quality management requirements and professional ethics**

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity,

objectivity, professional competence and due care, confidentiality and professional behaviour.

### **Summary of the work performed**

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Presentation of the Consolidated Financial Statements complies, in all material aspects, with the applicable requirements and such compliance is free from material errors or omissions. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the single electronic reporting format of the Consolidated Financial Statements, including the preparation of the XHTML format and marking up the consolidated financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the consolidated financial statements using the XBRL markup language according to the requirements of the implementation of electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the Group's' use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified;
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy; and
- evaluating the consistency between the digital information from the Presentation of Consolidated Financial Statements, visible for the human reader, with the signed and audited consolidated financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### **Conclusion**

In our opinion, based on the procedures performed, the Presentation of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

### **Appointment**

We were first appointed as auditors of the Company by the Ordinary General Shareholders Meeting on 27 April 2023. Our appointment has been renewed by the Ordinary General Shareholders Meeting representing a total period of uninterrupted engagement appointment of 3 years, covering the financial

years ended 31 December 2023 up to 31 December 2025. Our appointment for the year ended 31 December 2025 was approved by the Ordinary General Shareholders Meeting on 29 April 2025.

The financial auditor responsible for carrying out the audit resulting in this independent auditor's report is Mihai Adrian Anița.

On behalf of

PricewaterhouseCoopers Audit SRL

Audit firm

registered with the Public Electronic Register of financial auditors and audit firms under no. FA6

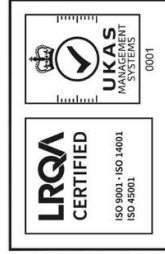
**Refer to the original signed  
Romanian version**

Mihai Adrian Anița

Financial Auditor

registered with the Public Electronic Register of financial auditors and audit firms under no. AF489

Bucharest, 26 May 2026



# Vrancart Group

# SUSTAINABILITY STATEMENT

## 2025

România, Mun. Adjud, Str. Ecaterina  
Teodoroiu nr. 17, Jud. Vrancea

Capital social subscris  
și vărsat, 20.011.575,10 RON

RO1454846 J39/239/1991  
ROONRC..J39/239/1991

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VRANCART S.A.

Dear Partners,

I present to you the Vrancart Group's 2025 Sustainability Statement, the second document of this type prepared in accordance with the European CSRD directive. For us, this report represents an analysis of how we manage our resources and risks in a changing market.

With over 45 years of experience, Vrancart is today a pillar of paper and cardboard recycling in Romania. This history obliges us to think long-term, where sustainability is integrated directly into our financial and operational objectives.

In a period when climate risks can directly affect cash flows and production continuity, our strategy has focused on resilience. For the Vrancart Group, managing climate impact means preventing Value Loss. Recycling is not merely an ethical mission, but a strategic component of our competitiveness, ensuring raw material security and reducing reliance on external resources.

We have transformed environmental challenges into development opportunities. Through investments in efficient technologies and the reduction of our carbon footprint, we ensure that we remain a preferred partner for customers, who are increasingly attentive to the sustainability of their supply chains. This translates directly into sales stability and a solid position for investors looking for companies prepared for the economy of the future.

Next year, we will continue to modernize our processes and optimize resource utilization. Our goal is to go beyond reporting standards and demonstrate that a responsible business is, inherently, a profitable business. Our values—integrity, employee safety, and resource efficiency—remain the foundation of every decision we make.

Thank you for the trust placed in the Vrancart Group. We are working together to ensure a solid and predictable future for the company and the community.

Stefan-Viorel MOVILA

CEO

## About Vrancart – brief introduction

The Vrancart Group traces its origins back to 1977, with the establishment of the Vrancea Pulp and Paper Mill, its activity subsequently continuing through its reorganization into the company Vrancart S.A. in 1992. The company has been listed on the Bucharest Stock Exchange since July 15, 2005, under the stock symbol VNC.

As of December 31, 2025, the Group's shareholding structure includes Lion Capital S.A. with a 76.33% stake (formerly SIF Banat-Crișana SA), Pavăl Holding SRL with a 17.35% stake, and the remaining 6.32% held by other shareholders.

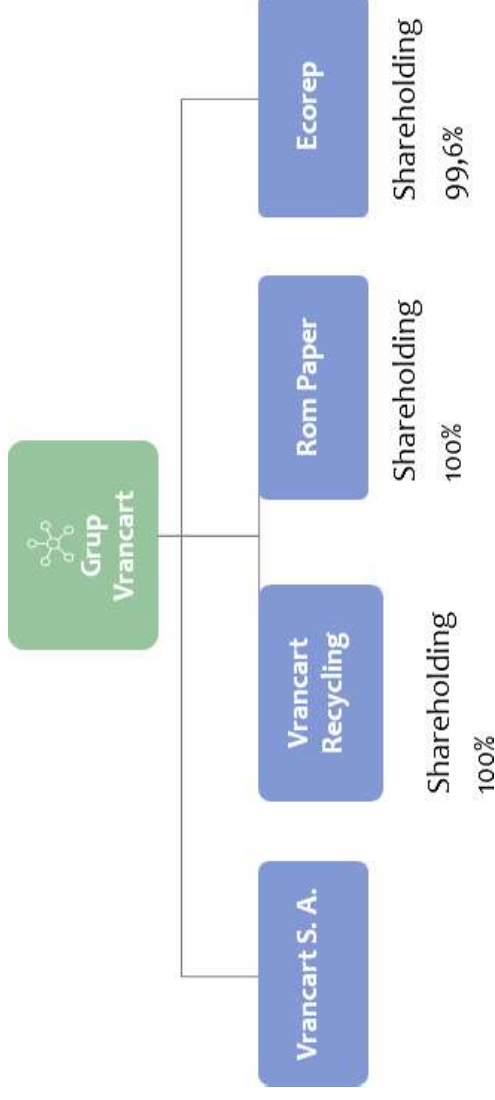
**The Vrancart Group** (“the Group”, “Vrancart”) operates on the Romanian market through its companies – Vrancart S.A., Rom Paper SRL (Rom Paper), Vrancart Recycling SRL (Vrancart Recycling), and Ecorep Group S.A. (Ecorep). The primary activities of these companies are:

- Vrancart S.A. is the parent company of the group and produces paper, corrugated cardboard, and tissue paper, primarily from recycled raw materials.
- Rom Paper S.R.L.'s scope of activity is the manufacture of household and sanitary products, with its operations consisting of processing semi-finished pulp products and transforming them into finished goods with various dimensional specifications. Similar to Vrancart S.A., the company primarily uses recycled raw materials.
- Vrancart Recycling is involved in recycling activities.
- Ecorep implements Extended Producer Responsibility (EPR), contributing to ensuring material circularity in accordance with legal requirements.

The structure of the Vrancart Group and the holdings of Vrancart S.A. are presented in the following figure.



**Group structure**



Within the Group, the contribution to the circular economy is supported by complementary roles: Vrancart S.A. and Rom Paper integrate recycled raw materials into their production processes, Vrancart Recycling ensures the energy recovery of waste resulting from the activities of the other subsidiaries, and Ecorep supports the collection and recycling of packaging through extended producer responsibility mechanisms.

*Our products*

Over the years, the Vrancart Group has become one of Romania's leading producers of corrugated cardboard, paper strips for tubes, and various paper sanitary products. The Group's main products are presented in the following figure:



Production activities are primarily based on the use of raw materials derived from waste collected within the national territory, reflecting a business model oriented toward the circular economy and the efficient use of resources.

The turnover distribution for 2025 highlights the dominant role of paper and cardboard in our total revenue, accounting for 295,646 thousand RON out of the total 416,175 thousand RON.



VRANCART S.A.

### Our locations

The Vrancart Group is headquartered in Adjud, Vrancea County, which also houses the cardboard production facility. The subsidiary for manufacturing household and sanitary products, Rom Paper, is located in Braşov. In addition to these two locations, we operate five waste collection centers in the following locations: Iaşi, Bacău, Pantelimon, Ploieşti, and Chiajna. The production center in Sântana de Mureş was closed during 2025, while the one in Călimăneşti was placed under preservation and currently functions as a logistics center.

Production capacity in Adjud was expanded by introducing a third shift to leverage high-performance equipment and low utility costs. The Group's workforce is distributed across all locations where it operates; however, the highest concentration of employees is in Vrancea County.

District	No. of employees, 2025
Vâlcea	8
Bucharest- Ilfov	41
Bacău	10
Braşov	98
Iaşi	8
Prahova	14
Vrancea	772
<b>Total</b>	<b>951</b>

The Vrancart Group operates on the Romanian market, delivering products to both domestic and international markets through a diversified product portfolio tailored to the needs of business clients and end consumers. The structure of the product portfolio underwent no changes during the reporting year. Vrancart Group products are distributed through hypermarkets, supermarkets, cash & carry outlets, and various distributors. These products cater to a wide range of industries, including HoReCa, furniture, automotive, construction, and food production.



VRANCART S.A.

The Group considers the potential effects of its activities on the environment and communities. In this context, the objective is to provide high-quality products while maintaining a safe environment. Commitments to quality and the circular economy are integrated into current operations and supported through an integrated quality management system.



## 1. ESRs 2 – General Disclosures

### 1.1. Basis of preparation

#### **BP-1 - General basis for preparation of sustainability statements**

The Vrancart Group, comprising Vrancart S.A., Rom Paper, Vrancart Recycling, and Ecorep, presents its Sustainability Statement for the 2025 financial year, prepared in accordance with the European Sustainability Reporting Standards (ESRS), as set out in Annex 1 to Commission Delegated Regulation (EU) 2023/2772 of July 31, 2023, supplementing Directive 2013/34/EU of the European Parliament and of the Council, transposed into national legislation by OMF no. 85/2024. This Sustainability Report also includes the disclosures required by Article 8 of the EU Taxonomy Regulation (Regulation (EU) 2020/852).

The 2025 Statement was also prepared considering the recent legislative updates to the European reporting framework adopted by the European Commission in 2025. The Sustainability Statement was subject to a limited assurance process by an independent external auditor, in accordance with the requirements of Directive 2013/34/EU.

The Sustainability Statement has been prepared on a consolidated basis, covering the reporting period from January 1 to December 31, 2025, aligned with the financial reporting period. The scope of consolidation for the Statement is the same as for the Group's consolidated financial statements, unless boundaries are specified otherwise within the document. No Group subsidiaries were identified for exclusion from sustainability reporting under the exemptions permitted by Art. 19a or 29a of Directive 2013/34/EU.

In its second year of reporting under the CSRD, the Vrancart Group continues to prioritize compliance with the mandatory requirements of the ESRS standards. In certain cases, limited data availability leads to the use of estimates for performing calculations. These estimates are presented and explained within the specific sections of the Statement, where applicable. When estimates were used, the Group applied methods based on historical data, proxies, or industry averages, ensuring that these do not significantly affect the quality of the information presented.

Comparisons are provided for indicators for which figures were published in previous years. Voluntary data points are included only when such data is available.

The Group also applies the provisions of Commission Delegated Regulation (EU) 2025/1416 of July 11, 2025, amending Delegated Regulation (EU) 2023/2772 and postponing the application date of certain disclosure requirements set out in the ESRS. Based on this delegated act, certain detailed requirements set out in Annex C of ESRS 1 may be temporarily omitted or reported only in a qualitative form, in accordance with paragraph 17 of ESRS



2. Consequently, the detailed information required by ERS 2 SBM-3 paragraph 48, lit. (e), ERS E1-9, ERS E3-5, and ERS E5-6 is not presented. Additionally, the Group utilized the transitional provision regarding reporting on the upstream and downstream value chain for the first three years, as per ERS 1, Section 10.2.

To ensure compliance with the requirements of this section regarding efforts made, we specify that for carbon emissions (Scope 3), the Group utilized the GHG Protocol methodology by applying the spend-based method. This involved correlating financial procurement data with emission factors, providing an estimate of upstream and downstream impacts. Full information is included in chapter ERS E1 – Climate Change, section E1-6. For the reporting period, the Group prioritized establishing the calculation base through the spend-based method, with a subsequent evaluation of the opportunity to collect activity data from suppliers. The Vrancart Group will analyze the opportunity to develop a specific program in this regard, depending on the evolution of legislative requirements concerning ERS reporting and the ESG maturity level of both the Group and its suppliers.

Regarding the material topic S2 (Workers in the Value Chain), the Vrancart Group applies the 'Quick Fix' provisions for the 2025 reporting year, and the relevant information is presented in detail in chapter ERS S2. The Vrancart Group is currently in the process of analyzing the mechanisms necessary for monitoring the ESG performance of its suppliers. During the first three years of reporting, the Group aims to define a data collection plan specific to workers in the value chain, depending on the evolution of legislative requirements for ERS reporting and the ESG maturity level of the Group and its suppliers, considering their structure and maturity (SMEs).

Where the policies, actions, and targets described in the topical chapters do not yet explicitly and detailedly cover the value chain for the relevant material topics, this is specified in the text.

The double materiality assessment Process is an on-going exercise that responds to and may trigger changes in the Group's strategy, business model, activities, value chain and general operating contexts. The double materiality assessment Process may also be impacted in time by sector-specific standards to be adopted. The double materiality assessment Process may not include every impact, risk and opportunity or additional entity-specific disclosure that each individual stakeholder may consider important in its own particular assessment.

The Statement includes information regarding the value chain in accordance with the ERS 1 provisions applicable to the first three CSRD reporting periods, based on the availability of relevant data. This information will be progressively supplemented as relevant value chain data becomes available in future reports. The reporting does not provide details on every actor in the chain but focuses on information relevant to the Vrancart Group and its users. Policies, targets, and actions are reported for material topics. If these are not yet available or only partially cover the reporting scope, this is explicitly mentioned.



Within the analysis, the Group's upstream and downstream value chain was considered at a general level to support the definition of the operational area and the assessment of relevant ESG impacts. The level of granularity of the data collected from the value chain was established based on the severity of the impacts identified during the double materiality process.

The Group did not apply the option to omit information related to intellectual property, innovation, or know-how, nor did it exercise its rights under Article 19a(3) and Article 29a(3) of Directive 2013/34/EU. The Group confirms that no information classified as 'opportunities' that could have been considered confidential under ESRs 2 par. 11 was omitted.

#### **BP-2 - Disclosures in relation to specific circumstances**

The present reporting is based on the analysis of ESG impacts, risks, and opportunities (IRO) identified at the Vrancart Group level. Within this report, the terms 'Sustainability Statement,' 'Sustainability Declaration,' and 'The Report' are used interchangeably. The year 2025 represents the second year in which the Vrancart Group reports in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

The information included in this statement was prepared using the ESRS standards as the primary framework, without utilizing other international voluntary reporting frameworks. Furthermore, for the monitoring and quantification of environmental factor indicators, the Group used the methodologies and requirements provided by current national environmental legislation, thus ensuring the alignment of sustainability reporting with statutory compliance obligations.

Specific references to the paragraphs of the applied standards and their correspondence with the chapters of this report, as per the requirements of Appendix B of ESRS 1, are detailed on page 49.

Based on the experience gained during the first year of reporting under the CSRD Directive in 2024, the Vrancart Group performed specific adjustments to the materiality analysis and, consequently, to the 2025 Sustainability Statement, aiming to improve the consistency of the information presented and to eliminate redundancies identified in the previous edition. These updates reflect the optimization of the reporting process and alignment with best practices observed through the benchmarking of sustainability reports from other companies in the sector, while maintaining compliance with ESRS requirements. We specify that the changes made to the IRO structure do not constitute a correction of prior-year information but rather a refinement of the classification methodology for better granularity. The main changes compared to last year include:



- During 2025, the Vrancart Group conducted a review of previously identified impacts, risks, and opportunities to ensure the clarity, consistency, and timeliness of their classification. The results of this review are presented in the ESRs 2 – IRO 1 section of this Statement and form the basis for the updated structure of the material topics reported for 2025.
- In accordance with ESRs requirements, we present comparative data for 2024 and 2025, which constitute the basis for assessing progress and sustainability performance at the Group level.

For the preparation of the Sustainability Report, the Vrancart Group used the short, medium, and long-term time horizons as defined in ESRs 1. For the information included in the Sustainability Statement, the time horizons are defined as follows: short-term – 1 year (the current reporting period), medium-term – up to 5 years, and long-term – more than 5 years, in accordance with section 6.4 of ESRs 1.

The Vrancart Group uses estimates and assumptions in both its financial and sustainability reports, particularly when direct data is unavailable. The level of uncertainty is considered low to moderate, and the assumptions used are reviewed annually to reflect the best available data. For indicators validated by an external body other than the provider of the limited sustainability assurance, that body is mentioned in the text. Where such information is not provided, the indicator has not received additional external validation.

The use of these estimates may lead to variations in the reported values for certain indicators, depending on the data sources and assumptions used. The Vrancart Group relies on indirect sources, such as industry benchmarks and supplier data, for indicators such as Scope 3 carbon emissions, raw material efficiency, and waste management rates. The quantification of greenhouse gas (GHG) emissions is based on estimation methods and emission factors that may introduce a certain degree of uncertainty, particularly in the conversion process of different gas types. These elements are documented and reflected in the reporting process.

GHG emissions quantification is subject to significant inherent measurement uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values to combine emissions of different gases. Greenhouse gas quantification is unavoidably subject to significant inherent uncertainty as a result of both scientific and estimation uncertainty. Estimation uncertainty can arise because of:

- the inherent uncertainty in quantifying inputs, such as activity data and emission factors, that are used in mathematical models to estimate emissions (measurement uncertainty);
- the inability of such models to precisely and accurately characterize under all circumstances the relationships between various inputs and the resulting emissions (model uncertainty); and



- the fact that uncertainty can increase as emission quantities with different levels of measurement and calculation uncertainty are aggregated (aggregation uncertainty).

In accordance with the requirements of ERSR 2 BP-2, the Group corrected certain editing errors identified in the 2024 comparative data regarding waste. These adjustments strictly addressed technical, drafting, and formatting aspects of the information previously presented. We specify that these corrections have no impact on the calculation methodology, the reported consolidated values, or the conclusions formulated in previous reports, and are considered immaterial from the perspective of their impact on users' decisions. This update was performed strictly to ensure clarity and accuracy of presentation, facilitating easy comparability between 2024 data and current-year data, without altering the substance of the already communicated sustainability indicators.

For 2025, the Group expanded its carbon footprint calculation to include all group entities and the Scope 1, 2, and 3 emission categories applicable to our activity. In accordance with ERSR 2 BP-2 (paragraph 11), we specify that this expansion represents an improvement in the reporting process rather than a change in the structural consolidation perimeter (mergers or acquisitions), as the sustainability reporting perimeter remains identical to that of the financial reporting. In this context, we have optimized the reporting of Scope 3 emissions to more accurately reflect operational reality and GHG Protocol requirements. While in the previous exercise (FY24), transport emissions were divided between categories S3.4 (upstream) and S3.9 (downstream), starting with FY25, both emission sources have been consolidated under category S3.4. This decision is based on the fact that both types of transport represent services purchased and paid for directly by the Vrancart Group. Detailed information regarding these recalibrations is provided in the ERSR E1 – Climate Change section.

Furthermore, in the spirit of transparency required by reporting standards and based on provisions regarding data comparability, we note that for the Water Consumption indicator, the value presented in FY24 was not calculated strictly according to the ERSR definition (as the difference between water withdrawal and water discharge). For the FY25 exercise, this indicator has been fully aligned with ERSR technical definitions; however, the FY24 value was not retrospectively adjusted as the effort required to recalculate historical data using this specific methodology was considered disproportionate in relation to the utility of the information, with our efforts focusing on providing the most accurate and compliant calculation for the current reporting period.

Finally, regarding the materiality assessment, we specify that following the re-evaluation conducted for FY25, the topic ERSR E4 – Biodiversity and ecosystems was determined to be non-material for our Group. This conclusion, along with the related analysis process, is detailed in the section dedicated to the IRO-1 disclosure requirement.



## 1.2. Governance

### **GOV-1 - The role of the administrative, management, and supervisory bodies**

In accordance with the Articles of Association, the Vrancart Group is managed based on a corporate governance system comprising the Board of Directors and executive management, each with defined responsibilities.

The Group's Board of Directors consists of five members elected by the general meeting of shareholders for a four-year mandate, with the possibility of re-election. The election process is conducted transparently, and the dismissal of Board members is decided exclusively by the general meeting during extraordinary meetings. The Board includes 5 non-executive members, ensuring balanced leadership within the company.

As of December 31, 2025, the five board members are: Bogdan Drăgoi, Sergiu Mihailov, Adrian Fercu, Rachid El Lakis, and Alexandru Minea. Regarding the diversity of administrative bodies, the Vrancart Group reports a 100% male representation at the Board of Directors level. The selection of members is based on criteria of professional competence, experience in the pulp and paper industry, as well as legal and financial expertise, ensuring a mix of complementary knowledge. Although no formal numerical target for gender diversity in the Board is currently established, the Group recognizes the importance of diversity and considers evaluating inclusion criteria in future nomination processes. None of the five members are independent.

Regarding sustainability expertise, the members of the Board of Directors possess skills acquired through the direct management of the Vrancart Group's circular business model. Their collective expertise ensures the oversight of operational and governance risks related to the Group's environmental and social impact. To ensure an in-depth level of specific knowledge, the Vrancart Group is analyzing the opportunity to plan dedicated ESRS training sessions in the following reporting periods to strengthen the Board members' capacity to assess and manage material ESG impacts, risks, and opportunities.

The Chairman of the Board is Sergiu Mihailov. Directors are selected based on their skills and experience, providing diverse knowledge for the Group. Regarding the competencies required for managing sustainability aspects, the members of the Board of Directors possess diversified expertise in industrial management, finance, and governance—skills that facilitate the oversight of the transition to a circular economy. The Group considers implementing periodic training programs to ensure that Board members' knowledge remains updated regarding developments in the CSRD/ESRS reporting framework and climate risks specific to the pulp and paper sector.

The Board of Directors (“the Board”, “BoD”) is responsible for setting the Group's strategic direction and overseeing its long-term performance. Furthermore, it ensures compliance with corporate governance principles and supervises the implementation of adopted policies. The Board also



evaluates and monitors risks associated with the Group's operations to protect its interests. The oversight of sustainability matters is integrated into the Board's mandate, which approves the double materiality assessment and the Sustainability Statement.

In the absence of an Audit Committee established as a formal subordinate structure, the Board of Directors directly exercises the duties of monitoring the effectiveness of financial and sustainability reporting, internal control, and risk management (whether ESG-related or not). The Board is supported in this endeavor by specialized personnel from the finance and internal audit departments, who hold professional certifications and training in accounting and auditing, providing the necessary expertise to maintain the integrity of the Group's operations.

The Board of Directors ensures that internal controls are in place to safeguard the Group's assets and the integrity of financial reporting. It also monitors compliance with legal and regulatory requirements. Periodic audits are conducted to evaluate the effectiveness of internal controls and risk management processes, ensuring that the Group's operations are both efficient and compliant.

In accordance with the requirements of ESRs 2 par. 22, the oversight process exercised by the Board of Directors integrates the following sustainability aspects:

- monitoring the process of identifying material impacts, risks, and opportunities (IRO) by validating the methodology and results of the double materiality assessment;
- overseeing the systems for non-financial data collection and processing;
- monitoring reporting compliance with the requirements of the CSRD Directive and ESRs standards, ensuring alignment between financial and sustainability information;
- evaluating how the conclusions of the limited assurance process conducted by the external auditor are addressed to improve the quality of future reporting.

As of November 2025, the Group's executive management is led by Ștefan Movilă, as General Manager, appointed by the Board of Directors. The primary objective of the General Manager over the medium and long term is to ensure the Group's operational continuity and performance, balanced with shareholder interests, taking into account the specific characteristics of the Vrancart Group and the macroeconomic context.

The executive management team is tasked with managing the group's day-to-day operations, ensuring that business activities are aligned with the strategic objectives set by the Board. They manage the group's financial performance, including budgeting, financial reporting, and ensuring financial stability. Additionally, they oversee employee management, including recruitment, training, and maintaining a productive work environment. The



executive management periodically informs the Board of Directors (at least quarterly or whenever necessary) regarding the progress of sustainability-related objectives and the management of significant impacts on the environment and people.

The Board of Directors plans to establish an advisory committee in the future, composed of its members, responsible for conducting investigations and formulating recommendations in areas such as audit, CSR reporting, executive remuneration, nomination of candidates for executive positions, and the establishment of internal regulations. The remuneration policy for directors and executives, as well as profit-sharing, is established by the Board based on economic performance, performance criteria, and responsibilities defined in the annual budget, subject to approval by the General Meeting of Shareholders (GMS). Current remuneration criteria are primarily focused on financial performance; however, the Group is analyzing the possibility of integrating sustainability indicators into future bonus policies.

Corporate governance information, including the list of Board members, executive management, the Group's Articles of Association, and internal regulations, is available on the Group's [website](#).

Rom Paper is a limited liability company (SRL), managed by three administrators who oversee the company's operations in accordance with the policies and strategic directions set at the Group level.

Ecorep is a joint-stock company (SA), with a Board of Directors consisting of two members responsible for the oversight and coordination of the company's activities in line with the Group's governance.

Vrancart Recycling is a limited liability company (SRL), managed by three administrators responsible for the company's operations and the implementation of Group directions.

Employee representation within the governance structure is ensured by the responsible manager, depending on the area of competence.



## **GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management, and supervisory bodies**

The Group's governance structure is designed to ensure the integration of sustainability matters into the management and oversight of its activities. Senior management intends to establish a specialized committee to prioritize ESG matters. Currently, responsibilities are managed by specialized departments, and the Board of Directors is periodically informed of the identified impacts, risks, and opportunities (IRO) during board meetings through presentations delivered by the General Manager.

Although the members of the administrative bodies do not hold formal sustainability certifications, the Group aims to strengthen the understanding of ESG topics. The process of informing the Board includes presenting the results of the double materiality assessment and validating the Sustainability Statement. Internal experts contribute to the preparation of the Sustainability Statement, and management had access to specialized consultancy during the reporting year.

Currently, executive responsibilities for monitoring material impacts are delegated to the General Manager, who reports performance against established indicators to the Board.

Responsibilities for managing environmental matters are assigned to the SICMS (Integrated Quality-Environment-Health-Safety Management System) Manager, who coordinates waste disposal and advises management. Additionally, the Human Resources Director evaluates opportunities for the leadership team to participate in ESG seminars, such as the events attended in 2025: 'Circular Economy in Practice', 'Public Services Forum', Climate Change Summit, and Biz Sustainability Summit.

The financial and economic expertise of Board members (e.g., Bogdan Drăgoi, Adrian Fercu) is utilized in assessing the financial impact of ESG risks and in allocating capital for modernization and energy efficiency projects.

Management oversees the risk management process, progressively integrating the ESG dimension into traditional risk categories. Risk analysis through the lens of ISO standards (14001, 45001) serves as the basis for identifying material sustainability risks, with the results correlated with the mitigation strategy described in the table below (operational risks related to raw materials and legal risks related to compliance include risks related to the transition to a circular economy and green legislative changes).



Category	Risk	Mitigation strategy	Controls	Link to ESG topics
Financial risks	Delays in collecting receivables, lack of liquidity, and fluctuations in costs and interest rates.	Shorter payment terms, monitoring of cash flows, loan rescheduling, favorable loan terms.	Internal audits, financial forecasts, strict accounts receivable management.	G1 (Conduct): The impact of instability on the capital required for green investments.
Operational risks	Production stoppages, equipment malfunctions, shortages of raw materials (waste paper), and poor supply quality.	Expanding the supplier portfolio, preventive maintenance, purchasing high-performance equipment, and business continuity plans.	Regular testing of equipment and backup systems. Assessment and audit procedures to identify potential operational deficiencies.	E5 (Circular Economy): Risk related to the availability of recycled resources.
Legal/regulatory risks	Non-compliance with legal requirements, changes in legislation, loss of ISO/FSC certifications.	Staff training, monitoring of legislation, internal audits, allocation of funds for compliance.	Regularly monitoring relevant legislation. Updating documentation and maintaining certifications.	E1-E5 / S1: Compliance with environmental and occupational safety regulations.
Reputational risks	Negative public perception of the group, complaints, poor customer relationship management.	Building and maintaining a positive image through transparent communication. Implementing a system for managing customer complaints and feedback.	Proactive and reactive PR strategies to respond quickly to crises. Constant monitoring of public opinion through surveys and social media.	S4 (Consumers): Maintaining trust through accurate labeling and sustainability.
Strategic risks	Failure to adapt to changing market trends, which leads to a loss of competitive advantage.	Ongoing assessment of competition and market trends. Product diversification (packaging, colored toilet paper), expansion into new markets, and investments in equipment.	Reviewing strategic plans and adjusting them based on performance. Regular feedback from the sales and marketing teams to assess market reactions (market analysis).	E5 / S1: Adapting to market demand for sustainable products.



### **GOV-3 - Integrating sustainability performance into incentive systems**

The Group does not have a remuneration committee, and the remuneration policy and incentive system are not linked to sustainability-related performance. Vrancart is considering the introduction of a variable component of annual remuneration based on performance in the field of climate change. Currently, the remuneration of the members of the Board of Directors is established and approved at the Annual General Meeting of Shareholders (GMS), and decisions are publicly available on the company's website, ensuring process transparency.

For the 2025 reporting year, there was no specific percentage assigned to sustainability criteria. Climate considerations, including specific targets for greenhouse gas (GHG) emission reductions, are not yet defined within the remuneration criteria. The Board of Directors does not receive variable remuneration.

The Group confirms that during the current reporting period, no financial or non-financial incentives were granted to members of the administrative, management, and supervisory bodies that were directly linked to the achievement of sustainability objectives or the management of identified impacts, risks, and opportunities (IRO). Furthermore, the current remuneration system does not include 'malus' or 'clawback' mechanisms specifically related to ESG performance. This approach is consistent with the absence of a variable remuneration component for the Board of Directors for the 2025 financial year. Any future update to the remuneration policy that integrates sustainability-related key performance indicators (KPIs) will be presented for approval to the General Meeting of Shareholders and will be detailed in future reports, in accordance with ESRS requirements.

### **GOV-4 - Statement of Due Diligence**

The Vrancart Group's due diligence process is structured to identify, prevent, mitigate, and manage actual and potential negative impacts on the environment and people, being integrated into the Group's governance structure and applied both in its own operations and throughout the value chain. Due diligence processes are carried out in accordance with best practices and legal requirements or relevant standards (e.g., ISO), being adapted according to the nature and context of each analyzed situation.

Responsibility for conducting the due diligence process lies with the relevant management, depending on the area of activity under evaluation. Due diligence processes are primarily applied in the context of analyzing investment opportunities. Additionally, a periodic assessment of activities is conducted, which includes an analysis of business strengths and vulnerabilities, as well as a high-level assessment of exposure to ESG risks.

The Board of Directors is informed regarding the status and conclusions of the due diligence processes through appropriate communication channels, including verbal briefings or electronic formats.



	The Basics of Due Diligence	References
a)	Integrating due diligence into governance, strategy, and the business model	ESRS 2 GOV-2 ESRS 2 GOV-3 ESRS 2 SBM-3
b)	Involvement of affected stakeholders	ESRS 2 GOV-2 ESRS 2 SBM-2 ESRS 2 IRO-1 ESRS 2 MDR-P ESRS S1-2
c)	Identifying and assessing negative impacts on people and the environment	ESRS 2 IRO-1 ESRS 2 SBM-3 ESRS S1-3, S2-3
d)	taking steps to address the negative impact on people and the environment	ESRS 2 MDR-A applicable to ESRS E1, E2, E3, E4, S1
e)	Monitoring the effectiveness of these efforts	MDR-T applicable to ESRS E1, E2, E3, E5, S1

**GOV-5 - Risk management and internal controls related to sustainability reporting**

There is no formal or centralized process for managing risks related to sustainability reporting. Currently, the Group does not have a distinct formal policy dedicated to sustainability reporting, and the management of risks related to this process is not yet integrated into the company’s general Enterprise Risk Management (ERM) system.

There is no function dedicated exclusively to managing sustainability reporting risks; these responsibilities are distributed among each department manager, according to their area of competence.

The administrative, management, and supervisory bodies were informed regarding the IROs identified during the double materiality assessment process; however, a formal mechanism has not yet been implemented for them to periodically evaluate the effectiveness of the sustainability-specific internal control system.

Nevertheless, the Vrancart Group has informal internal mechanisms for data verification and validation at the department level, applying the 'four-eyes principle' including for data reported under the EU Taxonomy Regulation. The Group has not yet established a formal process for error reporting or the correction of sustainability data between reporting periods, beyond the standard internal and external audit mechanisms.

### 1.3. Strategy

#### **SBM-1 - Strategy, Business Model, and Value Chain**

Driven by the strategic direction provided by management, the Group has maintained its focus on the same core business areas over recent years.

During 2025, certain operational adjustments were implemented, including the scaling down of operations at specific collection centers, in response to market developments and economic conditions within the sector. In 2025, the Group recorded consolidated revenues of 416,175 thousand RON, confirming the resilience of its business model in a volatile economic environment, with a total headcount of 951 employees at Group level.

The Group operates in the manufacturing industry and generates all its revenues within this sector. The main components of Vrancart's operations are:

- Production line for hygiene and sanitary products made from recycled paper and cellulose.
- Pallet repair line: This line is dedicated to the repair and reconditioning of pallets to extend their lifecycle and reduce waste.
- Polyethylene flakes production line: This line processes the plastic gathered through collection centers to produce polyethylene flakes. This process is in its early stages and accounts for a small percentage of revenues and activity.
- Moulding line: This line manufactures products made from paper pulp waste, contributing to our recycling and sustainability efforts.
- Cogeneration boilers: These utilize residual materials to generate energy, enhancing our energy efficiency and reducing our environmental footprint.
- Extended Producer Responsibility (EPR) implementation activity: Through Ecorep, the Group carries out activities to take over and manage the legal obligations of packaging producers and importers, including the organization of collection, recycling, and reporting flows, an activity that is distinct from the Group's industrial operations.

The strategic objective of the Vrancart Group is to generate value for customers, integrating principles of responsibility and sustainability into its business operations. The strategic objectives are not broken down at the operational level. The Group focuses its approach on managing the impacts on customers, as well as on people and the environment. Progress is monitored through performance evaluations and annual sustainability reporting.

The Vrancart Group serves a wide range of customers, from large retailers and manufacturers to SMEs. The Group adapts to market demands and offers customized packaging solutions, predominantly utilizing recycled raw materials, with over 90% of the raw materials sourced from waste.

The Group's main customer segments are:

- **Retail and the fast-moving consumer goods industry:** This includes manufacturers and distributors of food, beverages, cosmetics, and other consumer goods, as well as supermarket chains, stores, and manufacturers of packaged goods.
- **Logistics and transport industry:** Companies in this sector require durable packaging for the protection of goods during transit. This category includes courier service providers, carriers, and e-commerce operators.
- **Industrial manufacturers:** This group comprises companies from various sectors such as the automotive, electronics, and industrial consumer goods industries, including factories, exporters, and distributors.
- **End consumers of paper products:** This category includes retail stores, supermarket chains, hygiene product distributors, and individual consumers.
- **International customers:** These are companies from neighboring countries and the EU, interested in sustainable solutions, as well as external partners in the retail and logistics sectors.

Revenues by significant ERS sectors	RON thousand
Total revenues	416,175
Revenues by significant ERS sectors	416,175
Paper and cardboard	295,646
Sanitary paper	108,182
Waste management	12,347

The Vrancart Group is strengthening its customer relationships through a needs-oriented approach, offering tailored solutions and maintaining high quality standards. We emphasize long-term collaboration, alongside technical and logistical support, to ensure efficiency and reliability in product delivery. In all interactions, we aim to integrate responsible practices and address market demands in a transparent and professional manner. The Vrancart Group recognizes that the emergence of new types of customers, with requirements differing from traditional ones, creates additional challenges for the company's operations and strategy. Customers requesting products with eco-friendly features, supply chain transparency, and



involvement in recycling initiatives or responsible consumption, as well as partners promoting social and environmental innovations, are becoming increasingly influential and relevant in the. As these demands grow, it is likely that these customers will account for a larger proportion of our customer base. Currently, there are no explicit targets in place to address these requirements, but the company is analyzing the need to establish specific targets in the future. The main future sustainability challenges are associated with climate change. To reduce climate impact, the utilization of efficient technologies, emissions monitoring and reporting, and the optimization of internal processes are necessary. Regarding waste management, the Vrancart Group utilizes recyclable materials as raw material and promotes increased circularity. However, the current strategy does not include specific mitigation measures for climate challenges and other sustainability matters.

#### *Business model*

The Vrancart Group focuses its operations on the B2B segment, through an extensive network of partners, suppliers, and other stakeholders. As a paper manufacturer, sustainability and recycling represent core values integrated into our strategy. The Group's operational process includes complex stages and key participants, each contributing to the efficient and responsible production of recycled paper and corrugated cardboard products.

**Collection and procurement of raw materials:** The process begins with the collection and procurement of recyclable waste, such as paper and cardboard. The Vrancart Group operates its own collection system for paper, cardboard, and other recyclable waste. At this stage, additional resources are also integrated, such as the energy, water, and auxiliary materials required for waste pre-processing.

The Group collaborates with collector networks, local authorities, companies, and recycling centers to ensure a steady flow of raw materials. Vertical integration within recycling operations reduces costs and ensures a consistent supply.

- **Recyclable paper (paper and cardboard waste):** Collected from commercial customers, recyclable waste collectors, collection centers, and internal production flows.
- **Cellulose fibers:** Procured from cellulose suppliers or other sources, with a special emphasis on utilizing recycled fibers to reduce the need for natural resource extraction.
- **Energy:** Sourced from electricity providers and investments in renewable energy sources, such as solar panels and a cogeneration plant.
- **Water:** Utilized via a water treatment plant and water recycling technologies within the production process to reduce consumption from natural sources.



- **Human resources:** Continuous professional training for employees and attracting talent with experience in recycling and sustainable production.
- **Infrastructure and equipment:** Advanced industrial equipment for paper recycling and the manufacturing of corrugated cardboard products. The logistical infrastructure, including warehousing and transportation, is essential for product distribution.

**Sorting and processing of recyclable materials (waste):** The Vrancart Group utilizes modern equipment for sorting, processing, and transforming recyclable materials (waste) into raw materials for paper and cardboard production. The outcome of this stage is recycled paper pulp, which is usable in production.

**Production of paper and cardboard from recycled fibers:** The recycled paper pulp, along with water, adhesives, and other auxiliary materials, is utilized in the manufacturing process to produce recycled paper rolls and corrugated cardboard sheets.

**Production of finished packaging:** The paper and corrugated cardboard obtained from recycled fibers are processed through specific operations to manufacture corrugated cardboard packaging intended for end customers.

**Quality control:** Semi-finished and finished products undergo quality control processes to verify compliance with applicable standards. Following this stage, compliant products are approved for delivery.

**Distribution and delivery:** Finished products are distributed and delivered to customers or distributors through logistical operations. This stage results in the delivery of products to their final destinations.

**Internal recycling and waste management:** Production waste is managed through internal recycling processes, resulting in recycled materials for reuse and treated waste. Non-recyclable waste undergoes energy recovery processes at the Vrancart Recycling cogeneration (CHP) plant, in accordance with the environmental permit and the applicable legal framework.

Through this approach, it aims to strengthen sustainability, increase operational efficiency, support economic growth, and promote innovation, while simultaneously generating value for stakeholders:



- **Customers:** Customized products, competitive pricing, and durability.
- **Investors:** Consistent performance, a solid market position, and growth opportunities.
- **Employees:** Secure jobs and career opportunities.
- **Community and environment:** Implementation of measures to manage environmental impacts and conducting community engagement initiatives.

#### *Value chain*

The Group's activities are organized along the value chain, covering the relevant operational stages from procurement and production to product distribution and interaction with partners and other stakeholders. The presentation below describes the main stages of this value chain and the corresponding roles of the parties involved. The Vrancart Group holds a strategic position in the Romanian paper manufacturing market, being one of the leaders in promoting the circular economy. The Group emphasizes the circular economy, reducing reliance on natural resources by utilizing recyclable waste as raw materials in the production process.

The Group facilitates the connection between recycling, production, and consumption, ensuring a continuous flow of recycled materials and finished products, which contributes to operational efficiency and sustainability.

Some of the most important categories of suppliers for the Vrancart Group are:

#### **Suppliers of recyclable waste (paper and cardboard, plastic, wood, etc.):**

- Companies specializing in the collection and sorting of recyclable waste.
- Local and municipal authorities for the separate collection of waste in communities.
- Retailers, manufacturers, and other companies that generate large quantities of paper and cardboard waste.
- Recycling centers providing pre-sorted materials ready for processing.

#### **Suppliers of utilities and auxiliary materials:**

- Electricity, natural gas, and water required for the production processes.
- Auxiliary materials utilized in the manufacturing process, such as adhesives, ink, and other chemicals for packaging and cardboard products.



#### **Suppliers of equipment and technologies:**

- Machinery for recycling and for the production of paper and packaging.
- Advanced technologies for improving the efficiency and sustainability of processes.

The Vrancart Group maintains long-term partnerships with its suppliers, supporting the circular economy through quality monitoring. Thus, it ensures that all materials and processes comply with the Group's sustainability and efficiency standards.

In addition to upstream activities, the downstream value chain represents a relevant component of the Group's operations. The Group has a well-developed distribution network that ensures the prompt delivery of products both domestically and internationally.

To ensure the continuity and reliability of distribution, the Vrancart Group utilizes multiple distribution channels, thereby mitigating the risk of product delivery disruptions.

#### **Direct distribution:**

- The Vrancart Group utilizes its own transport and logistics fleet, enabling direct distribution without intermediaries. This approach provides flexibility in managing customized orders and urgent deliveries.

#### **Distribution through intermediaries:**

- The Group collaborates with distributors and logistics partners for product delivery. This strategy increases geographical coverage and enhances the efficiency of logistical operations.

#### **Distribution through retail networks:**

- Products such as sanitary paper and paper towels are distributed through supermarket and hypermarket chains. This contributes to strengthening our brand and increasing the sales volume for household consumer products.

#### **Export and international distribution:**

- The Vrancart Group conducts export and international distribution activities, both directly and through local partners, thereby contributing to the diversification of its customer base and reducing its reliance on the domestic market.



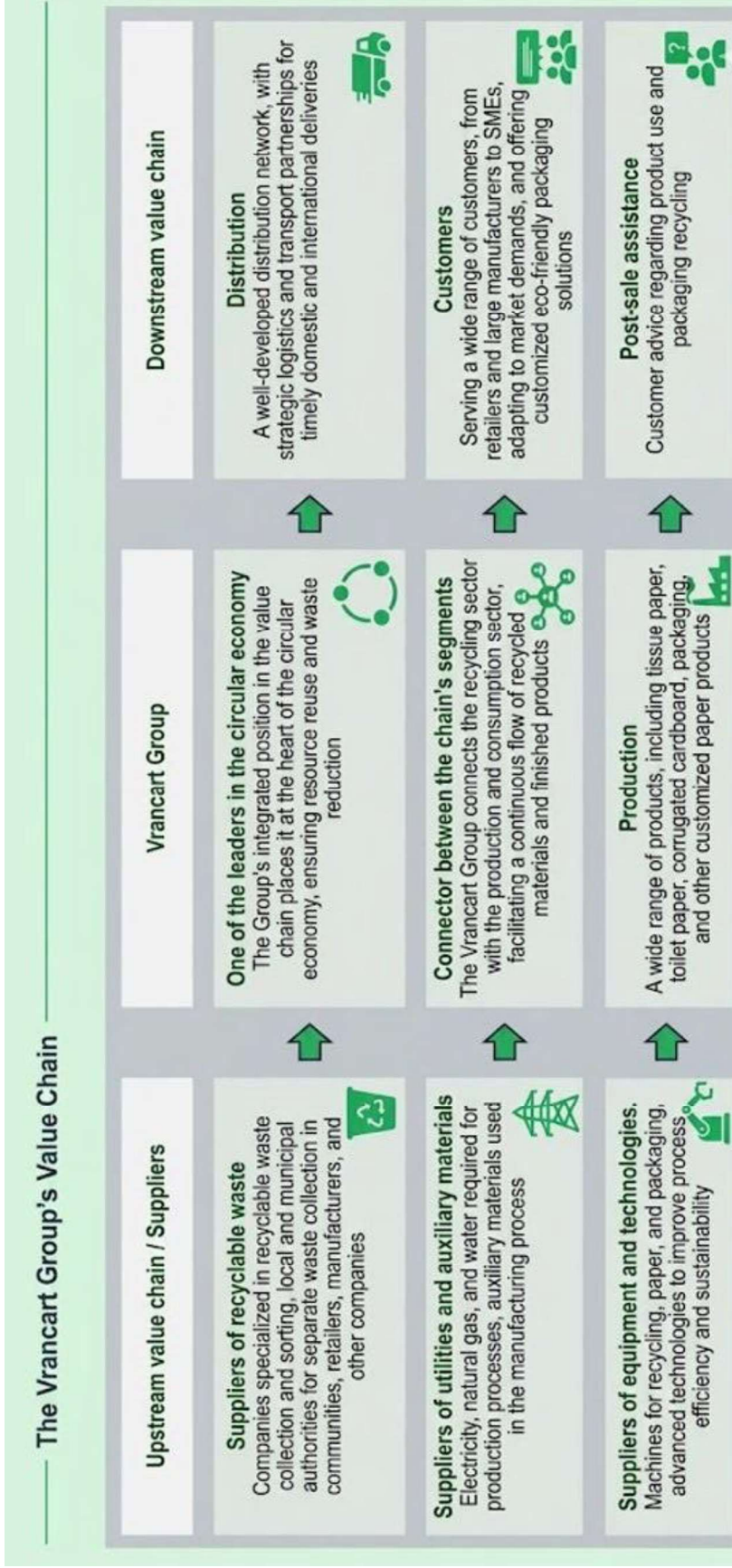
By leveraging digitalization and optimizing logistical processes, the Group ensures flexibility and adaptability to market demands. The distribution channels are tailored to meet the diverse requirements of customers, regardless of order volume or frequency, thus guaranteeing continuity and operational efficiency.

The strategy of the Vrancart Group is built around the principle of circularity, an element that dictates our long-term development directions and the way we adapt our business model to climate challenges. The key elements of our strategy that directly impact sustainability matters include:

- Prioritizing investments in low-carbon and highly energy-efficient technologies (e.g., the cogeneration plant and photovoltaic parks), with the aim of decoupling production growth from the increase in our carbon footprint.
- Maximizing the use of recycled fibers in the production process, thereby reducing the pressure on virgin natural resources and decreasing the amount of waste sent to landfill.
- Transforming non-recyclable waste from our own processes into an energy resource, thus closing the production loop and reducing reliance on fossil fuels.

These strategic directions ensure not only the Group's economic resilience but also the minimization of environmental risks, transforming compliance with European regulations (CSRD/ESRS) into a competitive advantage through transparency and accountability.

Furthermore, we state that the Group's business model and product portfolio do not include goods or services that are banned in the markets where we operate, complying with all national and international safety and ethics regulations.



Collaboration with various distributors contributes to optimizing the delivery process and increasing customer satisfaction by expanding geographical coverage, diversifying logistical channels, and ensuring flexibility in order management. Furthermore, the Group provides support throughout the entire product life cycle through consultancy services regarding their use and packaging recycling.

The value chain is essential to our business model, which is why, in preparing the sustainability statement, we considered the main actors within the value chain, both upstream and downstream, to reflect the impacts, risks, and opportunities associated with our operations.

The Vrancart Group is not active in the fossil fuel sector (coal, oil, and gas) and does not derive revenues from the exploration, mining, extraction, production, processing, storage, refining, or distribution, including the transportation, warehousing, and trading of fossil fuels, as defined in Article 2(62) of Regulation (EU) 2018/1999 of the European Parliament and of the Council.

The Vrancart Group does not carry out activities falling under Division 20.2 of Annex I to Regulation (EC) No 1893/2006 regarding the manufacture of chemicals.

The Vrancart Group is not involved in the manufacture, distribution, or trading of controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons), nor in the cultivation or production of tobacco.

#### **SBM-2 Interests and views of stakeholders**

The Group conducts its business by interacting with a network of suppliers, distributors, customers, and other relevant stakeholders. Regarding these interactions, we distinguish between two main categories: internal and external stakeholders.

Internal stakeholders include employees, administrative, management, and supervisory bodies, as well as the Group's shareholders. Their expectations and needs are integrated into the Group's strategy and operations through permanent and active communication. In parallel, we maintain collaborative relationships with external stakeholders, such as investors, customers, suppliers, distributors, and other relevant industry experts. Interaction with these stakeholders occurs through ongoing commercial relationships, contractual processes, operational and technical meetings, internal communication channels, and existing mechanisms for submitting and managing inquiries or complaints. Regarding creditors and local communities, there are no formal engagement mandates in place; however, dialogue remains open to ensure transparency and accountability. In situations where specific concerns or requests arise, the Group utilizes dedicated grievance mechanisms to collect and analyze information submitted by any stakeholder, whether internal or external. The information obtained through these mechanisms and current operational interactions is analyzed at the operational and managerial levels and may contribute to improving internal processes, adapting products and services, and ensuring compliance with applicable legislative requirements. Furthermore, we maintain an open dialogue, and our teams are available to address relevant topics, including sustainability matters, within the framework of our collaboration with partners and associates.

In 2025, no strategic changes were implemented as a result of this process. Currently, there is no formal mechanism for integrating the views and interests of stakeholders into the Group's business model or strategy; however, the Group maintains an open dialogue, and we are analyzing opportunities to improve these processes. The understanding of stakeholder interests and concerns is primarily based on ongoing operational

interactions, continuous commercial and institutional relationships, and the monitoring of developments within the sector and the regulatory environment.

Stakeholder group	Purpose and interaction channels	Examples of how outcomes are considered
Customers	Meeting the growing demand for sustainable packaging through the development of eco-friendly corrugated cardboard and paper products.	Expanding the lines of recyclable and biodegradable products, certifying products to ensure compliance with environmental standards.
Employees	Ensuring a safe and efficient working environment, while promoting innovation and operational sustainability.	Implementing energy-efficient production processes, waste reduction programs, and employee training on sustainability matters.
Suppliers and recycling partners	Strengthening partnerships with waste collection and recycling enterprises to enhance raw material recovery and circular economy practices.	Increased utilization of recycled paper in production, optimization of waste collection networks, and investments in new recycling technologies.
Regulatory and public authorities	Ensuring compliance with environmental regulations and aligning business practices with national and European sustainable development policies.	Implementing emission reduction measures, improving waste management, and adhering to environmental certifications.
Investors	Maintaining transparency regarding sustainability efforts and securing funding for green innovations.	Accessing green financing, investing in renewable energy, and enhancing CSRD reporting to attract responsible investors.
Creditors, local communities, industry experts	Currently, no dedicated formal engagement mechanisms are implemented for these stakeholder categories; however, the Group maintains open communication channels when relevant requests or interactions arise.	



The relevant matters arising from stakeholder engagement are communicated to the Group's management through internal reporting processes and operational management mechanisms. This information may be considered in the decision-making process regarding operational activities and sustainability matters.

### **SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business**

During 2025, the Vrancart Group reviewed the impacts, risks, and opportunities related to its activities, in accordance with the ESRS requirements and applying due diligence principles. This endeavor involved conducting internal workshops, consulting external experts, analyzing specialized documentation, as well as benchmarking against sustainability reports published by other companies in the sector. These impacts were assessed and localized, both at the level of our own operations and in the interaction with the Vrancart Group's suppliers and partners.

The identified impacts, risks, and opportunities are primarily concentrated within the Group's own operations, particularly in energy- and resource-intensive production processes. Furthermore, certain impacts and risks are associated with the upstream value chain, especially in the relationship with raw material and logistics service providers, as well as the downstream value chain, in the context of the use and management of packaging products by customers.

The manner in which the Vrancart Group's strategies and activities affect people and the environment was examined, considering both the direct effects generated by internal activities and the indirect ones resulting from business relationships. Positive and negative impacts were analyzed from a temporal perspective—over the short, medium, and long term—and were classified based on their connection to internal operations or the value chain, whether upstream or downstream.

Consequently, the most relevant impacts, risks, and opportunities for the Vrancart Group's activities have been identified as follows:

- Regarding environmental matters, the Group prioritizes climate change mitigation, energy efficiency, the reduction of air and water pollution, and the promotion of the circular economy. Energy-intensive processes and the use of non-renewable sources can generate CO<sub>2</sub> emissions and operational risks, while wastewater and production emissions can affect air quality, local water sources, and biodiversity. To manage these risks, the company invests in renewable sources, cogeneration, water-saving technologies, and circular solutions, reintegrating waste into production and utilizing residues for energy recovery. These measures reduce costs, attract green financing, and strengthen regulatory compliance, thereby mitigating reputational and environmental risks. These impacts, risks, and opportunities are factored into the development of the Group's operational and investment strategy. In this context, decisions regarding investments in energy efficiency, water-saving technologies, circular



economy solutions, and the modernization of production processes reflect the integration of these matters into the business model and into medium- and long-term planning.

- In the social domain, the Vrancart Group focuses on ensuring safe working conditions, protecting employee health and safety, and developing professional skills. The Vrancart Group implements measures to reduce accident risks and improve employee well-being, which contributes to increased productivity and the mitigation of operational risks. Promoting work-life balance, granting additional days off, and reducing overtime support staff retention and motivation. In addition, robust training programs strengthen competencies and support career advancement, reducing turnover and the costs associated with recruitment. Through these initiatives, the Vrancart Group strengthens its reputation and creates a safe and high-performing work environment.

- Regarding business conduct matters, we consider that a positive corporate culture fosters transparency, trust, and collaboration, leading to better performance and alignment with ethical practices. Promoting a positive and transparent work culture is essential for reducing the costs generated by the recruitment and onboarding of new employees, which arise in the context of staff turnover. A lack of alignment with company values can decrease productivity, increase the error rate in production processes, and affect quality standards. Conversely, engaging employees and strengthening their commitment can improve retention, productivity, and the company's image in the market.

The identified impacts, risks, and opportunities may have effects on the Group's financial position and financial performance. For instance, risks related to rising energy costs and regulatory requirements can influence operational costs, while opportunities associated with energy efficiency, the circular economy, and access to green financing can contribute to improving financial performance and optimizing costs over the medium and long term.

During 2025, a resilience analysis of the strategy and business model regarding the management of impacts, risks, and opportunities was not conducted. However, the Vrancart Group builds its strategy and business model on resilience principles, demonstrating the capacity to manage material impacts and risks and to capitalize on the identified opportunities.

The identified impacts, risks, and opportunities are presented in the IRO-1 section. The connection between the identified impacts and the associated risks and opportunities (IROs) is presented for each topic/sub-topic in accordance with the ESRS, but a detailed quantification of the current or anticipated financial effects in monetary terms has not been performed. These sections describe how the identified negative and positive impacts affect or may affect the environment and people, their connection to the Group's activities and business model, the anticipated time horizons of the impacts, as well as the nature of the business relationships through which they may arise within our own operations, upstream, or downstream.



During the double materiality assessment process, no impacts, risks, or opportunities were identified that would require the establishment of entity-specific reporting requirements. The information presented in the report is structured in accordance with the reporting requirements set out in the applicable ESRS standards.

Further information regarding the impacts, risks, and opportunities, their localization, as well as the time horizon, is presented in the chapters dedicated to each material topic within this Sustainability Statement.



#### **1.4. Impact, risk and opportunity management**

##### **IRO-1 - Description of the processes for identifying and assessing the impacts of material risks and opportunities**

In 2024, the Group conducted the double materiality assessment in a consolidated format, applying the double materiality principle in accordance with CSRD requirements. The developed methodology integrated the collection and analysis of impacts, risks, and opportunities (IROs) within the Double Materiality Assessment (DMA) process, ensuring alignment with regulatory changes. Full details of this process are presented in section 1.4 Double materiality assessment, including stakeholder engagement (page 27) of the Vrancart Group's Consolidated Sustainability Report for the year 2024.

Based on the methodology and results of the Double Materiality Assessment (DMA) process conducted for the 2024 financial year, in 2025 we carried out the annual review process of sustainability impacts, risks, and opportunities (IROs) in accordance with Directive (EU) 2022/2464 on Corporate Sustainability Reporting (CSRD) and the European Sustainability Reporting Standards (ESRS).

The impact, risk, and opportunity assessment process did not undergo any significant methodological changes compared to the previous reporting period; however, the list of material topics was updated to reflect developments in the Group's activities and the regulatory context. The materiality review process is planned to be conducted periodically, as part of the annual sustainability reporting cycle.

The review process included:

- The materiality of the short-, medium-, and long-term positive and negative impacts that the Vrancart Group has or may have on the environment and society.
- Financial materiality, to assess how sustainability issues may influence the Group's financial performance in the short, medium, and long term.

This review is part of the annual double materiality assessment update mechanism, as stipulated by ESRS 1 (chapter 6.1, paragraph 73), and represents an important step in preparing the sustainability statement for the 2025 financial year. The purpose of the process was to verify the relevance and validity of the material topics identified during the 2024 double materiality assessment process and to determine any potential modifications resulting from developments in the regulatory context, significant changes in the Vrancart Group's activities, strategy, business model, and value chain, and the lessons learned during the 2024 reporting process.

The experts within the project team were selected based on their expertise related to the thematic areas of the ESRS standards, ensuring that all relevant domains could be covered.



The identification and monitoring of impacts, risks, and opportunities were the responsibility of the project team established for the preparation of the sustainability statement. During operational implementation, the Group's internal experts (human resources, procurement, finance, operations, quality, etc.) are involved in the data collection and reporting processes for those material topics where they possess expertise. However, we note that the clear delineation of impact domains and responsibilities within formal regulations is still under development. Following the clarification of relevant processes and expertise, the review and improvement of our regulations are part of our short-term plan.

The material topics with relevant impacts, risks, and opportunities were initially identified based on regulatory requirements, expert opinions, and a benchmarking analysis of relevant ESG topics. The same criteria were also considered in the review process of the assessment. The methodology was aligned with EFRAG's implementation guidance and approved by the Executive Committee. ERSR 1 presents over 90 potential sustainability matters, which were narrowed down to 18 sustainability matters relevant to the Group in 2025.

The list of ERSR topics identified as material in 2024 was reassessed based on impact and financial materiality, taking into consideration factors such as scope, likelihood, and remediability. The impact was evaluated both qualitatively and quantitatively across the operations and the value chain of the Vrancart Group. The methodology was validated during the limited assurance engagement on sustainability and is detailed comprehensively in the 2024 Sustainability Report, pages 27-33. The exact same methodology was utilized in 2025 for the reassessment of impacts, risks, and opportunities (IROs).

Consequently, to compile the final list of sustainability matters or material topics, the following activities were carried out:

- A benchmarking analysis of material topics for peer companies within the sector and for ESG rating agencies (SASB, MSCI) to identify a long list of potential material topics relevant to the industry and investors;
- The process utilized both internal data sources (operational reports, resource consumption data, information from internal management and reporting systems) and external sources, such as EFRAG implementation guidelines, ERSR requirements, sectoral analyses, and publicly available information regarding ESG practices within the industry. Additionally, input parameters from international databases such as WRI Aqueduct for water stress, OECD guidelines on Human Rights, and market research reports were consulted;
- A reassessment of the material sustainability topics identified by the Vrancart Group in 2024;
- A reevaluation of the impact of other sustainability-related legislative requirements on the Vrancart Group's activities;
- Establishing a specific threshold to determine whether a material topic was considered significant by the majority of the analyzed companies. For each material topic, an arithmetic mean was calculated, relative to the total number of peer companies and ESG rating agencies that included the respective topic as material. In this process, the frequency with which a topic appeared in the benchmarking analysis was also considered: the higher



the number of peer companies mentioning a topic, the higher its score, leading to its prioritization in the assessment. Thus, any topic that exceeded the established threshold was discussed by the Vrancart Group's team to confirm its relevance to the company;

- The assessment process considered the perspectives of relevant stakeholders by analyzing available information from ongoing operational interactions, existing dialogue mechanisms, and feedback collected within the Group's commercial and institutional relationships.

For the 2025 financial year, no dedicated materiality questionnaires or formal interviews with external stakeholders were conducted, with the identification of material topics being carried out through the analysis of compliance reports and internal consultations with operational management.

#### *Impact materiality and financial materiality*

Building on the experience gained from the previous exercise, the impacts identified in 2024 underwent a reassessment process; for each impact, qualitative characteristics were analyzed, such as its origin (strategy or business model) and the potential impact on human rights, alongside the other aspects that were evaluated in the previous year. This process was grounded in the Group's due diligence mechanisms, which enabled the qualitative identification, prioritization, and monitoring of actual and potential impacts on people and the environment. Similarly, for financial materiality, the material topics identified in the 2024 exercise were reviewed. During the analysis, the connections between impacts and dependencies were considered, evaluating how financial risks and opportunities may arise from these operational dependencies. In addition to the previously used criteria, their origin (strategy or business model) was analyzed. Similar to the previous year, for the quantitative assessment, scores from 0 to 3 were assigned to the magnitude and likelihood parameters.

The impact assessment was based on criteria such as severity, scope, likelihood, and the remediability of the impact, in accordance with ESRs guidelines and EFRAG implementation guidance. For the assessment of financial materiality, the likelihood of occurrence of risks and opportunities, the magnitude of potential effects on financial performance, and their relevance to the Group's business model were analyzed. During the impact identification process, priority was given to analyzing operational activities and processes with a high potential for generating impacts on the environment and people, including energy- and resource-intensive production processes, as well as supply chain relationships with raw material and service providers. The risks and opportunities identified within the double materiality assessment were analyzed in the context of the Group's overall risk management process, being evaluated against other types of operational, financial, and compliance risks. The process considered the connections between the generated impacts (e.g., resource consumption) and the Group's dependencies on natural and human capital, evaluating how these dependencies can generate financial risks or cost-efficiency opportunities. The integration of the DMA process into overall management is achieved by presenting the results to the management during the strategic decision-making process. The double materiality assessment, and therefore the review of impacts, risks,



and opportunities, is conducted annually. The assessment results contribute to understanding the Group's overall risk profile, with the process being grounded in diverse input parameters: sectoral benchmark data (MSCI, SASB), water stress analyses (WRI Aqueduct), human rights indicators (OECD), as well as internal tools (financial statements, production forecasts).

All topics considered material in 2024 remain relevant for Vrancart in 2025, with the exception of topic E4 - "Biodiversity and ecosystems", for which the sub-topic "Impacts on the extent and condition of ecosystems" is no longer considered material, following an updated analysis of the Group's operational profile. The Group does not conduct activities in or near protected or biodiversity-sensitive areas, and it predominantly uses raw materials derived from waste, while virgin raw materials are certified.

At the same time, two new sub-topics were added: "Work-life balance" and "Training and skills development," pertaining to the ESRs S1 - Own workforce standard. The Group considers that it has a positive impact on employees regarding work-life balance by granting days off for specific events and offering additional vacation days based on seniority. Furthermore, the Vrancart Group supports professional development through dedicated training programs aimed at enhancing employees' skills and supporting their adaptation to technological and organizational requirements.

The results of the impact, risk, and opportunity identification and assessment process are analyzed at the Group's management level and validated within internal reporting and control processes.

The review of impacts, risks, and opportunities conducted by the Vrancart Group for its 2025 CSR report provides an analysis of material sustainability matters. Through the reassessment of impact and financial materiality, this review ensures an updated and comprehensive understanding of the matters relevant to the Vrancart Group's operations and stakeholders.

Following the impact, risk, and opportunity review process conducted by the company during 2025, the final list of material topics, along with the identified IROs in accordance with the CSRD, is presented in the following table:



ESRS	Topic	Sub-topic / Sub-sub-topic	Impact	Risc/Opportunity	Materiality	People / Environment	Time Horizon	Value Chain
E1	Climate change	Climate change mitigation	(+) By optimizing energy consumption and transitioning to renewable energy sources, production processes can significantly reduce CO <sub>2</sub> emissions.	<p><b>O:</b> Cost savings through the use of renewable energy; Access to green financing; Attracting investors; Reduction of future compliance costs.</p>	Double materiality	Natural environment	Medium- and long-term	Own operations
			(-) Vrancart generates CO <sub>2</sub> emissions in its daily activities as a result of the direct combustion of waste.				Short-, medium-, and long-term	
E2	Pollution	Energy	(-) Energy-intensive processes can generate higher greenhouse gas emissions when predominantly non-renewable energy sources are used.	<p><b>R:</b> Rising energy prices Revenue losses Rising costs due to delays Potential shortage of resources for renewable energy sources High costs impacting product pricing.</p> <p><b>O:</b> Increased independence through energy reuse and reduced reliance on external suppliers. Increased level of investment – costs can be reduced in the long term.</p>	Double materiality	Natural environment	Short-, medium-, and long-term	Own operations
			(-) Emissions from production/supply/distribution include particulate matter and				Medium- and long-term	



ESRS	Topic	Sub-topic / Sub-sub-topic	Impact	Risk/Opportunity	Materiality	People / Environment	Time Horizon	Value Chain
E3	Water and marine resources		volatile organic compounds, degrading air quality and affecting human health. (-) Wastewater from production/downstream supply activities contains harmful chemicals, which could contaminate local water sources.	<p><b>R:</b> Legal sanctions for non-compliance High water tariffs Higher costs for water use and treatment Reliance on water resources Regional water scarcity / authorities will pay increased attention to water use KPIs</p> <p><b>O:</b> Reduction in water consumption Lower wastewater treatment expenses Reduction of utility costs and improvement of operational efficiency by upgrading water treatment systems and monitoring technologies Access to green financing for water-saving technologies</p> <p><b>R:</b> Higher costs from water taxation Regulatory sanctions and compliance costs</p>	Double materiality	Natural environment	Short, medium, and long-term	Own operations
		Water pollution	(-) The Group requires a significant amount of water for its production processes, affecting local water resources and contributing to regional water stress.					
		Water consumption	(-) The Vrancart Group extracts water from local sources, which could deplete freshwater reserves		Double materiality	Natural environment	Short, medium, and long-term	Own operations



ESRS	Topic	Sub-topic / Sub-sub-topic	Impact	Risc/Opportunity	Materiality	People / Environment	Time Horizon	Value Chain
			and affect nearby ecosystems or water availability if not properly discharged	Higher water tariffs and costs associated with scarcity in regions with medium/high water stress Capital expenditures (CAPEX) for upgrading infrastructure to comply with stricter European water directives.				
E3	Water and marine resources	Water discharges	(-) Wastewater discharges from production processes may contain pollutants, negatively affecting water quality and downstream aquatic life	<p><b>O:</b> Reduction of utility costs and improvement of operational efficiency through water-saving technologies</p> <p><b>R:</b> Stricter environmental regulations and water quality standards could lead to increased tariffs for wastewater discharge, higher compliance and monitoring costs, as well as potential legal sanctions in case of non-compliance. Pollution incidents can negatively affect ESG ratings, limiting access to green financing and contracts with sustainability-oriented customers, which could increase operational and reputational costs.</p>	Double materiality	Natural environment	Short-, medium-, and long-term	Own operations



ESRS	Topic	Sub-topic / Sub-sub-topic	Impact	Risk/Opportunity	Materiality	People / Environment	Time Horizon	Value Chain
E5	Circular economy		(+) By utilizing internally and externally collected waste as raw materials in the production process, including waste resulting from paper sorting activities and materials received from third parties, the Vrancart Group reintegrates these materials into the economic cycle and prevents their disposal in landfills. This circular approach reduces the need for virgin resources, diminishes the pressure on natural ecosystems, and mitigates environmental impacts by decreasing the volume of waste that would otherwise require landfilling.	<p><b>R:</b> Volatility of raw material prices Increased procurement costs Supply chain disruptions Reputational damage in case of non-compliance with ISO or FSC standards</p> <p><b>O:</b> Reduction of raw material procurement costs through the increased use of recycled materials and internal waste recovery Stabilization of supply chain expenses – partnerships with waste collectors can reduce volatility FSC certification, which can attract sustainability-oriented customers and improve market access</p>	Double materiality	Natural environment	Medium- and long-term	Own operations
		Resource outflows related to products and services	(+) By directing waste generated within its operations to other industries, including through the multiple reuse and repair of wooden pallets, the Vrancart Group contributes to increasing resource circularity and reducing the volume of waste sent to landfill. In addition, technological waste resulting from production is directed to cogeneration, which minimizes the need for disposal and transforms residual flows into	<p><b>O:</b> Reduction of costs associated with production waste Decrease in the need to procure raw materials Energy recovery, which translates into cost savings as circularity initiatives expand</p>	Double materiality	Natural environment	Medium- and long-term	Own operations



ESRS	Topic	Sub-topic / Sub-sub-topic	Impact	Risk/Opportunity	Materiality	People / Environment	Time Horizon	Value Chain
E5	Circular economy	Waste	energy resources, with only municipal waste being disposed of. <b>(+)</b> Waste reduction plans and mitigation of environmental impact through the reuse and recycling of materials within operations, by incorporating recycled materials into the production process, and by minimizing the amount of generated waste.	<b>O:</b> Increased efficiency and cost reduction through material reuse. Increase in demand for environmentally sustainable products - turnover growth. Trade and export of recycled waste.	Double materiality	Local communities	Short-, medium-, and long-term	Own operations, upstream, and downstream
S1	Own workforce	Secure jobs	<b>(+)</b> Offering stable employment opportunities for employees who continued to benefit from secure working conditions during the 2025 financial year strengthens workforce loyalty and creates a sense of security. <b>(-)</b> As a result of operational restructuring, Vrancart reduced its headcount by up to 65 people, distributed across multiple locations.	-	Impact materiality	Employees	Short-, medium-, and long-term	Own operations
		Collective negotiation	<b>(+)</b> Facilitating collective negotiations ensures fair agreements, improves alignment with employees' needs, and boosts morale.	<b>O:</b> Collective agreements can improve labor relations and reduce staff turnover.	Double materiality			



ESRS	Topic	Sub-topic / Sub-sub-topic	Impact	Risk/Opportunity	Materiality	People / Environment	Time Horizon	Value Chain
S1	Own workforce	Work-life balance	(+) Promoting work-life balance enhances employee satisfaction and well-being.	<b>O:</b> Granting additional days off for special events and vacation days based on seniority contributes to increasing employee retention and reducing staff turnover, thereby lowering recruitment and training costs. Reducing overtime and introducing a day off for the employee's birthday can boost satisfaction and motivation, improving productivity and reducing operational risks, which generates direct savings.	Double materiality	Employees	Short-, medium-, and long-term	Own operations
		Health and safety	(-) Neglecting health and safety risks can lead to accidents, illnesses, and lower employee morale.	-	Impact materiality			
		Training and skills development	(+) Providing robust training programs supports employees' professional development, strengthens their skills, and fosters career advancement within the workforce.	-	Impact materiality			
S2	Workers in the value chain	Health and safety	(-) Insufficient safety measures or hazardous working conditions can lead to workplace accidents, affecting workers' well-being	-	Impact materiality	Workers in the value chain	Short-, medium-, and long-term	Upstream and downstream
G1	Business conduct	Corporate culture	(+) A positive corporate culture fosters transparency, trust, and collaboration.	<b>O:</b> Promoting a positive and transparent work culture is essential for reducing the costs generated by recruitment and the onboarding of new employees, which arise in the context of staff turnover. In addition, low engagement and a lack of alignment with company values can decrease productivity, increase the error rate in production processes, and affect quality standards, emphasizing the importance of	Double materiality	Employees	Short-, medium-, and long-term	Own operations



ESRS	Topic	Sub-topic / Sub-sub-topic	Impact	Risk/Opportunity	Materiality	People / Environment	Time Horizon	Value Chain
G1	Business conduct	Protection of whistleblowers	(+) Supporting whistleblowers ensures that employees can report unethical practices without fear of retaliation, promoting integrity and accountability within the Group.	strengthening employee commitment and retention.	Impact materiality	Employees, Workers in the value chain	Short-, medium-, and long-term	Own operations, upstream, and downstream

The final list of 18 material sustainability matters (at the sub-sub-topic level) will serve as the basis for the Vrancart Group's 2025 consolidated sustainability report in accordance with the CSRD. The Vrancart Group addresses the disclosure requirements and data points from the ESRS topical standards for the relevant sub-sub-topics, given that the materiality assessment was conducted at this level.

## IRO-2 – ERSR disclosure requirements covered by the company’s sustainability statement

Information regarding the management of the Vrancart Group’s significant impacts, risks, and opportunities is presented in each specific section of this Sustainability Statement and is aligned with the minimum reporting requirements concerning the policies, actions, and objectives established at the Group level. The presentation requirements for this report are included in the table below.

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ESRS 2 GOV-1 Gender diversity in management bodies, paragraph 21 letter (d)	Indicator No. 13 in Table 1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		18
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ESRS 2 GOV-4 Statement on the Due Diligence Process, paragraph 30	Indicator No. 10, Table 3 of Annex 1				24
ESRS 2 SBM-1 Involvement in activities related to fossil fuels, paragraph 40 letter (d) subparagraph (f)	Indicators No. 4, Table 1 in Annex 1	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Table 1: Qualitative information on environmental risk and Table 2: Qualitative information on social risk	Delegated Regulation (EU) 2020/1816, Annex II		33
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ESRS 2 SBM-1 Involvement in activities related to controversial weapons, paragraph 40 letter (d) subparagraph (iii)	Indicator No. 14, Table No. 1 in Annex 1		Delegated Regulation (EU) 2020/1818, Article 12(1) of Delegated Regulation (EU) 2020/1816, Annex II		33
ESRS 2 SBM-1 Engagement in activities related to the cultivation and production of tobacco, paragraph 40 letter (d) subparagraph (iv)			Delegated Regulation (EU) 2020/1818, Article 12(1) of		33



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ESRS E1-1 Transition Plan for Achieving Climate Neutrality by 2050, paragraph (14)				Regulation (EU) 2021/1119, Article 2 paragraph (1)	
ESRS E1-1 Enterprises excluded from the application of benchmarks aligned with the Paris Agreement, paragraph 16 letter (g)	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Model 1: Transition risk between the banking book and climate change: Credit quality of exposures by sector, emissions, and residual maturity	Article 12(1) paragraph (d)-(g) and Article 12 paragraph (2)			Immaterial
ESRS E1-4 Greenhouse gas emission reduction targets, paragraph 34	Indicator No. 4, Table No. 2 in Annex 1 Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate transition risk: alignment indicators	Delegated Regulation (EU) 2020/1818, Article 6			87
ESRS E1-5 Fossil fuel consumption broken down by source (only sectors with a high climate impact) – paragraph 38	Indicator No. 5, Table 1, and Indicator No. 5, Table 2, in Annex 1				88
ESRS E1-5 energy consumption and the energy mix, paragraph 37	Indicator No. 5, Table No. 1 in Annex 1				88-89
ESRS E1-5 Energy intensity associated with activities in sectors with a high climate impact Paragraphs (40)-(43)	Indicator No. 6, Table No. 1 in Annex 1				90
ESRS E1-6 Gross values from 1, 2, 3, and total GHG emissions, paragraph 44	Indicators 1 and 2 in Table 1 of Annex 1 Article 449a;	Delegated Regulation (EU) 2020/1818, Article 5,			90-103

<p>Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Model 1: Banking book – Climate transition risk: Credit quality of exposures by sector, emissions, and residual maturity</p>	<p>Indicators No. 3, Table No. 1 in Annex 1</p>	<p>Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Model 3: Banking book – Climate transition risk: alignment indicators</p>	<p>Delegated Regulation (EU) 2020/1818, Article 8, paragraph 1</p>	<p>90-103</p>
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## 2. Submission of information pursuant to Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation)

This section presents the information required to comply with the requirements of EU Regulation No. 852/2020 on establishing a framework for facilitating sustainable investment and related delegated acts.

In order to report the information required by Regulation (EU) 2020/852 on environmentally sustainable economic activities, the Vrancart Group conducted a materiality analysis in accordance with the framework established by the relevant delegated acts. As part of this exercise, all economic activities carried out by the Group were identified and mapped by correlating them with the corresponding NACE codes, and the materiality analysis was conducted exclusively at the revenue level.

According to the materiality threshold introduced by Delegated Act No. 73/2026 amending Delegated Regulation (EU) 2021/2178, individual activities that contribute less than 10% to the financial indicators may be considered immaterial for the purpose of simplifying reporting. In applying this threshold, although certain economic activities individually recorded a contribution below 10% of turnover, their cumulative analysis revealed that, together, they exceed the established materiality threshold. Consequently, all economic activities were considered material from a revenue perspective and were included in the analysis of eligibility for the EU Taxonomy.

With regard to CapEx and OpEx indicators, the Group did not conduct a separate materiality analysis, given the practical difficulty of reliably allocating certain capital expenditures and operating expenses to a single economic activity solely for the purpose of determining materiality. Consequently, all capital expenditures and operating expenses were included in full in the eligibility assessment.

Thus, the results of the analysis indicate that no intangible activities were identified, either from the revenue perspective or from the expense perspective (CapEx and OpEx), with all activities being subject to assessment in the reporting under the EU Taxonomy.

Subsequently, in order to report the information required by Regulation (EU) 2020/852 on environmentally sustainable economic activities, the Vrancart Group conducted a preliminary analysis of its material economic activities, verifying their eligibility in accordance with the technical annexes of:

- Delegated Regulation (EU) No. 2139/2021 on Climate Action;
- Commission Delegated Regulation (EU) No. 2486/2023;
- EU Delegated Regulation No. 2485/2023.

Following an analysis of the Group's operational model, it was determined that its activities qualify under Objective 4—Transition to a Circular Economy—and Objective 1—Climate Change Mitigation.

The Vrancart Group's business model is based on an integrated circular economy model that covers the entire value chain of recycling and material recovery. Its main lines of business include:

- collection and purchase of recyclable waste (especially paper and cardboard),
- sorting and processing them into secondary raw materials,
- the production of recycled paper and corrugated cardboard and their conversion into finished packaging products,
- repairing and reconditioning pallets to extend their service life,
- the polyethylene flake production line for recycling collected plastic,
- a cogeneration plant that uses waste materials to generate energy,
- renewable energy production.

These processes are supported by ancillary activities such as quality control, product distribution and delivery, internal recycling of production waste, and the use of energy and water resources. These business lines reflect an integrated circular economy model, in which materials are collected, recycled, and reintegrated into the company's own production processes.

With regard to the significant contribution to **OB4—Transition to a Circular Economy (CE)**—under Delegated Act on Climate No. 2486/2023, it has been determined that the following activities are eligible, as follows:

- Activity CE 2.3 “Collection and transport of non-hazardous and hazardous waste,” carried out by the Vrancart Group—an activity for which CapEx-type revenues and expenses were recorded;
- Activity CE 2.7 “Sorting and recovery of materials from non-hazardous waste,” carried out by the Vrancart Group—an activity for which both CapEx and OpEx revenues and expenses were recorded;
- CE Activity 5.1 “Repair, Refurbishment, and Remanufacturing” carried out by the Vrancart Group—an activity for which operating expenses (OpEx) and revenue were recorded;
- Activity CE 5.4. Sale of second-hand products by the Vrancart Group—an activity for which revenue was recorded.

**Activities classified under CE 2.3 – Collection and transport of non-hazardous and hazardous waste**

This category includes activities involving the collection, purchase, and transport of recyclable waste prior to the processing stage. Thus, the business line that includes the collection and purchase of recyclable waste (particularly paper and cardboard) from commercial customers, collectors, and recycling centers, as well as its transport to the company's own sorting and processing facilities, falls under activity CE 2.3.



### **Activities under CE 2.7 – Sorting and recovery of materials from non-hazardous waste**

Under activity CE 2.7, “Sorting and Recovery of Materials from Non-Hazardous Waste,” only those operations involving the material recovery of non-hazardous waste through mechanical processes—specifically, the conversion of collected waste into secondary raw materials usable in industrial processes—have been included. Thus, this category includes:

- the sorting and processing of waste paper and cardboard (waste paper) and their conversion into recycled paper pulp, which is subsequently used in the production of paper and cardboard;
- mechanical recycling of plastic waste, specifically the production of polyethylene flakes obtained by processing collected plastics and used as secondary raw materials.

With regard to the revenue streams associated with this activity, only those products resulting from the use of secondary raw materials obtained from waste have been included, as follows:

#### **(1) Manufacture and sale of paper and cardboard (K25):**

- 100% of operations involve the processing of waste paper and the production of paper/cardboard in rolls;
- Approximately 20% of production is sold directly to customers as finished products;
- Approximately 80% is used internally to manufacture cardboard products (sheets and boxes).

#### **Treatment:**

- 80% of eligible revenue – from paper/cardboard products made from recycled materials (cardboard sheets and boxes), including trade discounts;
- 20% ineligible revenue – related to cardboard products made from raw materials purchased from third parties, without the use of secondary raw materials derived from recycling, including trade discounts.

#### **(2) The production and sale of sanitary paper (HIG):**

- 100% of the company’s operations involve the processing of waste paper and the production of sanitary paper rolls;
- Approximately 45% of production is sold directly to customers;
- Approximately 55% is used internally within the integrated production line to produce finished goods.



Treatment:

- 55% of eligible revenue – from products made from recycled secondary raw materials (sanitary paper rolls), including commercial discounts;
- 45% ineligible revenue – related to products made from primary raw materials (cellulose) purchased from third parties, including trade discounts.

In conclusion, Activity CE 2.7 includes only those production and revenue streams derived from the material recovery of non-hazardous waste and the use of secondary raw materials; it excludes streams based on primary raw materials purchased from third parties.

**Activities classified under CE 5.1: Repair, Refurbishment, and Remanufacturing**

The pallet repair and reconditioning activities carried out by the Vrancart Group are considered eligible under Activity 5.1 “ Repair, Refurbishment, and Remanufacturing” of the EU Taxonomy, within the objective of transitioning to a circular economy, as it aims to extend the lifespan of used wooden products and keep them in the economic cycle. As part of this activity, previously used pallets are repaired and reconditioned so that they can be safely and effectively reused, and are subsequently reintroduced into the commercial cycle through sale or contractual supply to customers. By reintroducing reconditioned products to the market, this activity contributes to reducing the consumption of primary raw materials, preventing waste generation, and extending the useful life of products.

**Activities classified under CE 5.4: Sale of second-hand products**

During the reporting year, the Vrancart Group carried out the dismantling of a decommissioned production line, followed by its disposal through sale to a third party for further use. The operation involved dismantling industrial equipment that had reached the end of its useful life within internal production processes, which was subsequently reintroduced into the economic cycle by selling it as used equipment. This activity may be associated with Activity 5.4 – Sale of second-hand products, as provided for in Delegated Regulation (EU) 2023/2486, pertaining to the environmental objective “Transition to a circular economy.” Activity 5.4 covers the sale of products previously used by a legal or natural person for their original purpose, including after dismantling, inspection, or preparation for reuse.

The production line sold by the Vrancart Group consists of complex industrial equipment that was previously used in the Group’s production processes and was subsequently sold for reuse by another business operator. Through this operation, the equipment was neither disposed of as waste nor recycled for material recovery, but was reintroduced into the economic cycle for further use, thereby contributing to extending the products’ lifespan and reducing waste generation, in accordance with the principles of the circular economy.



Given the nature of the transaction, this activity constitutes a specific operation to dispose of previously used industrial equipment and does not represent an economic activity carried out on a systematic basis within the Group's business model. Nevertheless, the operation contributes to the environmental objective of transitioning to a circular economy through the reuse of industrial equipment.

Activities CE2.3, CE2.7, CE5.1, and CE5.4 have been classified under OB4 Transition to a Circular Economy, as their main contribution lies in the separate collection, sorting, and processing of waste into secondary raw materials used in their own production processes, which leads to increased use of recycled materials and reduced consumption of primary resources, in line with the principles set out in Article 13 of Regulation (EU) 2020/852. Although the activities of collecting and transporting non-hazardous waste in separate fractions at the source and the activity of recovering materials from non-hazardous waste also appear in the delegated acts related to the objectives on mitigation (OB1) and adaptation to climate change (OB2), they have not been classified under these objectives because, in the case of the Group, the identified substantial contribution is primarily linked to the recovery of materials and their reintegration into the economic cycle, rather than to the direct reduction of greenhouse gas emissions or the implementation of solutions that reduce vulnerability to climate risks. Therefore, the activity is more appropriately classified under the circular economy objective, where the technical criteria directly address separate collection, recycling of waste as secondary raw materials, and the recovery and reuse of materials from waste.

With regard to the significant contribution to **OB1 – Climate Change Mitigation (CCM)** under Delegated Act on Climate No. 2485/2023, it has been determined that the following activities are eligible, as follows:

- CCM Activity 4.1. “Electricity generation using solar photovoltaic technology”—an activity carried out by the Vrancart Group for which revenue was recorded.
- CCM Activity 6.5. Transportation by motorcycles, passenger cars, and light commercial vehicles, an activity carried out by the Vrancart Group for which CapEx and OpEx expenses were recorded.
- CCM Activity 7.2. Renovation of existing buildings, an activity carried out by the Vrancart Group for which OpEx expenses were recorded.
- CCM Activity 7.3. Installation, maintenance, and repair of energy-efficiency equipment, an activity carried out within the Vrancart Group for which CapEx and OpEx expenses were recorded.
- CCM Activity 7.5. Installation, maintenance, and repair of instruments and devices for measuring, regulating, and monitoring the energy performance of buildings, an activity carried out by the Vrancart Group for which CapEx and OpEx expenses were recorded.
- CCM Activity 7.6. Installation, maintenance, and repair of renewable energy technologies, an activity carried out by the Vrancart Group for which OpEx expenses were recorded.



- CCM Activity 7.7: Acquisition and ownership of buildings, an activity carried out by the Vrancart Group for which revenue was recorded.

#### **Activities classified under CCM 4.1: Electricity generation using solar photovoltaic technology**

The electricity generation activity was classified as eligible because the Group made investments in a photovoltaic park that generates electricity from renewable sources, in accordance with the definition and scope of this activity in the Delegated Regulation on Climate. Activity 4.1 concerns the construction and operation of facilities for the production of electricity using photovoltaic technology, and the eligibility criteria do not require that the energy be sold to third parties, but only that it be generated from renewable sources. In the Group's case, the energy produced is used to power its own production and recycling processes, contributing to a reduction in energy consumption from conventional sources and a decrease in greenhouse gas emissions. Therefore, the activity falls directly within the scope of Activity 4.1 and is considered eligible for reporting in the taxonomy.

The generation of electricity using solar photovoltaic technology was not classified under Objective 2—Adaptation to Climate Change—because its nature primarily contributes to reducing greenhouse gas emissions, rather than to mitigating the physical risks posed by climate change to the activity or to other systems. According to Article 11 of Regulation (EU) 2020/852, an activity is considered to make a substantial contribution to adaptation only if it incorporates solutions that reduce vulnerability to climate risks (such as floods, heatwaves, droughts, storms, etc.) or provides solutions that protect people, assets, or ecosystems against these risks. In the case of the photovoltaic park, the main purpose of the investment is to generate energy from renewable sources and reduce emissions associated with energy consumption, which represents a direct contribution to decarbonization and, implicitly, to climate change mitigation (OB1).

#### **Activities classified under CCM 6.5: Transportation by motorcycles, passenger cars, and light commercial vehicles**

In the case of the Vrancart Group, the activity does not constitute an eligible transport business line in its own right; however, certain expenses related to the purchase and use of vehicles may be declared eligible under the provision regarding c) type expenses in Delegated Act 2178/2021. Under this provision, expenses related to the purchase of products derived from activities aligned with the taxonomy or from individual measures that enable the reduction of greenhouse gas emissions from existing activities are eligible, provided that these measures are implemented and operational within 18 months. Activity CCM 6.5 “Transport by motorcycles, passenger cars, and light commercial vehicles” was considered eligible exclusively from the perspective of type c) expenditures, in accordance with Delegated Act (EU) 2021/2178. This activity refers to expenses associated with the purchase, financing, rental, leasing, or operation of vehicles classified in categories M1 (passenger cars), N1 (light commercial vehicles for goods transport, with a maximum mass of up to 3.5 t), and L (two- or three-wheeled vehicles and quadricycles) used for activities other than those eligible.



### **Activities under CCM 7.2: Renovation of existing buildings**

In the case of the Vrancart Group, the activity under CCM 7.2 “Renovation of existing buildings” does not constitute a separate revenue-generating business line; however, expenses related to the modernization and energy efficiency improvements of buildings used in current operations are recorded.

This activity was deemed eligible solely from the perspective of operational expenses (OpEx), to the extent that they relate to renovation works that contribute to improving the energy performance of existing buildings, in accordance with the applicable provisions of Delegated Regulation (EU) 2021/2139.

### **Activities classified under CCM 7.3: Installation, maintenance, and repair of energy-efficiency equipment**

In the case of the Vrancart Group, the activity under CCM 7.3 Energy efficiency equipment is not a standalone revenue-generating activity, but it involves investments and operating expenses associated with the implementation and maintenance of equipment that leads to reduced energy consumption within existing operations.

The project was deemed eligible in terms of CapEx and OpEx expenditures, in accordance with the provisions of Delegated Regulation (EU) 2021/2178, as these expenditures relate to individual measures that contribute to improving energy efficiency and reducing greenhouse gas emissions.

### **Activities under CCM 7.5: Tools for measuring and monitoring energy performance**

In the case of the Vrancart Group, the activity described in CCM 7.5 (Energy Performance Measurement Tools) does not constitute a separate business line; however, investments and operating expenses are incurred in connection with the installation and use of energy consumption monitoring and control systems.

This activity was deemed eligible in terms of CapEx and OpEx expenses, to the extent that they are associated with the implementation of solutions that enable the monitoring, control, and optimization of buildings’ energy performance, in accordance with the provisions of Delegated Regulation (EU) 2021/2139 and Delegated Regulation (EU) 2021/2178.



### **Activities classified under CCM 7.6 Renewable Energy Technologies**

In the case of the Vrancart Group, the activity under CCM 7.6 Renewable Energy Technologies does not constitute a separate revenue-generating activity, but it does include operating expenses related to the use and maintenance of renewable energy technologies integrated into existing processes.

This activity was deemed eligible solely from the perspective of operating expenses (OpEx), in accordance with the framework established by Delegated Regulation (EU) 2021/2139, as these expenses are associated with the operation of solutions that contribute to reducing greenhouse gas emissions.

### **Activities classified under CCM 7.7: Acquisition and ownership of buildings**

In the case of the Vrancart Group, activity CCM 7.7—Acquisition and ownership of buildings—refers to activities related to the ownership and use of buildings in the course of its operations, generating revenue associated with their use.

According to the description of this activity in the taxonomy, it includes the purchase of real estate and the exercise of ownership rights over it, activities that may be associated with NACE codes in section L68. Since the entities within the Group own buildings and generate revenue from leasing them to third parties, the activity carried out falls within the description of the economic activity provided by the taxonomy.

Consequently, the activity associated with NACE 6820 – Renting and subletting of own or leased real estate was considered eligible under the EU Taxonomy for activity CCM 7.7 “Acquisition and ownership of buildings”.

### **Activities that were not considered eligible**

Downstream manufacturing activities — namely the production of paper, cardboard, packaging, or other finished or semi-finished products using recycled raw materials — were not included in activity CE 2.7 and were not considered eligible, as these constitute industrial manufacturing processes rather than waste sorting or material recovery operations as defined by the taxonomy.

Furthermore, the cogeneration plant that uses waste materials for energy production and renewable energy production activities was not considered eligible, as the plant does not use exclusively biomass, biogas, or bioliquids.

The activities carried out through Ecorep Group S.A., consisting of extended producer responsibility (EPR) services, were not deemed eligible under the EU Taxonomy. This is because the activity is primarily administrative in nature and consists of organizing and managing producers’ legal obligations regarding the recovery and recycling of packaging waste by contracting and monitoring authorized operators. Ecorep does not directly carry out



physical operations of collection, transport, sorting, or treatment of waste, as defined in activities CE 2.3 “Collection and transport of non-hazardous and hazardous waste” and CE 2.7 “Sorting and recovery of materials from non-hazardous waste.” Consequently, the revenues related to this activity were not included in the numerator of the key performance indicators on eligibility under Regulation (EU) 2020/852.

#### **Related activities**

Due to the limited time available, resulting from objective reasons, the Group was unable to conduct the necessary analyses to assess the alignment of the activities identified as eligible, namely to verify compliance with the technical assessment criteria for substantial contribution, the DNSH (Do Not Significant Harm) criteria, and the minimum social standards (MSS). Therefore, for activities related to 2025, the Vrancart Group will report only the eligible activities.

#### **Reporting of results**

In this report, the Vrancart Group reports taxonomy-eligible and non-taxonomy-eligible economic activities as a percentage of total revenue, capital expenditures (CapEx), and operating expenses (OpEx). The methodology for calculating key performance indicators (KPIs) for activities eligible for the Taxonomy is based on data extracted from the Group’s consolidated financial statements, which are prepared and presented in accordance with International Financial Reporting Standards (IFRS). Revenue is measured in accordance with IFRS 15, recognized upon the transfer of control to the customer, while capital expenditures (CapEx) comply with the principles of IAS 16 (Property, Plant, and Equipment), IFRS 16 (Leases), and IAS 38 (Intangible Assets), and operating expenses (OpEx) are recorded in accordance with IFRS guidance on cost recognition. The amounts thus determined are allocated to the eligible economic activities defined by the EU Taxonomy to establish the proportion of revenue, capital expenditures, and operating expenses that are eligible, while ensuring that the reported indicators accurately reflect both financial results based on IFRS and compliance with sustainability objectives.

#### **Revenue was calculated as follows:**

- The denominator includes all of the Group’s revenue from customer contracts, as specified in the Vrancart Group’s Consolidated Financial Statements, totaling 416,175,447 RON.
- The numerator includes only revenue from sales to third parties related to the identified eligible activities, in accordance with the provisions of Regulation (EU) 2020/852 and subsequent delegated acts. Thus, eligible turnover includes revenue corresponding to the following activities:
  - CE 2.3 Waste collection and transport. Eligible revenues: 11,975,885 RON.
  - CE 2.7 Sorting and recovery of materials from non-hazardous waste. Eligible revenue: 219,116,782 RON. This activity included revenue generated from the sale of secondary raw materials resulting from the recycling of waste paper. Thus, revenue from paper and cardboard



- products (K25) made from secondary raw materials and used in the production of cardboard sheets and boxes was considered eligible. Approximately 80% of the production resulting from the use of secondary raw materials was classified as eligible, while approximately 20% of the revenue from products made from primary raw materials purchased from third parties was considered ineligible.
- o CCM 4.1 Electricity generation using solar photovoltaic technology. Eligible revenues: 3,098,003 RON.
  - o CE 5.1 Repair, refurbishment, and remanufacturing. Eligible revenue: 413,213 RON.
  - o CE 5.4 Sale of secondhand products. Eligible revenue: 3,713,345 RON.

In determining the eligible turnover totaling 238,317,227 RON, only revenue from sales to third parties was taken into account, with intra-group transactions (ICO) excluded, in accordance with the clarifications provided in the European Commission's FAQs on the application of Article 8.

**CapEx was calculated as follows:**

- For the denominator, we included the total additions for the fiscal year reported in the "Tangible Assets" and "Intangible Assets" notes to the 2025 Consolidated Financial Statements of the Vrancart Group. The CapEx figure for 2025 was 32,932,975 RON.
- To calculate the numerator for the CapEx indicator, additions to tangible and intangible fixed assets related to economic activities that are eligible under the taxonomy were taken into account, as follows:
  - o Activity CE 2.7 – Sorting and recovery of materials from non-hazardous waste, capital expenditures amounting to 25,893,442 RON, related to assets or processes directly associated with the conduct of an economic activity eligible under the taxonomy. These expenditures were classified as Type a) CapEx, in accordance with the provisions of Article 1.1.2.2 of Annex I to Delegated Act (EU) 2021/2178.
  - o In addition, eligible capital expenditures classified as type c) CapEx were identified, consisting of investments in individual products, equipment, or measures that reduce greenhouse gas emissions from existing activities, as follows:
    - o Activity CCM 6.5 – Transportation by motorcycles, passenger cars, and light commercial vehicles; capital expenditures type c) in the amount of 775,004 RON;
    - o Activity CCM 7.3 – Installation, maintenance, and repair of energy efficiency equipment; capital expenditures type c) in the amount of 169,786 RON;
    - o Activity CCM 7.5 – Installation, maintenance, and repair of instruments and devices for measuring, regulating, and monitoring the energy performance of buildings; capital expenditures type c) in the amount of 74,059 RON.



Thus, within the eligible CapEx indicator totaling 26,912,290 RON, only the expenses related to activity CE 2.7 were classified as type a), while the expenses related to activities CCM 6.5, CCM 7.3, and CCM 7.5 were classified as type c), in accordance with the provisions of Delegated Act (EU) 2021/2178.

**OpEx was calculated as follows:**

- In the denominator, we have included the total operating expenses for the specified functions as set forth in Delegated Act No. 2178/2021, amounting to 18,146,044 RON for the 2025 fiscal year.
- The numerator for the OpEx indicator includes operating expenses related to repairs performed by third parties, as well as other maintenance, servicing, and repair services performed in-house (including costs for materials, labor, and general support function expenses), to the extent that they are associated with economic activities eligible under the taxonomy. Eligible operating expenses were identified for the following activities:
  - CE 2.3 Waste collection and transportation, operating expenses totaling: 246,353 RON;
  - CE 2.7 Sorting and recovery of materials from non-hazardous waste, operating expenses (OpEx) totaling: 9,979,246 RON;
  - CE 5.1 Repair, refurbishment, and remanufacturing, OpEx expenses totaling: 9,667 RON.

These expenses relate to eligible economic activities and have been classified as type a) operating expenses, in accordance with the provisions of Article 1.1.2.2 of Annex I to Delegated Regulation (EU) 2021/2178.

In addition, eligible operational expenses of type c) have been identified, representing expenses related to individual measures or equipment that contribute to improving the energy performance and reducing greenhouse gas emissions of existing activities, as follows:

- CCM 6.5 Transportation by motorcycle, passenger car, and light commercial vehicle; OpEx expenses of type c) in the amount of: 3,946,182 RON;
- CCM 7.2 Renovation of existing buildings, OpEx expenses of type c) in the amount of: 51,361 RON;
- CCM 7.3 Energy efficiency equipment, OpEx expenses of type c) in the amount of: 116,435 RON;
- CCM 7.5 Instruments for measuring and monitoring energy performance, OpEx expenses of type c) in the amount of 305,451 RON;
- CCM 7.6 Renewable energy technologies, OpEx expenses of type c) in the amount of: 350,095 RON.

Thus, within the structure of the eligible OpEx indicator, totaling 15,004,789 RON, the expenses related to activities CE 2.3, CE 2.7, and CE 5.1 were classified as Type a) OpEx, while expenses related to activities CCM 6.5, CCM 7.2, CCM 7.3, CCM 7.5, and CCM 7.6 were classified as OpEx type c), in accordance with the provisions of Delegated Regulation (EU) 2021/2178. In determining eligible OpEx, only expenses related to services and activities



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provided by third parties were included, with intra-group transactions (ICO) excluded, in accordance with the approach applied to the turnover indicator and the clarifications in the European Commission's FAQs regarding the application of Article 8 of Regulation (EU) 2020/852.



**The proportion of revenue, CapEx, and OpEx attributable to products or services associated with economic activities that are eligible under the taxonomy or aligned with the taxonomy – information provided for the year (2025) (synthetic ICPs)**

Fiscal year (2025)		Breakdown of activities aligned with the taxonomy by environmental objective													
ICP	Total	The proportion of activities that are eligible under the taxonomy	Activities aligned with the taxonomy	The proportion of activities aligned with the taxonomy	Climate Change Mitigation	Adapting to climate change	Water	Circular economy	Pollution	Biodiversity	The proportion of facilitation activities	The proportion of transition activities	Activities not evaluated and deemed insignificant	Activities classified according to the taxonomy in the previous fiscal year (2024)	The proportion of activities aligned with the taxonomy in the previous fiscal year (2024)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
RON	Currency	%	Currency	%	%	%	%	%	%	%	%	%	%	RON	%
Revenue	238.317.227	57.26%	0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0	%
CapEx	26.912.290	81.72%	0	%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0	%
OpEx	10.235.265	82.69%	0	%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0	%



**The proportion of revenue derived from products or services associated with eligible economic activities or aligned with the taxonomy – reporting for the year 2025 (breakdown by activity)**

Fiscal year 2025		Breakdown of activities aligned with the taxonomy by environmental objective						The proportion of revenue aligned with the taxonomy (5)	The monetary value of revenue aligned with the taxonomy (4)	The proportion of eligible revenue according to the taxonomy (3)	The proportion of revenue aligned with the taxonomy (5)	Facilitation activities (12)				Transition activities (13)	The proportion of activities aligned with the taxonomy out of the total eligible activities according to the taxonomy (14)
Economic activity (1)	Code (2)	Climate Change Mitigation (6)	Adapting to climate change (7)	Water (8)	Circular economy (9)	Pollution (10)	Biodiversity (11)					(E, as appropriatez)	(T, as appropriate)	%	%		
RON		%	Currency	%	%	%	%	%	%	%	%	%	(E, as appropriatez)	(T, as appropriate)	%		
Activity: Collection and transport of non-hazardous and hazardous waste	CE2.3	2.88%	11,975,885	0%	0%	0%	0%	0%	0%	0%	0%	0%			0%		
Activity: Sorting and recovery of materials from non-hazardous waste	CE2.7	52.65%	219,116,782	0%	0%	0%	0%	0%	0%	0%	0%	0%			0%		
Activity: Generation of electricity using solar photovoltaic technology	CCM4.1	0.74%	3,098,003	0%	0%	0%	0%	0%	0%	0%	0%	0%			0%		
Activity: Repair, refurbishment, and remanufacturing	CE5.1	0.10%	413,213	0%	0%	0%	0%	0%	0%	0%	0%	0%			0%		
Activity: Sale of secondhand products	CE5.4	0.89%	3,713,345	0%	0%	0%	0%	0%	0%	0%	0%	0%			0%		
Activity: Acquisition and ownership of buildings	CCM7.7	0.00%	-	0%	0%	0%	0%	0%	0%	0%	0%	0%			0%		





**The proportion of capital expenditures derived from products or services associated with eligible economic activities or aligned with the taxonomy – reporting for the year 2025 (breakdown by activity)**

Fiscal year 2025	Economic activity (1)	Code (2)	The proportion of capital expenditures derived from products or services associated with eligible economic activities or aligned with the taxonomy – reporting for the year 2025 (breakdown by activity)			Breakdown of activities aligned with the taxonomy by environmental objective							Facilitation activities (12)	Transition activities (13)	The proportion of activities aligned with the taxonomy out of the total eligible activities according to the taxonomy (14)
			The proportion of eligible CapEx according to the taxonomy (3)	The monetary value of CapEx aligned with the taxonomy (4)	The proportion of CapEx aligned with the taxonomy (5)	Climate Change Mitigation (6)	Adapting to climate change (7)	Water (8)	Circular economy (9)	Pollution (10)	Biodiversity (11)				
RON			%	Currency	%	%	%	%	%	%	%	%	(E, as appropriate)	(T, as appropriate)	%
Activity - Sorting and recovery of materials from non-hazardous waste		CE2.7	78.62%	25.893.442	0%	0%	0%	0%	0%	0%	0%	0%			0%
Activity - Transportation by motorcycle, passenger car, and light commercial vehicle		CCM6.5	2.35%	775.004	0%	0%	0%	0%	0%	0%	0%	0%		T	0%
Activity - Installation, maintenance, and repair of energy-efficiency equipment		CCM7.3	0.52%	169.786	0%	0%	0%	0%	0%	0%	0%	0%	E		0%
Activity - Installation, maintenance, and repair of instruments and devices for measuring, regulating, and monitoring the energy performance of buildings		CCM7.5	0.22%	74.059	0%	0%	0%	0%	0%	0%	0%	0%	E		0%





**The proportion of operating expenses (OpEx) attributable to products or services associated with eligible economic activities or aligned with the taxonomy – reporting for the year 2025 (breakdown by activity)**

Fiscal year 2025	Economic activity (1)	Code (2)	Breakdown of activities aligned with the taxonomy by environmental objective							The proportion of activities aligned with the taxonomy according to the taxonomy (14)			
			The proportion of eligible OpEx under the taxonomy (3)	The monetary value of OpEx aligned with the taxonomy (4)	The proportion of OpEx aligned with the taxonomy (5)	Climate Change Mitigation (6)	Adapting to climate change (7)	Water (8)	Circular economy (9)		Pollution (10)	Biodiversity (11)	Facilitation activities (12)
RON			%	Currency	%	%	%	%	%	%	(E, as appropriate)	(T, as appropriate)	%
Activity - Collection and transport of non-hazardous and hazardous waste		CE2.3	1.36%	246.353	0%	0%	0%	0%	0%	0%			0%
Activity - Sorting and recovery of materials from non-hazardous waste		CE2.7	54.99%	9,979,246	0%	0%	0%	0%	0%	0%			0%
Activity - Repair, Refurbishment, and Remanufacturing		CE5.1	0.05%	9.667	0%	0%	0%	0%	0%	0%			0%
Activity - Transportation by motorcycle, passenger car, and light commercial vehicle - an activity for which only expenses were recorded		CCM6.5	21.75%	3,946,182	0%	0%	0%	0%	0%	0%		T	0%





### **3. ESR5 E1 – Climate change**

#### **3.1. Governance**

#### **ESR5 2 GOV-3 Integration of sustainability-related performance in incentive schemes**

Vrancart Group has not yet set specific targets for incorporating climate change considerations into incentive schemes for members of the administrative, management, and supervisory bodies.

#### **3.2. Strategy**

#### **E1-1 - Transition plan for climate change mitigation**

Vrancart Group does not currently have a formal transition plan for mitigation of climate change. However, Group’s management is considering the opportunity to establish this framework in the future, a process that could aim to improve energy efficiency and optimize the principles of circular economy, to the extent that they support company’s operational resilience.

#### **ESR5 2 SMB-3 Significant impacts, risks, and opportunities, and their interaction with the strategy and business model**

The climate impacts, risks, and opportunities relevant to Vrancart Group stem from the energy-intensive nature of its processes in a sector with a significant impact on climate. Currently, Vrancart Group analyzes climate risks under two conceptual categories, in accordance with TCFD recommendations: physical risks (related to the intensification of extreme weather events and potential disruptions to operations) and transition risks (driven by regulatory changes, energy price trends, and pressure on natural resources), but it does not yet have an exhaustive list of these risks, as no formal resilience analysis was conducted during the reporting year.

Interaction between these risks and the strategy and business model is highlighted by the dependence of operations on utilities (electricity, natural gas, water), an aspect also reviewed in the Vrancart 2025 Risk Register, which identifies vulnerabilities such as disruptions in natural gas supply, high energy costs, equipment malfunction or low efficiency, as well as operational risks influenced by temperature and humidity conditions in the work environment. These factors prove that operations are exposed to both physical and transition climate risks.

At the same time, the model based on recycling and the use of secondary raw materials provides a degree of structural resilience by reducing dependence on virgin resources, although the current strategy does not yet include specific climate adaptation or mitigation measures, which are planned for future development.



### 3.3. Impacts, risks, and opportunities management

#### **IRO-1 - Description of the processes to identify and assess material climate-related impacts, risks and opportunities**

Vrancart Group acknowledges the significant impact of its manufacturing activities on climate change and it has determined, following a double materiality assessment, that climate change mitigation and energy consumption are material issues for this organization.

However, Vrancart Group does not currently have a formal climate risk management system in place, nor has it conducted a detailed analysis of physical and transition risks in accordance with the specific ERSR methodologies. As of the date of this report, their identification within the DMA has not been followed by a technical assessment based on climate scenarios, strictly defined time frames, or a screening of asset exposure to specific climate hazards. Considering the upcoming legislative and market requirements, Vrancart Group shall evaluate, during the future period, the opportunity of a comprehensive assessment.

Climate impacts, risks, and opportunities were identified as part of the double materiality assessment process, which is described in further detail in the chapter on ERSR 2 – General Disclosures.

With regard to direct impacts, this assessment confirmed that paper and cardboard production is a sector with a high climate impact, and that the main sources of emissions and climate stress are high energy consumption, the use of natural resources, and emissions generated throughout the value chain. Group's business model is focused on circular economy through the recycling of secondary raw materials, the use of recycled materials, and the development of in-house waste recovery capabilities, which reduce the impact on climate change and dependence on virgin resources.

With regard to transition risks, the double materiality assessment identified significant stresses arising from evolving European emissions regulations, increasing ESG reporting requirements, and volatility in energy costs, factors that may influence Group's operating costs, investment structure, and strategic decisions. At the same time, the climate transition also presents significant opportunities for this Group, such as reducing energy consumption through high-efficiency technologies, capitalizing on investments in renewable energy (including its own photovoltaic production), increasing operational efficiency, and strengthening the circular economy model.

In the short term, Vrancart anticipates stresses on energy costs and potential increases in expenses related to compliance with environmental regulations, which could affect the rate of investment. In the medium term, demand for organic products is expected to grow, and technologies capable to generate substantial savings are expected to emerge. In the long term, climate change can affect infrastructure and it may require adjustments to investment plans - ranging from technological upgrades to potential relocations based on exposure to physical risks.

To manage these risks, Vrancart Group intends to integrate climate considerations into its overall business strategy, expand investments in sustainable technologies, leverage green financing sources, and improve transparency of its reporting on climate impacts. These measures are essential for increasing organization’s resilience and capitalizing on opportunities associated with transition to a low-carbon economy.

Following the review process for the 2025 reporting period, no new material impacts, risks, or opportunities related to climate change were identified. In order to provide clarity and consistency, certain impacts, risks, and opportunities have been redefined and/or rephrased, without affecting the conclusions on materiality.

The table below shows the main impacts, risks, and opportunities identified during this process.

ESRS	Material sub-sub-topic	Location of impact	Type	Source of impact	Time frame	Impact	Risk/opportunity
E1	Climate change mitigation	Own operations	M, F	B	P	(+) Based on optimization of energy consumption and switching to renewable energy sources, manufacturing processes can significantly reduce CO <sub>2</sub> emissions.  (-) Vrancart generates CO <sub>2</sub> emissions in its daily operations as a result of the direct incineration of waste.	<b>O:</b> Cost savings based on the use of renewable energy Access to green financing Attracting investors Reducing future compliance costs
	Efficiency	Own operations	M, F	S	A	(-) Energy-intensive processes can generate higher greenhouse gas emissions when they rely primarily on non-renewable energy sources.	<b>R:</b> Increase of energy rates Loss of income Increasing costs due to delays Possible shortage of resources for renewable energy sources High costs that affect product price.





	Action 1	Action 2	Action 3
<b>Name of action</b>	Installation of photovoltaic panels	Installation of cogeneration plant	Purchase and installation of Drum Pulper
<b>Scope of actions</b>	Own operations	Own operations	Own operations
<b>Time frame</b>	2024 (implementation); 2025 (continuity)	2024 (implementation); 2025 (continuity)	2025
<b>Key actions and results</b>	Installation of PV plant in Adjud site	Cogeneration plant	Improves production efficiency and mitigates environmental impact
<b>Progress of actions</b>	Integrated Environmental Permit review obtained in March 2025 for VNC	Completed	Completed
<b>Current financial resources</b>	Funded through the National Recovery and Resilience Plan	Funded through the National Recovery and Resilience Plan	CAPEX amounting to RON 16,151,882

CapEx amounts allocated for 2025 are disclosed in financial statements - Note 4.



These measures are integrated into day-to-day operations and they focus on decarbonization strategies such as energy efficiency, procurement and use of renewable energy, and operational optimization.

A key component of Vrancart S.A.'s approach is the energy audit conducted by a third party every four years, which assesses energy consumption, equipment performance, and opportunities to reduce consumption. Recommendations identified in the latest energy audit conducted in 2024 for Vrancart S.A. were:

- Implementation of a cogeneration plant
- Implementation of a photovoltaic power station to reduce greenhouse gas emissions
- Implementation of a SCADA system for monitoring energy consumption
- Upgrading the paper machine by replacing the current drive system with a high-performance system.

At the same time, behavioral recommendations were also made, such as: maintaining and cleaning energy-intensive equipment, implementing consumption monitoring at relevant points, taking energy performance into account in the procurement decision-making process, adjusting lighting levels, as well as using energy loss detection systems and scheduling corrective actions. These measures reduce energy consumption and thereby contribute to reduction of GHG emissions; they are implemented in Vrancart S.A.'s own operations in Adjud.

The scope of the energy audit will be extended in the future period to cover all Group's entities, as follows:

- For Vrancart Recycling: the first energy audit will be conducted in 2026, given that the Integrated Environmental Permit was issued in July 2025.
- For Rom Paper and EcoRep: No energy audit has been conducted to date.

For 2026, this Company considers to establish a partnership with a firm to conduct an energy audit at Group level, thereby ensuring a unified approach across all sites.

At the same time, this Group operates an advanced system for monitoring and metering energy and natural gas consumption for each equipment or site, thereby supporting calculation of Scope 1 and Scope 2 emissions and it enables the rapid identification of performance deviations. As a result of these measures, Vrancart S.A. achieved a 41.38% reduction in Scope 1 emissions in 2025 compared to 2024, driven by increased energy independence, integration of renewable energy, and technological optimizations.

In order to strengthen its energy independence and to reduce the use of fossil fuels, the photovoltaic power station and the cogeneration plant were commissioned in 2025, the industrial steam supply beginning that same year. This new energy capacity led to a reduction in electricity and natural gas



consumption from the national grid. In addition, starting in 2025, this Group uses non-recyclable waste (plastic scraps, wood, and fiber sludge) as an energy source in its cogeneration plant, reducing the amount of waste disposed of and contributing to decarbonization.

At the same time, Vrancart Group continues to optimize the resource use and the waste management processes in line with its circular model. Activities related to the use of waste as raw materials and the recovery of waste from production flows help reduce dependence on virgin resources and, consequently, lower the carbon footprint of its operations. These measures support both mitigation of climate change and resilience of the value chain.

Resource optimization was further supported by the commissioning of the Pulper Line in 2025, which increased the efficiency of waste paper usage and improved paper quality, reducing both raw material consumption and the energy intensity of manufacturing processes.

From an operational standpoint, Vrancart continued to streamline its operations throughout 2025 by closing and consolidating certain collection centers, optimizing logistics routes, and reducing fuel consumption associated with transportation.

Efforts to address climate change are also supported by employee training and awareness campaigns, performed primarily through active informal communication. Interdepartmental collaboration ensures that climate factors are incorporated into the decision-making processes, and transparency for external stakeholders is facilitated through communication mechanisms.

Also, Vrancart Group provides reports on its activities and their results. It developed communication channels, such as websites, newsletters, and social media platforms, to inform the public about the measures taken in response to climate change and to gather feedback from stakeholders.

Through these operational initiatives, investments in resources, and management processes, Vrancart Group contributes to reducing its environmental impact and to strengthening its organizational resilience.

In addition to our current initiatives, we have other plans for the future; however, at this time, CapEx planning is performed only annually, without medium- or long-term visibility, and as such, we are unable to provide a financial figure:

- In the short-term: We are implementing additional energy efficiency measures and reducing our resource consumption. These initiatives are primarily focused on the manufacturing plants' own operations and they are supported by allocations from current operating budgets (OpEx) destined for maintenance and process optimization, as well as by specific capital expenditures (CapEx) for equipment upgrades.
- In the medium-term: We are upgrading our infrastructure, refining our product portfolio, and exploring eco-friendly innovations. The scope of these measures covers Group's key production lines. Financing of these plans will be reviewed under the annual strategic planning cycles, expecting that a mix of financial resources will be used, including both internal funds (CapEx) and potential sources of external financing or grants for green technologies.



- In the long-term: We are phasing out outdated assets, developing sustainable products, providing workforce retraining, and ensuring continued access to green financing to support strategic changes. The necessary financial resources (CapEx and OpEx) will be estimated and allocated progressively, based on the technological feasibility and on the economic context, and they will be aligned with Group's long-term decarbonization goals once they are defined. As of the date of this report, specific future financial allocations have not yet been calculated and they are dependent on the performance of climate performance indicators.

#### 3-4. Indicators and targets

##### **E1-4 - Targets related to climate change mitigation and adaptation**

Currently, Vrancart Group has defined a set of general objectives that support the transition to a low-emission operational model, focusing on the use of renewable energy, energy efficiency, and the optimization of resource consumption. These strategic priorities include:

- gradual transition from fossil fuels to renewable or low-carbon energy sources;
- promotion of responsible energy consumption, of the use of less polluting fossil fuels (such as natural gas), and
- ongoing investments in energy-saving technologies, such as LED lighting and energy management systems.

Currently, this Group has not set quantified targets for reducing greenhouse gas emissions (Scope 1, 2, or 3) and it has not calculated the expected reduction in emissions resulting from its current actions. This Group intends to set quantifiable targets over the next few reporting years, depending on developments in the legislative framework and the relevant social-economical conditions..

This Group initiated the process of developing a climate transition plan, which will aggregate all existing actions and objectives and will establish measurable, time-bound targets. Until targets are officially adopted, the effectiveness of policies and actions implemented is monitored both qualitatively and through operational intensity indicators, with a focus on tracking progress toward the goal of reducing dependence on fossil fuels. The monitoring process is integrated into the periodic reviews of the technical performance of the new production facilities (cogeneration plant and photovoltaic power station).

Vrancart Group shall address climate-related financial risks by accurately identifying these risks, integrating climate risks into its overall business strategy, investing in sustainable technologies, accessing green financing, and adopting greater transparency through climate impact reporting.



### E1-5 - Energy consumption and mix

Vrancart Group’s total energy consumption in 2025 was of 140,463.43 MWh, compared to 199,301.3 MWh in 2024. Total natural gas consumption was of 63,159.43 MWh in 2025, compared to 123,230.43 in 2024.

For the energy mix table, we used conversion factors to calculate the total energy consumed from sources such as diesel and natural gas. The energy content associated with diesel and gasoline consumption was derived using conversion factors provided by the Department of Environment, Food, and Rural Affairs (DEFRA) ([Greenhouse gas reporting: conversion factors 2025 - GOV.UK](#)), as the calculation of energy content is based on the fact that 1 liter of diesel or gasoline is equivalent to 0.0991 MWh of diesel and 0.00893 MWh of gasoline, respectively. For natural gas, the volume (in m³) was converted to MWh using a conversion factor based on the Lower Heating Value (LHV). This volume was estimated at 0.9 × the Gross Calorific Value (GCV), based on the GCV value of 0.0151 MWh/m³ provided by Transgaz ([Puteri calorific superioare - Anexa 4 | Transgaz](#)). Electricity consumption was assessed by taking into account suppliers’ energy mix, as presented in their 2024 electricity disclosure labels, ensuring an accurate assessment of emissions and energy mix.

Energy consumption and mix	2024	2025	Variation in 2025 vs. 2024 %
Fuel consumption from coal and coal products (MWh)	0	0	0
Fuel consumption from crude oil and petroleum products (MWh)	14320	9627.46	32.77 ↓
Fuel consumption from natural gas (MWh)	123230.43	63159.43	48.75 ↓
Fuel consumption from other non-renewable sources (MWh)	206.9	109.43	47.11 ↓
Consumption of purchased or acquired electricity, heat, steam, and cooling from non-renewable sources (MWh)	20306.37	13479.92	33.62 ↓
Total non-renewable energy consumption (MWh)	158063.7	86376.24	45.35 ↓
Share of non-renewable sources in total energy consumption (%)	79.3%	61.49%	22.45 ↓
Consumption from nuclear products (MWh)	6722.29	10083.28	50.00 ↑
Share of nuclear sources in total energy consumption (%)	3.3%	7.18%	117.53 ↑



Consumption of fuel from renewable sources, including biomass (such as industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)	78.36	20236.56	25,725.12 ↑
Consumption of electricity, heat, steam, and cooling purchased or procured from renewable sources (MWh)	26693.82	9769.94	63.40 ↓
Consumption of self-generated non-fuel renewable energy (MWh)	7743.13	13997.41	80.77 ↑
Total renewable energy consumption (MWh)	34515.31	44003.92	27.49 ↑
Share of renewable sources in total energy consumption (%)	17.4%	31.33%	80.04 ↑
Total energy consumption (MWh)	199,301.3	140,463.43	29.52 ↓

Total energy consumption in 2025 is underestimated, as 11,625 tons of waste used in cogeneration were not included. The energy generated by Vrancart Recycling from incineration of 11,625 tons of biological and non-biological waste (comprising: mixed waste, plastic, sludge, paper and cardboard, and other solid waste from pulp production) was not included in this calculation due to the lack of appropriate conversion factors to MWh.

In 2025, Vrancart Group reduced its total energy consumption by approximately 30% and increased the share of renewable energy to nearly 31% of its total consumption. This achievement was driven by the commissioning of the Drum Pulper, which reduced the natural gas consumption (by approximately 50%). Internal renewable energy production increased by 80%, reducing dependence on external non-renewable fuel sources. In addition, this Group prioritized procurement of green energy and the use of biomass, reducing electricity consumption from non-renewable fuel sources by over 60%. Based on these investments, the share of non-renewable fuels was reduced from 79% to 61% in just one year.

Vrancart Group operates in a sector with a high climate impact, so all revenue contributes to determining its energy intensity. Thus, the energy intensity amounts to 337.51 MWh / million RON.



### E1-6 – Gross scopes 1, 2, 3 and total GHG emissions

GHG emissions reported in this section reflect the material adverse impacts identified in ESRs 2 SBM-3, related to climate change mitigation and energy efficiency measures. GHG emissions inventory covers the consolidated scope shown in Chapter ESRs 2 BP-1 and it includes Scopes 1, 2, and 3, with the categories relevant to Vrancart Group’s business sector. This calculation reflects operational and financial control.

### Gross Scope 1 GHG emissions

Reporting of direct GHG emissions (Scope 1) is based on the “ Protocol: A Corporate Accounting and Reporting Standard” and it includes all emissions generated by sources owned or controlled by Vrancart Group.

The sources considered, any exclusions, the methodologies and assumptions used, as well as the emission indicators used to calculate Scope 1 emissions are included in the table below:

Source type	Input data	Notes	Premises	Source, emission factors
Stationary sources	Natural gas consumption for Vrancart SA, Vrancart Recycling, and Rom Paper, in volume (m³) and energy (kWh) units.	Ecorep data is included in the total values reported by Vrancart SA.	Wastes generated from processing of waste paper, reported in volume units (m³), was converted to mass units (kg) using material’s relative density.	DEFRA, 2025 Annual ETS Emissions Report, 2025
	For Vrancart Recycling, quantities of waste incinerated for electricity generation (kg) were also included.	For the ETS installation on Vrancart SA site, calculation was taken from the GHG Emissions Monitoring Report for 2025.	This density value was selected based on the Technical rule on waste incineration (Order No. 757/2004 of the Minister of Environment and Water Management), Table 1 – paper and cardboard, dry condition.	

Mobile sources	Fuel consumption for the vehicle fleet owned or operated by Vrancart Group entities, as well as fuel consumption related to mobile equipment/machinery.			DEFRA, 2025 <a href="http://www.peco-online.ro">www.peco-online.ro</a>
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**Fugitive emissions** The amounts of refrigerant supplied to the air conditioning systems owned by the Vrancart Group. In this calculation, we assumed that 3% and 10% (depending on the type of equipment) of these quantities actually represent refrigerant losses that generate carbon emissions (according to DEFRA, 2025 FRA).

**GHG Emissions, Scope 1 (t CO<sub>2</sub>e)**

Gross greenhouse gas emissions included in Scope 1	2024	2025	Variation in 2025 vs. 2024
TOTAL Vrancart Group	26,746.09	16,186.62	39.48% ↓

In 2025, Vrancart S.A.'s Scope 1 GHG emissions decreased by 39.48% compared to 2024, as a result of measures implemented to increase energy independence, integrate renewable energy sources, and optimize operational processes. Out of the total GHG emissions associated to Scope 1, the percentage of GHG emissions covered by regulated emissions trading schemes (ETS) is 78.71%. Also, biogenic CO<sub>2</sub> emissions resulting from incineration of wood waste (biomass) were included in calculation of Scope 1 GHG emissions. No other biogenic emissions reported separately were identified.

**Gross Scope 2 GHG emissions**

Reporting of indirect GHG emissions (Scope 2) is based on the “GHG Protocol: A Corporate Accounting and Reporting Standard” and it includes all emissions generated by consumption of electricity purchased by Vrancart Group.

The sources considered, any exclusions, the methodologies and assumptions used, as well as the emission indicators used to calculate Scope 2 emissions are included in the table below:

Source type	Input data	Notes	Premises	Source, emission factors
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**Electricity consumption** Total electricity consumption (kWh) recorded by Vrancart SA and Rom Paper, by contracted supplier.

The total electricity consumption (kWh) reported by Vrancart Recycling was not included separately in emissions calculation, as the electricity is generated internally through incineration of waste already accounted for under stationary sources. Ecorep's consumption is included in Vrancart SA's consumption.

Emissions associated with energy consumption were calculated using both the "location-based" method and the "market-based" method.

The emission factors for 2025 had not been published by the time this calculation was made; therefore, emission factors for 2024 were used.

An emission factor of 0 (zero) was used for the renewable energy produced by Vrancart SA.



GHG Emissions, Scope 2 (t CO<sub>2</sub>e)

GHG Emissions, Scope 2, by calculation method	2024	2025	Variation in 2025 vs. 2025
Total location-based Scope 2 GHG emissions, Vrancart Group	9,251.55	5,990.63	35.25% ↓
Total market-based Scope 2 GHG emissions, Vrancart Group	13,110.15	7,449.62	43.18% ↓

With regard to Scope 2 GHG emissions, changes observed in 2025 are due to a reduction in total electricity consumption, as well as a shift in the energy mix, reflecting an increase in the use of energy from renewable sources. Emissions calculated using the location-based method decreased by 35.25% compared to 2024, a trend influenced by lower electricity consumption, coupled with an increase in the national emission factor. At the same time, emissions calculated using the market-based method highlight the benefits of Vrancart S.A.'s strategy of purchasing and using green energy, as reflected in a more significant reduction in reported emissions, 43.18% compared to the previous year.

Approximately 31% of the total electricity purchased is derived from electricity procured through contractual arrangements related to renewable energy.

Vrancart Group did not purchase any “unbundled” instruments.

No other biogenic emissions reported separately were identified for Scope 2.

**Gross Scope 3 GHG emissions**



Reporting of indirect Scope 3 emissions is based on the “GHG Protocol: Corporate Value Chain (Scope 3) Standard”, which classifies emissions into 15 categories. Following an internal review, Vrancis Group identified the categories relevant for reporting. The table below shows the relevant categories identified, the data and assumptions used in calculation, any exclusions, and the emission factors used:



Activity	Input data	Notes	Premises	Source, emission factors
1. Goods and services purchased	Extract from accounting records on goods and services purchased by each Vrancart Group entity in 2025 (Class 6 accounts - expense accounts).	Emissions were calculated using the “spend-based” method.  Expenses were classified based on categories of goods, services, or economic activities included in the SIC (Standard Industrial Classification) list published by the UK government.  To avoid double counting, goods and services that were included in other categories of emission sources were removed from the lists of purchased goods and services: - fuel costs  - expense reimbursement for employee commuting.  RON-GBP conversion was calculated using the average exchange rate published by the National Bank of Romania for 2025.	The emission factors published by DESNZ and DEFRA in the Carbon-Saver application for 2025 were used for each category of economic activity included in the SIC list.	



2. Capital goods

Extract from accounting records on capital goods purchased by each Vrancart Group entity during 2025.

Emissions were calculated using the “spend-based” method.

Expenses were classified based on categories of economic activities included in the SIC (Standard Industrial Classification) list published by the UK government.

The emission factors published by DESNZ and DEFRA in the Carbon-Saver application for 2024 were used for each category of economic activity included in the SIC list.

3. Fuel and energy-related activities (not included in S1 or S2)

Quantities of fuel, natural gas, and electricity included in Scopes 1 and 2.

For fossil fuels (diesel, gasoline, and natural gas), upstream emissions (WTT) were calculated.

For the electricity consumed, both upstream emissions (WTT) and emissions associated with electricity losses (T&D loss) in the transmission and distribution network were calculated.

Upstream emissions for fossil fuels were calculated using the emission factors published by DEFRA for 2024.

Emission factors from the International Energy Agency (IEA) were used to calculate upstream emissions associated with energy consumption and losses in the transmission and distribution network.



<p>4. Upstream transportation and distribution</p>	<p>The distances traveled by carriers for Vrancart SA were provided. For all other entities of Vrancart Group, extracts from the accounting records were provided.</p>	<p>Data for other Vrancart Group entities cannot be collected at this time, and no estimates could be calculated for distances traveled. Thus, for all other entities, emissions were calculated using the “spend-based” method.</p> <p>Emissions associated with category 3-9 (Downstream transport and distribution) were included in category 3-4. This classification reflects the structure of transport flows, given that transport paid by Vrancart’s customers accounts for approximately 1% of all delivery shipments, while 99% of the transport of delivered products is handled by Vrancart through its own transport service providers.</p>	<p>In the absence of detailed information on the types of transport used, it was assumed that all distances reported for upstream transport and distribution were covered by diesel-powered heavy goods vehicles (HGVs).</p>	<p>DEFRA; 2025</p>
<p>5. Waste generated in operations</p>	<p>Data collected from the waste management records maintained by Vrancart SA, Vrancart Recycling, and Rom Paper: - type/category of waste generated - waste code according to GD no. 856/2002 - amount generated [kg] - method of treatment (disposal/recovery)</p>	<p>Categories of waste generated were classified according to their nature into the waste categories published by DEFRA.</p>	<p>In the absence of a specific emission factor, assumption was made that the emission factor for incineration of tire waste is equivalent to the emission factor for the closed-loop category.</p>	<p>DEFRA, 2025</p>



6. Business travel (flights, accommodations, transfers, etc.)

Information was provided for Vrancart SA, Vrancart Recycling, and Rom Paper regarding business travel by air (air transport), by other means of transport (train travel), and accommodations, both domestically and abroad.

For air transport, both the distances traveled (km) and the emissions were calculated using the ICEC (ICAO Carbon Emissions Calculator) application developed by the International Civil Aviation Organization. Emissions associated with accommodation activities were calculated using the Hotel Footprinting Tool developed by GreenView.

In the absence of detailed data on accommodation for business trips in 2025 for Vrancart SA (number of nights, number of rooms, and classification of accommodation facilities), the following assumptions were applied:  
- The average length of stay was assumed to be 1 night per trip;  
- The number of rooms was assumed to be equal to the number of people;  
- Classification of accommodation establishments was considered at the aggregate level ("all"), according to the categories available in the emission factor datasets.

The ICEC application developed by ICAO

The Hotel Footprinting Tool application developed by GreenView.

The CarbonSaver application  
DEFRA, 2025

No information was available regarding the route, distance, or method of transportation used for trips made by Vrancart SA staff using other means of transportation. Thus, emissions were calculated using the "spend-based" method. RON-GBP conversion was calculated using the average exchange rate published by the National Bank of Romania for 2025. For these transports, the emission factor published by DESNZ for road transport (Rail transport services) was used.

For trips made by employees using hybrid vehicles, in the absence of detailed information on usage patterns (the ratio of electric vs. fuel), the emission factor for conventional fuel (gasoline) was used.



7. Employee commuting	<p>For each Vrancart Group entity, information was provided regarding:</p> <ul style="list-style-type: none"> <li>- vehicle type</li> <li>- fuel type</li> <li>- distance traveled.</li> </ul>	<p>Emissions associated with the commutes of employees who use other modes of transportation (e.g., personal vehicles) were not included in this calculation given the unavailability of data needed to quantify them.</p>	<p>It was assumed that the data provided fully covered the total number of employees (951), in the absence of information to the contrary.</p> <p>The distribution of employees by transportation method was estimated proportionally, based on the reported distances, calculating the ratio of the distance associated with each transportation method to the total distance and applying this ratio to the total number of employees.</p> <p>For the amounts reimbursed for employee commuting, it was assumed that diesel-powered minibuses were used, in the absence of specific information regarding the type of vehicles.</p>	<p>DEFRA, 2025 CarbonSaver Application</p>
8. Upstream leased assets	<p>This category does not apply to the Vrancart Group</p>	-	-	-
9. Downstream transportation	<p>The distances traveled by carriers for Vrancart SA were provided.</p>	<p>Emissions associated with category 3-9 were included in category 3-4.</p>	<p>In the absence of detailed information on the types of transport used, it was assumed that all distances reported for upstream transport and distribution were covered by diesel-powered heavy goods vehicles (HGVs).</p>	DEFRA; 2025
10. Processing of sold products	<p>No data was collected.</p>	<p>Although Vrancart Recycling produces plastic flakes that are subsequently used by third parties in manufacturing processes (e.g., conversion into plastic pellets), no data could be collected as needed to quantify emissions associated</p>	<p>For the current reporting period, only finished goods resulting from company's core business that do not require significant further processing were included.</p>	-



with the subsequent processing stage (category 3.10) during this reporting period.

11. Use of sold products	This category does not apply to the Vrancart Group	-	-	-
12. End-of-life treatment of sold products	Information was provided for Vrancart SA, Vrancart Recycling, and Rom Paper regarding: - the type of product sold or placed on the market - the quantity sold - the processing method.	Categories of waste generated were classified according to their nature into the waste categories published by DEFRA.	This category includes only finished products resulting from in-house production.  It was assumed that cardboard waste is managed through recycling, while paper waste, including its subcategories, is managed through disposal.	DEFRA, 2025
13. Downstream leased assets	This category does not apply to the Vrancart Group	-	-	-
14. Franchises	This category does not apply to the Vrancart Group	-	-	-
15. Investments	This category does not apply to the Vrancart Group	-	-	-



GHG Emissions, Scope 3 (t CO<sub>2</sub>e)

Vrancart Group	2024 Reported	2024	2025	Variation in 2025 vs. 2024
Scope 3 category relevant to Vrancart Group				
Total gross indirect greenhouse gas emissions (Scope 3)	368.127,47	113.956,27	60.073,28	47,28↓
1. Goods and services purchased	184.990,63	35.279,65	27.221,73	22,84↓
2. Capital goods	9.457,27	9.457,27	1.140,16	87,94↓
3. Fuel and energy-related activities (not included in Scope 1 or 2)	3.572,87	3.572,87	5.172,43	44,77↑
4. Upstream transportation and distribution	1.990,18	1.990,18	6.208,29	211,95↑
5. Waste generated in operations	7.538,45	7.538,45	10,95	99,85↓
6. Business travels	-	-	148,43	N/A – first report
7. Employee commuting	-	-	117,72	N/A – first report
9. Downstream transportation	3.923,93	3.923,93	0	Included in category 3.4 (methodology from the table above)
12. End-of-life treatment	156.654,13	52.193,92	20.053,57	61,58↓

In 2025, the carbon footprint for Scope 3 decreased by 47.28%. The change in methodology, by moving from the average-based calculation method (related to the quantities purchased) with factors from the DEFRA and ADEME databases, to the spend-based methodology (related to the amounts related to the purchases of goods) with emission factors published by DESNZ and DEFRA in the CarbonSaver application, led to a change in the emissions reported for FY24, from the previously calculated value of 184,990 tonnes CO<sub>2</sub>e, to that of 35,279 tonnes CO<sub>2</sub>e, after the FY24 recalculation. Similarly, for category 3.12, the end-of-life treatment assumption for products sold and the emission factor database were modified for FY24 to align the methodology with that used in FY25. The emission factors from the Climfoot database were replaced in the recalculation of this category for FY24 with those provided by DEFRA, specific to the calculation year. For both FY24 and FY25, it was assumed that paper products (napkins, towels) are treated by disposal, and cardboard, wood, glass and metal products sold in FY24 are treated by recycling. Thus, the value calculated in FY24 of 156,654 tonnes CO<sub>2</sub>e is 52,194 tonnes CO<sub>2</sub>e after the recalculation. The initial Scope 3 total for FY24 was 368,127 tonnes CO<sub>2</sub>e, and after recalculating the two categories for FY24 it was 113,956 tonnes CO<sub>2</sub>e. Scope 3 emissions for FY25 are 60,073 tonnes CO<sub>2</sub>e. The emissions calculation is based solely on internal data. Currently, the share of biogenic CO<sub>2</sub> emissions associated with the value chain is not known with certainty due to granular data from suppliers.



Emissions calculation is based exclusively on internal data. Currently, the exact proportion of biogenic CO<sub>2</sub> emissions associated with the value chain is unknown due to a lack of granular data from suppliers.  
 Total greenhouse gas emissions included in Scope 1, 2 and 3

Vrancart Group	2024	2025	Variation in 2025 vs. 2024
Total greenhouse gas emissions (location-based) (tCO <sub>2</sub> e)	149,953,91	82.250,53	45,15 ↓
Total greenhouse gas emissions (market-based) (tCO <sub>2</sub> e)	153,812,51	83.709,52	45,58 ↓

Emission intensity

GHG Intensity based on net revenue	2024	2025
Total greenhouse gas emissions (location-based) per net revenue (t CO <sub>2</sub> e/million RON)	308,043 tCO <sub>2</sub> e	197,635
Total greenhouse gas emissions (market-based) per net revenue (t CO <sub>2</sub> e/million RON)	315,970 tCO <sub>2</sub> e	201,140
Net revenue used to calculate greenhouse gas intensity (RON)	486.795.338	416.175.000

**E1-7 - GHG removals and GHG mitigation projects financed through carbon credits**

During the reporting period, Vrancart did not develop or contribute to greenhouse gas capture or storage projects, nor did it finance external initiatives to reduce or eliminate emissions through the purchase of carbon credits. This Group did not hold, use, or trade carbon credits during the reporting year.



### **E1-8 – Internal carbon pricing**

The Vrancart Group does not currently use an internal carbon pricing system.

### **E1-9 – Potential financial effects from material physical and transition risks and potential climate-related opportunities**

During the reporting period, Vrancart applies the phased-in principles set forth in Appendix C of ERSR 1, and it uses the flexibility permitted by Commission Delegated Regulation (EU) 2025/1416, adopted in July 2025, regarding the reporting of ERSR requirement E1-9. In this context, this Company does not provide detailed information on the anticipated financial impacts of material physical and transition risks, as well as opportunities related to climate change. Given the operational characteristics of Vrancart (complex industrial processes, a significant logistical footprint, and reliance on raw materials and energy), the development of robust methodologies for climate-related financial analysis requires a phased approach.

This Company shall include the information required by ERSR E1-9 in future reports, as internal processes, assessment tools, and analytical capabilities are strengthened and integrated into its existing management systems. This phased approach ensures continued alignment with ERSR requirements, taking into account available resources and the need for a consistent and solid implementation of climate risk and opportunity assessments.



#### 4. ESR5 E2 – Pollution

##### 4.1. Impacts, risks, and opportunities management

##### **ESRS 2 IRO-1: Description of the processes to identify and assess material pollution-related impacts, risks and opportunities**

Under its double materiality assessment process, Vrancart Group analyzed the activities and flows of its own operations, as well as throughout upstream and downstream value chains, to identify current and potential impacts, risks, and opportunities related to pollution.

The methodology for identifying and assessing pollution-related impacts, risks, and opportunities is described in Section ESR5 2, Chapter IRO-1. The value chain analysis was conducted during internal workshops held as part of the double materiality assessment process, mapping the relevant stages of the value chain (in-house operations, upstream, and downstream) and the associated flows of materials, wastes, and emissions, taking into account Group's integrated business model. This process took into account available information on relationships with suppliers and customers, environmental monitoring data, and internal risk assessments.

The assessment of company's own operations was based on an analysis of activities with the potential to generate pollution, and on the requirements set forth in the Environmental Permits required for operations. For the sites with significant environmental impact that have already been authorized, an assessment of pollution-related issues was conducted prior to the start of operations as part of the authorization process (site assessment and environmental impact assessment), and the conclusions were subsequently confirmed in recent updates to the environmental documentation.

For the upstream segment, consideration was given both to the supply of auxiliary raw materials, fuels and services, as well as to the waste streams received for recycling or energy recovery, as these represent key inputs into Group's operational processes. For the downstream sector, the analysis covered the stages of distribution of finished paper products, relationships with customers to provide compliance with environmental obligations, as well as the subsequent management of products and resulting waste streams. The assessment was based on available operational information, environmental monitoring data, and the expertise of relevant functions involved in this process (operations, environment, compliance, management).

A description of Group's value chain is included in Section SBM-1 – Strategy, Business Model, and Value Chain, under ESR5 2.

Given that Vrancart Group's activities may affect the quality of air, water, and soil, the ESR5 topics related to these issues were analyzed as part of the double materiality process and they were identified as potentially material issues.

With regard to soil pollution, periodic soil quality analyses conducted by Vrancart through accredited laboratories, in compliance with the requirements of the Integrated Environmental Permit, show that all measured parameters fall within legal limits, showing no breaches and no indications of historical



pollution or current contamination attributable to the Group. Given the consistency of the results, no significant risks were identified regarding the soil pollution topic; however, this issue remains under Group’s monitoring in compliance with applicable legal provisions.

The materiality of sub-topics related to air pollution and water pollution arises from the adverse impacts identified in the operations of two Group entities, namely Vrancart Recycling and Vrancart S.A. Although material impacts from a pollution perspective were identified in these industrial processes, the analysis took into account all activities performed by the Group.

The sub-topics identified as relevant under ESR5 E2 – Pollution, as well as their associated IROs, are shown in the table below, along with relevant information regarding their location, type, source, and timeframe.

ESRS	Material sub-sub-topic	Location of impact	Type	Source of impact	Time frame	Impact	Risk/opportunity
E2	Air pollution	Own operations	M	S	A	(-) Emissions from production, supply, and distribution include particulate matter and volatile organic compounds, which degrade air quality and harm human health	-
	Water pollution	Own operations	M	S	A	(-) Wastewater from downstream production / supply activities contains harmful chemicals that could contaminate local water sources	-

Key:

Type of impact: F = financial impact, M = material impact, MF = material and financial impact

Time frame: A = current impact (reporting year), P = potential impact (medium and long term)

Source of impact: S = impact originating from strategy and business model, B = impact underlying the strategy

Type of impact: positive (+), adverse (-)



Vrancart Group is committed to reducing its impact on air and water quality by implementing sustainable practices in its paper and cardboard manufacturing processes, as well as in its co-incineration activities, which represent the main potential sources of air emissions and wastewater identified within its own operations, in compliance with the IROs on air pollution and water pollution. Air emissions are reduced through investments in cleaner technologies, compliance with legal requirements, and implementation of the ISO 14001 environmental standard. Currently, progress is monitored at operational level, as a formal centralized system has not yet been implemented.

Given the significant level of use of water resources, this Group prioritizes wastewater treatment through water purification processes, with the aim of preventing environmental contamination and contributing to the preservation of natural resources. Through continuous improvement of its wastewater management processes, this Group aims to reduce its environmental impact while ensuring efficient and responsible operations. One example of such process is the treatment of sludge generated from wastewater treatment, which is dried and subsequently used in the CHP boiler operated by Vrancart Recycling, contributing to resource recovery and to reduction in the volume of waste disposal.

#### **E2-1: Policies related to pollution**

Vrancart Group does not have a separate policy in place dedicated exclusively to the control of water and air pollution.

For Vrancart S.A, issues related to the prevention and control of air and water pollution are addressed in the Integrated Policy on Quality, Environment and Occupational Health and Safety, as well as in the relevant training programs (this policy is described in greater detail in Chapter E3-1). Vrancart S.A.'s integrated system includes requirements for operational quality, occupational health and safety, and environmental management. The reason why a separate policy was not adopted lies in the management strategy of maintaining a unified and coherent system; integrating all environmental elements into a single policy provides an effective oversight and a direct link between industrial processes and environmental protection, thereby avoiding fragmented procedures. Through its integrated system, this Group addresses the mitigation of adverse impacts not only on air and water, but also on soil, through waste and chemical management protocols designed to prevent any form of contamination. At the same time, measures to prevent incidents and manage emergencies are regulated through response plans, which establish immediate measures to control and limit the impact on the population and the environment in the event of unforeseen incidents.

For Rom Paper, the environmental policy sets forth its commitments to legal compliance, responsible use of resources, continuous improvement, and consideration of the impact across the value chain, and these elements indirectly support pollution control through prevention and the prudent use of chemicals. Further details on this policy can be found in Chapter E3-1.

Vrancart Recycling and Ecorep do not have policies regarding air and water pollution, nor do they have an integrated management system.



In developing and implementing policies, this Group takes into account applicable local and international regulations, as well as the requirements of relevant ISO standards, to provide compliance and the proper management of impacts on the environment, health, and safety.

Specifically, through its applicable policies, Vrancart S.A. taken into consideration the needs and interests of stakeholders. Thus, to ensure transparency and cooperation with these parties, the policies can be by external parties viewed online (<https://vrancart.ro/category/politici-si-certificari/>), or upon request, through designated representatives or bodies.

At Vrancart S.A., the Integrated Quality–Environment–Occupational Health and Safety (QEHS) System department is in place, which manages all documentation based on which the relevant certifications were obtained, and it oversees occupational health and safety controls. This department provides that policies are posted in a visible location in every area of the factory, and that they are also available in electronic format in a common area accessible to employees. These stakeholders may request additional information through the internal communication channels made available to staff.

In turn, Rom Paper has a quality and environmental department in place, and it operates a certified integrated quality, environment, and occupational health and safety system. Similar to Vrancart, these policies are displayed in visible locations throughout the factory and they are also available electronically on SharePoint, so that every employee can access them whenever necessary.

Vrancart Recycling and Ecorep provide relevant information to interested parties upon request.

Responsibility for implementation of the Integrated Health, Safety, and Environment (HSE) Policy of Vrancart S.A. and Rom Paper rests with the CEO of these entities.

In 2025, following inspections conducted by the National Environmental Guard, no penalties were imposed on any entity within the Vrancart Group.

#### **4.2. Indicators and targets**

##### **E2-2: Actions and resources related to pollution**

Vrancart Group’s activities may have impacts related to air and water pollution, which are managed in compliance with national environmental protection laws. These measures currently cover only company’s own operations, and not the upstream and downstream value chains.

In order to prevent incidents and reduce adverse impacts on environment and people, Vrancart S.A. sets annual goals for:



- **implementing measures to prevent incidents, such as risk assessments, maintenance of equipment and infrastructure, and control of manufacturing processes.**
- providing that emergency **preparedness and response plans** in place, with clear protocols for fast reaction, including periodic simulations and drills.
- using **monitoring systems** designed to provide continuous supervision and effectiveness of operations, as well as assessing the effectiveness of measures implemented.
- implementing **training and educational initiatives** to enhance skills and awareness at all organizational levels.

Training programs are conducted annually, in-house, for all employees, with the aim of providing the necessary skills to properly manage activities that may affect the environmental performance of industrial facilities. External training programs are conducted when new legal requirements are enforced and the staff need to be retrained to comply with the same.

In compliance with applicable laws and the requirements set forth in the Environmental Permit, this company operates a wastewater treatment plant designed to reduce the impact on water quality. Treatment processes are implemented in compliance with the quality requirements applicable to wastewater discharges, as set forth in the Environmental Permit.

Looking ahead, this Group plans to:

- continue modernization of the wastewater treatment plant in order to mitigate risks of accidental pollution.
- provide automated monitoring of air and water quality parameters to optimize reaction times.

These future actions shall be supported by dedicated investments financed through the non-repayable funds under the National Recovery and Resilience Plan, and the related financial resources (CAPEX and subsequently OPEX) will be recorded in the financial statements for the relevant periods. Progress of implementation of these actions will be reported in future financial years.

The following table shows the actions currently ongoing or initiated in 2025 to manage and mitigate pollution from company's own operations:

Vrancart Group	Action 1	Action 2	Action 3	Action 4	Action 5	Action 6
<b>Name of action</b>	Installation of photovoltaic panels	Installation of cogeneration plant	Purchase and installation of Drum Pulper	Operational procedures for prevention/monitoring/training	Modernization of wastewater treatment plant	Automation of air/water parameters monitoring



<b>Scope of actions</b>	Vrancart S.A.'s own operations	Own operations	Own operations	Own operations	Own operations	Own operations	Own operations
<b>Time frame</b>	2024 (implementation); 2025 (continuity)	2024 (implementation); 2025 (continuity)	2025	2025	2025	Completed	Scheduled
<b>Key actions and results</b>	Installation of PV plant in Adjud site	Cogeneration plant	Improves production efficiency and mitigates environmental impact	Risk assessment; preventive maintenance; process parameter control; emergency plans + drills; monitoring systems; annual training programs	Technological upgrade to mitigate the risk of accidental pollution	Implementation of automated air and water quality monitoring systems	
<b>Progress of actions</b>	Integrated Environmental Permit review obtained in March 2025 for VNC	Completed	Completed	Ongoing (annual)	Purchase of one turbo blower	Reduced response and quality control times	
<b>Current financial resources</b>	Funded through the National Recovery and Resilience Plan	Funded through the National Recovery and Resilience Plan	CAPEX amounting to RON 16,151,882	Internal operational resources (annual training, maintenance, monitoring)	The costs associated with implemented measures are included in the operating budgets and they are not shown separately.	The costs associated with implemented measures are included in the operating budgets and they are not shown separately.	



With regard to the other entities included in the scope of consolidation (Rompaper S.R.L., Vrancart Recycling S.R.L., and Ecorep Group S.A.), they are not included in the actions table above for the following reasons:

- Business specifics: priority initiatives for decarbonization and major technical efficiency improvements (high CAPEX) are currently focused on the production site in Adjud (Vrancart S.A.), which is Group's primary source of environmental impact.
- Assessment phase: for all other subsidiaries, the management is focused, during this fiscal year, on monitoring key performance indicators and alignment of administrative procedures, with specific action plans to be developed based on the results of future materiality assessments.
- Low impact: activities of these companies (collection, extended producer responsibility services, or paper recycling) have a significantly smaller environmental footprint compared to the manufacturing process for paper and cardboard, and their operations are currently integrated into Group's standard operating procedures.

### **E2-3: Targets related to pollution**

For this reporting year, no pollution-related targets were set aligned with the disclosure requirements of ESRS E2 – Pollution for any entity member of Vrancart Group (Vrancart S.A., Rom Paper, Vrancart Recycling, Ecorep).

However, this Group aims to comply with the requirements set forth in regulatory documents, namely, Environmental Permits and Water Management Permits, regarding air and water pollution as targets for its own operations.

In the absence of specific formal voluntary targets, Vrancart Group analyses the effectiveness of policies and implemented measures by regularly monitoring emissions and air and wastewater quality parameters, benchmarking the results against the limit values established in permits, and analyzing any breaches or non-compliances. The process includes reporting to the relevant authorities and implementing corrective measures, if necessary.

The current objective is to ensure ongoing compliance with permitted limit values and to prevent pollution incidents. Indicators used to assess performance include concentrations and, where applicable, total quantities of pollutants monitored in compliance with the applicable permits.



#### **E2-4 – Pollution of air and water**

The Vrancart Group monitors pollution in compliance with EU BREF standards. Regular testing and laboratory analyses enables determination of the exact amounts of pollutants and verification of compliance with environmental requirements. These tests include analyses conducted by independent laboratories in compliance with the requirements of the Integrated Environmental Permit, and they are compliant with SR EN 14181:2015.

For the co-incineration plant operated by Vrancart Recycling SRL, continuous monitoring is carried out via a CEMS system for parameters such as O<sub>2</sub>, H<sub>2</sub>O, CO, particulate matter, NO<sub>x</sub>, SO<sub>2</sub>, HCl, and TOC, with data reported annually as part of the requirements for the Annual Environmental Report (AER) and the European Pollutant Release and Transfer Register (E-PRTR).

Levels of air pollutants are monitored semi-annually by the entities subject to legal monitoring requirements, in compliance with the provisions of the applicable Environmental Permits, namely Vrancart Recycling and Vrancart S.A. The other entities within the Group do not have the obligation to monitor air pollutants, as there are no legal requirements or conditions imposed by regulatory acts for this purpose.

Results are available for each entity subject to monitorization, and they are presented separately in the report. Results of air pollutant monitoring for Vrancart S.A. Adjud and Vrancart Recycling:



Item no.	Source/polluting equipment	Boiler	Pollutant	Maximum permissible legal limit (mg/Nm <sup>3</sup> )	Value measured during 1 <sup>st</sup> half of 2024 (mg/Nm <sup>3</sup> )	Value measured during 1 <sup>st</sup> half of 2025 (mg/Nm <sup>3</sup> )	Value measured during 2 <sup>nd</sup> half of 2024 (mg/Nm <sup>3</sup> )	Value measured during 2 <sup>nd</sup> half of 2025 (mg/Nm <sup>3</sup> )
1	Cleaver Broocks Boiler *(Vrancart S.A)	A1	Particulate matter	5.00	2.50	-	2.00	-
			CO	100.00	68.00	-	52.00	-
			NOx	350.00	172.00	-	178.00	-
			SO2	35.00	11.00	-	3.00	-
			O2	-	8.35	-	10.22	-
			Dust	5.00	2.00	1.50	1.60	1.40
2	Clayton Boiler no. 1 (Vrancart S.A)	A2	CO	100.00	34.00	77.00	42.00	69.00
			NOx	350.00	95.00	102.00	134.00	113.00
			O2	-	8.57	7.25	8.25	6.67
			SO2	35.00	0.00	0.00	0.00	0.00
3	Clayton Boiler no. 2 (Vrancart S.A)	A3	Dust	5.00	2.20	1.60	2.20	1.50
			CO	100.00	72.00	11.00	16.00	40.00
			NOx	350.00	134.00	89.00	129.00	144.00
			O2	-	7.50	5.34	6.68	5.40
			SO2	35.00	0.00	0.00	0.00	0.00
			HCl	26.21	14.20	-	9.60	-
4	Industrial waste co-incineration boilers (CAD)* (Vrancart S.A.)	A4	HF	4.24	2.08	-	1.68	-
			TOC	42.42	8.80	-	5.40	-
			Cd+Pb	0.05	0.04	-	0.027	-
			Hg	0.05	0.01	-	0.018	-
			Sb+ As+ Pb+	-	-	-	-	-
			Cr+ Co+ Cu+	0.50	0.288	-	0.328	-
			Mn+ Ni+ V	-	-	-	-	-
5	Clayton Boiler no. 3 (Vrancart S.A)	A5	Dust	5.00	1.80	1.20	1.00	1.00
			CO	100.00	38.00	27.00	4.00	2.00
			NOx	350.00	145.00	89.00	128.00	56.00
			O2	-	5.90	12.11	8.48	7.43
6	Bosch Boiler (Vrancart S.A)	A5	SO2	35.00	4.00	0.00	0.00	0.00
			SO2	35.00	2.00	0.00	4.00	0.00
			Dust	5.00	1.50	1.00	1.20	1.20
			CO	100.00	2.00	0.00	1.00	0.00
			O2	-	1.92	3.75	2.72	7.43



			350.00	65.00	74.00	75.00	56.00
7	CH Boiler** (Vrancart Recycling)	Gaseous chloride, expressed as HCl	6	1.317	0	0	0
		Gaseous fluoride, expressed as HF	1	0.146	0	0	0

\*The production waste co-incineration boilers (CAD) and the Cleaver Broocks Boiler were not operational during 2025; consequently, no emissions were generated and there is no relevant data to report for the period of reference.

\*\*CH Boiler – This plant has been operational since September 2025. Monitoring was conducted exclusively for the actual period of operation; given the limited duration of operation during the reporting year, not all indicators specified in the Environmental Permit could be monitored.

Given the E-PRTR reporting period specified in the Integrated Environmental Permit (April 1<sup>st</sup> 2026 – May 30<sup>th</sup> 2026), calculation of indicators for quantities of emissions and pollutants in the air and water had not been completed at the time when this Sustainability Statement was prepared. Therefore, information on pollutant emissions generated by company's own operations, which are to be included in the consolidated E-PRTR report, will be made available to interested parties upon request, along with details regarding the calculation methodology, data sources, and trends over time.

Activities of Vrancart S.A. are partially subject to Directive 2010/75/EU (IED). The key IED systems include:

- The paper mill for corrugated cardboard made from 100% recycled pulp, with a capacity of 100,000 tons/year;
- The sanitary paper manufacturing plant from 100% waste paper pulp or a mixture of waste paper and virgin pulp, with a capacity of 25,500 tons/year.

Ancillary IED facilities include the co-incineration plant for solid waste and sewage sludge, authorized to process 63 tons of waste/day, as well as combustion facilities with a total rated thermal capacity of 71.55 MWt, consisting of the BOSCH ZFR boiler (40 t/h steam – 25.2 MWt), three CLAYTON generators (6.2 t/h each – totalizing 11.85 MWt), the CLEAVER BROOKS boiler (25 t/h – 20 MWt, hot reserve), and the CAD boiler (18 t/h – 14.5 MWt).

According to the Integrated Environmental Permit (IEP) 2025 issued to Vrancart S.A. Adjud and to authorities' audit, no non-compliance incidents, enforcement actions, compliance programs, or exemptions granted under Article 15(4) of the IED Directive were found.

Consequently, all IED plants operated by Vrancart are operating within parameters compliant with the permitting conditions and EU-BAT requirements.



Non-IED plants existing on the site, such as the raw water catchment and treatment plant, the wastewater treatment plant (100–150 l/s), the CEF1 (999.90 kWp) and CEF2 (20 Mwp) photovoltaic plants, the non-hazardous ash storage facilities (10,450 m<sup>3</sup> and 17,700 m<sup>3</sup>), and the remediated CAD storage facility (1,000 m<sup>3</sup>) do not fall under the IED but they are included in the scope of the IEP as facilities supporting the key IED processes. Authorized ancillary activities (sludge dewatering, waste handling, starch paste preparation, storage, utilities, and logistics) are also regulated and monitored through IEP-2025 as part of the integrated technological chain.

For the waste co-incineration plant (CAD), classified under IED 5.2.a and 5.3.a(ii), BAT 28 of the EU-BAT conclusions for waste incineration applies, which requires continuous monitoring of SO<sub>2</sub>, HCl, HF, NOx, CO, and particulate matter. According to monitoring results for 2025, emissions are below the BAT-AEL, with values recorded shown in the table above. For auxiliary combustion boilers (Clayton, Bosch, and Cleaver Brooks) classified under IED 1.1, monitoring is conducted periodically in compliance with IEP, and the values measured in 2025 are also below the permitted limits.

Emissions to water are monitored each month in compliance with BAT 43–45 for the paper and cardboard business, while soil and groundwater monitoring is conducted every 5–10 years in compliance with IEP, showing no breaches or signs of contamination. No non-compliances, derogations, or compliance programs were identified pursuant to Article 15(4) of the IED Directive.

The activities of Vrancart Recycling SRL are subject to the provisions of Directive 2010/75/EU (IED), as the facility operated at the Adjud site falls under point 5.2. of Annex 1 to Law 278/2013, namely a co-incineration facility for non-hazardous waste with a capacity exceeding 3 tons/hour, in accordance with Integrated Environmental Permit No. 1/28.07.2025.

As per the EU-BAT conclusions set forth in Decision (EU) 2019/2010, this facility employs BAT techniques such as bag filters, cyclones, adsorbent injection, SNCR/SCR systems for NOx emission reduction, flue gas recirculation, and automated combustion control. Based on IEP and authorities' audit, Vrancart Recycling did not record any non-compliance incidents, violations of permit conditions, or enforcement actions. Performance of this plant is continuously monitored via the CEMS system for O<sub>2</sub>, H<sub>2</sub>O, CO, particulate matter, NOx, SO<sub>2</sub>, HCl, and TOC; the values measured in 2025 are below the BAT-AEL levels applicable to existing installations, in compliance with the limits set forth in IEP). The BAT-associated operational performance levels (BAT-AEPLs), including maintaining a temperature >850 °C and a retention time of more than 2 seconds, combustion energy efficiency, and optimal adsorbent consumption, are fully met.

The environmental authority has not granted any derogation under Article 15(4) of the IED Directive, and this facility is not subject to any compliance programs or special timeframes for the implementation of BAT; IEP has confirmed that this facility is operating within permitted parameters. Monitoring of emissions to water, soil, and groundwater is performed in compliance with BAT requirements 32–34 and the programs included in IEP, with no



breaches or signs of contamination. Vrancart Recycling reports annually on its obligations under the IED legislation, including AER and E-PRTR, thereby supporting transparency and ensuring ongoing compliance with EU-BAT requirements.

Measurements of air pollutants are conducted using the following methodologies:

- **Monitoring:** The results are obtained through monitoring conducted by a RENAR-accredited laboratory, part of ICEMENERG Bucharest, with the data centralized in test reports. This monitoring process applies only to Vrancart Recycling, for the analyses set forth in its Environmental Permit.
- Vrancart S.A, based on its Integrated Environmental Permit, must monitor air emissions using RENAR-accredited laboratories.
- **Measurement process:**
  1. Identification of emission sources.
  2. Selection of metering methods, including specialized sensors for detecting pollutant concentrations.
- **Key affected areas:** Adjud site.

Levels of water pollutants are measured daily in water treatment plant's own laboratory, and they are audited annually through analyses conducted by an accredited third-party organization.

Name of pollutant	Monthly average lows and highs 2024	Monthly average lows and highs 2025	Permitted limits in compliance with NTPA 001
pH	7.75– 8.13	6.94– 7.97	6.5– 8.5
Suspended solids	7.4 - 14.8 mg/L	9.46– 389.5 mg/L	60 mg/L
CODCr	36.9- 53.8	39.66 - 1161.02 mgO2/L	125 mgO2/L
CBO5	12 - 22 mg/L	14.65– 356.40 mg/L	25 mg/L
Phenol index	0.003 - 0.006 mg/L	0.004– 0.009 mg/L	0.3 mg/L
Total phosphorus	0.022 - 0.056 mg/L	0.06 – 1.22 mg/L	2 mg/L
Total nitrogen	0.44 - 1.57 mg/L	0.91– 2.83 mg/L	5 mg/L



Biodegradable synthetic anionic detergents	0.06 - 0.14 mg/L	0.06 – 0.66 mg/L	0.5 mg/L
Fixed residue	258 - 312 mg/L	295.59– 1414.60 mg/L	2,000 mg/L
Ammoniacal nitrogen (NH4+)	0.035 - 0.42 mg/L	0.10– 0.43 mg/L	3 mg/L
Nitrites (NO2-)	0.039 - 0.095 mg/L	0.06– 0.65 mg/L	2 mg/L
Nitrates (NO3-)	1.68 - 6.18 mg/L	3.03– 8.25 mg/L	37 mg/L
Substances extractable with organic solvents	1.08 - 2.04 mg/L	1.53– 1.90 mg/L	20 mg/L
Sulfides	0	0.16 - 1.51 mg/L	0.5 mg/L
Hydrogen sulfide	0	0.0 - 0.35 mg/L	

Water quality monitoring is conducted for Vrancart S.A.'s site in Adjud and for Vrancart Recycling, in accordance with the applicable Environmental Permits, as the other facilities do not have similar obligations. Wastewater generated by Vrancart Recycling is directed to Vrancart S.A.'s wastewater treatment plant for treatment.

During June - August 2025, due to technical malfunctions at the wastewater treatment plant, breaches of permitted limits for BOD5, COD-Cr, and suspended solids parameters were recorded. Therefore, Vrancart S.A. notified ABA Bacău (the Siret River Basin Administration), which issued permits valid for a maximum of 30 days, requiring submission of daily monitoring reports to prove rectification of non-compliances. Exceeding of discharge limits into emissary resulted in imposition of penalties, as recorded in Report No. ABAS1725-VN / No. 45 dated September 19<sup>th</sup> 2025, in the amount of RON 49,600.01.

Based on WRI Aqueduct data, the Vrancart site in Adjud is not located in an area of high water stress. Given that water pollution is relevant exclusively for this facility, we confirm that there are no emissions of pollutants into water in areas with high water stress.

Water quality monitoring applies exclusively to Vrancart S.A., and it is performed as follows:

- **Self-monitoring:** conducted by the Vrancart Group's in-house laboratory at the wastewater treatment plant.
- **Annual control:** Accredited third-party laboratories conduct annual control tests in compliance with local regulations (IEP 1/18.03.2015, reviewed on 14.04.2020).



- **Test reports:** The analysis is performed by “ALS Life Sciences Romania - Laboratorul de mediu” in Ploiești, and the results are documented in test reports.
- Key affected areas: Adjud site.

Group's other entities (Rom Paper, Vrancart Recycling, and EcoRep) have no water quality monitoring obligations, as they do not operate industrial wastewater treatment facilities and they do not discharge process water into emissaries. Based on these methodologies and procedures, Vrancart Group provides continuous monitoring of emissions, maintaining compliance with legal limits and environmental standards. We conduct regular monitoring; however, benchmarking of data against previous years is not standard practice, and we do not have cross-reference analyses over time regarding air or water pollution.

#### **E2-6 – Potential financial effects from pollution-related impacts, risks and opportunities**

Vrancart Group applies the provisions of Commission Delegated Regulation (EU) 2025/1416, adopted in July 2025, regarding the ESRs E2-6 requirement. During the current reporting period, no detailed information is provided regarding the anticipated financial effects associated with the impacts, risks, and opportunities related to air and water pollution. This information will be included in future reports as internal processes, data collection tools, and methodologies for assessing these effects are developed and implemented. This approach provides compliance with ESRs requirements.



**5. ESRs E3 – Water and marine resources**

5.1. Impacts, risks, and opportunities management

**ESRS 2 IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities**

Current and potential impacts and risks related to water resources are closely linked to Vrancart Group’s strategy and business model, and Group’s actions are aimed at minimizing adverse impacts, reducing risks, and identifying opportunities to protect these resources.

In 2025, as part of the double materiality assessment process, the company took into account its internal regulations and guidelines on environmental protection, as well as the ESRs provisions related to identification of significant environmental risks, opportunities, and impacts.

Thus, the following IROs were identified related to water and marine resources:

ESRS	Material sub-sub-topic	Location of impact	Type	Source of impact	Time frame	Impact	Risk/opportunity
E3	Water consumption	Own operations	M, F	S	A	(-) This Group requires a significant amount of water for its manufacturing processes, which impacts local water resources and contributes to regional water stress	<p><b>R:</b> Legal penalties for violations Higher water rates Higher costs for use and treatment of water Dependence on water resources Regional water shortage / authorities will pay closer attention to water usage indicators (KPIs) <b>O:</b> Reducing water consumption Lower costs for wastewater treatment Reducing utility costs and improving operational efficiency by modernization of water treatment systems and monitoring technologies Access to green financing for water-saving technologies</p> <p><b>R:</b> Higher costs from water tax Regulatory penalties and compliance costs Higher water rates and costs associated with water shortages in regions with moderate-to-high water stress</p>
	Water withdrawals	Own operations	M, F	S	A	(-) Vrancart Group draws water from local sources, which could deplete freshwater reserves and affect nearby ecosystems or water availability if not properly discharged	



							Capital expenditures (CAPEX) for infrastructure upgrades to comply with stricter European water directives <b>O:</b> Reducing utility costs and improving operational efficiency by water-saving technologies Lower costs for wastewater treatment by modernization and automation Access to green financing and incentives for efficient water consumption projects <b>R:</b> Stricter environmental regulations and water quality standards could lead to higher wastewater discharge fees, increased compliance and monitoring costs, as well as potential legal penalties for non-compliance. Pollution incidents can adversely impact ESG ratings, limiting access to green financing and contracts with sustainability-focused clients, which could increase operational and reputational costs.
Water discharge	Own operations	M, F	S	A	(-) Wastewater discharges from production processes may contain pollutants, adversely affecting downstream water quality and aquatic life		

Key:

Type of impact: F = financial impact, M = material impact, MF = material and financial impact

Time frame: A = current impact (reporting year), P = potential impact (medium and long term)

Source of impact: S = impact originating from strategy and business model, B = impact underlying the strategy

Type of impact: (-) adverse, (+) positive

Water resource management is a key issue for Vrancart Group's operations, given the use of water in paper and cardboard manufacturing processes. In this context, this Group aims to protect water resources, to comply with applicable environmental standards for water treatment and wastewater management, and to ensure the efficient use of water and its safe discharge into the environment.

Impacts, risks, and opportunities related to water resources were assessed using the methodology described in the chapter on double materiality and using the WRI Aqueduct tool.

Thus, it was determined that the site in Adjud, which accounts for the highest water usage within the Group and which causes the materiality of this topic, is not located in an area with high water stress. Group's other sites are located in areas experiencing water stress, however the amount of water collected for these sites is low (approximately 2% of the total water collected by the Group).



**Level of water stress and associated risks for Group's sites**

Location of facility	Water stress	Physical risk Quantity	Draught risk
Adjud, Vrancea	Low (<10%)	Low-medium (1-2)	Medium-high (0,6-0,8)
Braşov, Braşov	Medium-high (20- 40%)	High (3-4)	Medium-high (0,6-0,8)
Călimăneşti, Vâlcea (this production line was shut down in September 2025; the site is now operated as a warehouse)	Medium-high (20- 40%)	High (3-4)	Medium-high (0,6-0,8)
Santana, Mureş (this facility was shut down in July 2025)	Medium-high (20- 40%)	High (3-4)	Medium-high (0,6-0,8)

**E3-1 – Policies related to water and marine resources**

Vrancis Group has not yet adopted a policy that specifically addresses water management, supply, consumption, pollution prevention and reduction, or water treatment in areas with water stress. The main reason for this is that the relevant entities (Vrancis S.A. and Rom Paper) adopted environmental policies that comprehensively address the management of their environmental impact.

For Vrancis S.A., issues related to resource management, including those related to water, are addressed in the Integrated Policy on Quality, Environment and Occupational Health and Safety, as well as in the relevant training programs. Vrancis S.A.'s integrated management system includes requirements related to environmental impact management.

For Rom Paper, the environmental policy sets forth its commitments to legal compliance, responsible use of resources, continuous improvement, and consideration of the impact across the value chain, and these elements indirectly support pollution control through prevention and the prudent use of chemicals. This policy applies to all activities performed at Rom Paper, as this company has a single work site, and employees share responsibility for environmental protection. This policy provides for transparent communication with stakeholders, including open cooperation with customers, the general public, authorities, and environmental nongovernmental organizations. The implementation of Rom Paper's environmental policy falls under



the responsibility of the CEO. This policy is posted internally in reception area, in staff access area, and in the manufacturing area, and it can be made available to external stakeholders upon request.

Vrancart Recycling does not have a water management policy in place, as the water destined to industrial use is supplied by Vrancart S.A. and subsequently treated by it. Ecorep does not have any policies on water management, as water is used solely for domestic purposes. At Vrancart S.A., compliance regarding the catchment, use, treatment, and discharge of wastewater, as well as the monitoring and reporting of water parameters, is governed by the Integrated Environmental Permit (IEP), which establishes the sources and conditions for water catchment, the method of use in the process, the technical and operational requirements for the wastewater treatment plant, the discharge parameters and limits, the monitoring frequencies and methods (including self-monitoring obligations and inspections by accredited laboratories), and the procedures for incident notification/management. In addition, in order to provide compliance with legal regulations, Vrancart monitors progress through daily inspections at the water treatment plant, monthly inspections conducted by ABA Bacău (Siret River Basin Administration), as well as annual audits performed by a RENAR-accredited third-party organization.

A key objective of the HSE policy in the context of water management at Vrancart S.A. is the efficient use of resources and the mitigation of environmental incident risks that could affect these resources. The HSE policy focuses on all activities and operations performed at the Adjud site, and it extends to the upstream and downstream value chains, taking into consideration the needs and interests of other key groups of stakeholders, including customers, suppliers, and authorities, through the contracts concluded with them.

Implementation of this policy is supervised by the CEO, who bears the ultimate responsibility for ensuring that the same is established and implemented.

In developing and implementing its policies, Vrancart takes into account the views of stakeholders, engaging with them to understand their perspectives and needs. To support transparency, this policy is available to all stakeholders and it was published on company's [website](#).

### **E3-2 – Actions and resources related to water and marine resources**

Vrancart Group's operational activities are governed by national environmental protection law, set forth in Government Emergency Ordinance No. 195/2005 on environmental protection, as further amended and supplemented, as well as in compliance with the Water Law No. 107/1996, as further amended and supplemented.

This Group uses water for industrial and hygiene-sanitary purposes. Depending on the nature of the business, water is supplied to each site by public water and sewerage service providers, from underground sources (drilled wells) or by catchment of surface water.



This Group did not develop an action plan for water use; measures implemented in this area are derived from the requirements set forth in applicable regulations, as well as from internal operational efficiency objectives.

With regard to water resource management, the competent authorities and the employees involved in operational processes are the key stakeholders. The competent public authorities are key stakeholders in the context of compliance obligations, given the reporting, monitoring, and control requirements set forth in the applicable regulations. Monitoring results are reported in compliance with legal requirements, and audit findings are incorporated into operational processes. Employees involved in the operation and monitoring of facilities contribute to the implementation of water management measures and to the compliance with applicable requirements, having their responsibilities integrated into their day-to-day operational duties. To date, three focus areas were identified to improve existing water management practices, as follows:

- **Monitoring and tracking** of water consumption for Vrancart S.A., Rom Paper and Vrancart Recycling.
- **Monitoring** of relevant environmental factors for Vrancart S.A., Rom Paper and Vrancart Recycling.

**Modernization** of installations and equipment associated with water treatment processes is considered a future step, considering improvement of operational performance.

Results expected from each initiative implemented are:

- **Reducing water consumption**, thereby supporting protection of water resources and a more efficient use thereof, with positive effects on optimization of investment costs by reducing the required capacity and complexity of the associated equipment and infrastructure.
- **Compliance with environmental** parameters in accordance with NTPA 001, which supports prevention of adverse impacts on environment and public health, as well as avoidance of penalties for non-compliance with legal requirements imposed by the competent authorities.
- Operation of equipment and facilities in compliance with applicable **technical and safety standards**, thereby supporting mitigation of operational risks, protection of employee health and safety, and maintenance of operational performance, including by reducing the need for maintenance on equipment that uses water from the water softening system.

Vrancart Group	Action 1	Action 2	Action 3	Action 4	Action 5



Name of action	Monitoring of volumes of water withdrawn	Monitoring of industrial water consumption	Monitoring of volumes of water discharged	Operation of pumping and metering stations	Maintenance of water infrastructure
<b>Scope of actions</b>	Own operations Vrancart S.A	Own operations Vrancart S.A and Vrancart Recycling	Own operations Vrancart S.A	Own operations Vrancart S.A.	Own operations Vrancart SA, Vrancart Recycling and Rom Paper
<b>Time frame</b>	Permanent	Permanent	Permanent	Permanent	Annual
<b>Key actions and results</b>	Flow metering and reporting to authorities	Tracking of consumption at facility level	Monitoring of discharge volumes based on the permit	Checking of equipment operation	Mitigation of losses
<b>Progress of actions</b>	Continuous implementation	Continuous implementation	Continuous implementation	Continuous implementation	Annual implementation
<b>Current financial resources</b>	The costs associated with implemented measures are included in the operating budgets and they are not shown separately.				

5.2. Indicators and targets

**E3-3 – Targets related to water and marine resources**

Vrancart Group has not currently established measurable performance-oriented targets regarding consumption, withdrawal, or discharge of water, apart from the requirements imposed by the applicable regulatory framework. Water management is performed in compliance with the conditions and limits set forth in the Integrated Environmental Permits and the Water Management Permit, which establish the maximum authorized withdrawal volumes, the limit values for quality indicators of discharged water, as well as the monitoring and reporting obligations.



An analysis of water consumption and withdrawal patterns across this Group indicates that activities involving significant consumption and withdrawal are concentrated at the Adjud site, which is located in an area characterized by low water stress. The other entities in the Group, which perform activities that use water solely for domestic purposes, are located in areas with high water stress, but their consumption levels are low.

In the absence of specific formal targets, Vrancart Group assesses the effectiveness of its policies and actions by regularly monitoring water consumption and withdrawals, verifying compliance with the limit values established in permits, and reporting to the competent authorities in compliance with applicable requirements.

Vrancart Group considers introducing site-specific objectives and actions, while it consolidates local consumption data. To this end, this Group plans to develop its monitoring processes and to set targets accompanied by specific actions starting with the second half of 2026.

Monitoring of water withdrawal is performed in compliance with the provisions of the Water Management Permit. In addition to these compliance requirements, this Group also aims to optimize water withdrawals from an operational perspective. Currently, this direction has not been formalized as a measurable strategic goal, and it is not supported by a formal, measurable benchmark. Monitoring of progress is planned for the upcoming periods, based on consumption levels recorded in 2025.

#### **E3-4 – Water consumption**

Water withdrawals represent the total amount of water collected within entity's boundaries from all available sources (e.g., surface water, groundwater, municipal water systems) for any operational use during the reporting period. This includes all water withdrawn for technological, auxiliary, or utility processes, disregarding whether water is subsequently consumed, returned to the environment, or discharged to a third party.

Water consumption refers to the amount of water withdrawn within entity's boundaries that is not returned to the environment or to a third party after use. This includes water evaporated during processes, water incorporated into products, water lost in technical processes, or water retained in residues, and thus it represents the net volume of water "consumed" by this entity during the reporting period.

Given the nature of our business, water is an essential resource in our operational processes. In this context, this Group focuses on the responsible use of water by maintaining equipment at optimal operating parameters, with the aim of preventing losses caused by technical malfunctions.

**Quantitative indicators on water consumption, withdrawal, and discharge**



Water consumption <sup>1</sup>	2024	2025
Total water consumption [m <sup>3</sup> ] <sup>2</sup>	2,178,698 <sup>3</sup> m <sup>3</sup>	139,578 m <sup>3</sup>
Total water consumption in areas with water shortage risks, including areas with high water stress [m <sup>3</sup> ]	43,574 m <sup>3</sup>	41,133 m <sup>3</sup>
Total amount of water recycled and reused [m <sup>3</sup> ]	0	0
Total amount of water stored, and changes in storage [m <sup>3</sup> ]	10,000	10,000
Total storage capacity of the river basin	17,000 m <sup>3</sup>	17,000 m <sup>3</sup>
Total water withdrawals	4,106,013 m <sup>3</sup> <sup>4</sup>	2,312,151 m <sup>3</sup>
Total water discharge (into Siret river)	1,927,315 m <sup>3</sup>	2,172,573 m <sup>3</sup>
Water consumption intensity (m <sup>3</sup> /mRON.)	4,475 <sup>5</sup>	335,38
Net income, in million RON	486,795,338	416,175,000

<sup>1</sup> In the table above, domestic water consumption is not included, as it accounts for less than 2% of total water use.

<sup>2</sup> In the table above, these figures represent the quantities for Vrancart S.A. and Vrancart Recycling.

<sup>3</sup> Consumption occurs during production. We cannot provide further context on consumption.

<sup>4</sup> We do not have a database to assess changes in the total amount of stored water.

<sup>5</sup> Exchange rate valid on 28.03.2025.



#### **Quantitative indicators on water consumption, withdrawal, and discharge**

For Rom Paper, the amount of water withdrawn is not monitored at the intake point; it is estimated based on the volumes of water discharged, which are monitored, assuming that the entire discharged volume was withdrawn. The data shown is available on a consolidated basis, and it is based solely on accurate information, with no estimates. The information shown in the table above reflects only the operational data for the industrial site in Adjud (Vrancart S.A. and Vrancart Recycling). For all other Vrancart Group sites, water consumption is not considered material – as water is used solely for domestic purposes. The largest volumes of water withdrawn and consumed are accounted for by Vrancart S.A. in Adjud, which is an area with low water stress. Based on an internal assessment, consumption in areas with medium-to-high water stress accounts for approximately 2% of Vrancart Group's total consumption. This weight was calculated by comparing water consumption at locations in medium- and high-risk areas to Group's total consolidated water consumption.

Water is drawn for industrial use, and the main equipment and facilities that involve the use of water are: K25 Machine (toilet paper processing), Fosfber Cardboard Machine (cardboard manufacturing), Bosch Steam Boiler, Steam Generator Boiler, Sludge Press, Wastewater Treatment Plant. Water withdrawal is monitored each month based on the reading of water meters for all users, and the volume consumed is determined by calculating the difference between the water drawn and the water discharged. The data is recorded in a dedicated registry, ensuring a comprehensive record of areas with significant industrial water use. However, the reported water consumption is partially underestimated, as the rainwater collected on the industrial site in Adjud is redirected to the wastewater treatment plant and subsequently recorded as effluent, without separate monitoring of their corresponding volumes. Currently, there is no specific monitoring system in place for stormwater that is treated and discharged.

Based on the data available for the reporting period, Vrancart Group did not identify any water losses in its operational processes, according to the information monitored by its state-of-the-art water consumption metering systems.

The industrial wastewater treatment plant has two sedimentation tanks, each with a capacity of 1,500 cubic meters. Water is drawn from the Siret River and it undergoes a sedimentation process in these two tanks before being used in industrial processes. In addition, the former overflow basin associated with the wastewater treatment plant is currently used to provide a reserve of raw water, with a current usable volume of 10,000 cubic meters.

Industrial water is stored in four underground tanks: two 1,000 m<sup>3</sup> tanks and two 750 m<sup>3</sup> tanks. ( $2 \times 1,000 + 2 \times 750 = 3,500 \text{ m}^3$ ).

The fire water reserve at the Adjud site consists of the volume of industrial water, namely 1,500 m<sup>3</sup>.



Rom Paper operates a fire reserve tank with a capacity of 5,000 m<sup>3</sup>. The fire water tank is located above ground and it is connected to the indoor and outdoor fire hydrant networks, an integral part of the fire protection and detection system.

This tank was filled to its rated capacity when it was commissioned, and it has not required any use of its contents to date. This reservoir is provided with an automatic system of sensors and floaters, that triggers refilling when the water level drops due to consumption or leakage.

### **E3-5 – Anticipated financial effects from material water and marine resources-related risks and opportunities**

Vrancart Group applies the provisions of Commission Delegated Regulation (EU) 2025/1416, adopted in July 2025, regarding the ERS E3-5 requirement. During the current reporting period, no detailed information is provided regarding the anticipated financial effects associated with the impacts, risks, and opportunities related to water and marine resources. This information will be included in future reports as internal processes, data collection tools, and methodologies for assessing these effects are developed and implemented. This approach provides compliance with ERS requirements.



## 6. ERSR E5 – Circular economy

### 6.1. Impacts, risks, and opportunities management

#### **ERSR 2 IRO-1 - Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities**

The process of assessment of impacts, risks, and opportunities associated with resource use and circular economy is integrated into Group's double materiality assessment.

The double materiality assessment incorporated the specific nature of Group's operations and the central role of recycling in its business model. The use of recycled resources is supported by robust internal processes, investments in sorting and recovery technologies, and collaboration with collection networks, helping to reduce pressure on natural resources and increase material efficiency.

The assessment covered both company's own operations and the relevant segments of upstream and downstream value chains, including the collection and sorting of materials, the supply of recyclable raw materials, transportation, and waste treatment. The methodology was focused on assessment of current and potential positive and adverse environmental impacts, as well as risks and opportunities. Further details regarding this methodology are provided in Chapter ERSR 2, IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities.

At operational level, each department manager is responsible for implementation of prevention and mitigation measures for resource consumption, inefficiencies and waste generation. This process includes internal audits, regular reporting on material flows, and continuous monitoring of circularity indicators, providing transparency and improving environmental performance.

The key areas where this Group may have both adverse and positive impacts, as well as the associated risks and opportunities, are as follows:

- **Use of waste as raw materials:** The use of waste as secondary raw materials contributes to mitigation of environmental impact by reducing consumption of virgin natural resources and reducing the amount of disposed wastes. This model supports circular economy and it involves investments in infrastructure, technologies, and quality control processes required to provide compliance and operational performance.
- **Manufacturing processes:** Group's manufacturing processes are organized so that they incorporate the circular economy principles, including the management of waste generated during operations. Investments in assets and infrastructure, such as water treatment and purification facilities, help reduce environmental impact and lower the carbon footprint, yielding long-term operational benefits.



- Distribution to customers: Transportation activities associated with distribution of finished products, particularly for long hauls, can generate carbon dioxide emissions, thereby affecting Group’s carbon footprint. Vrancart Group facilitates the transfer of materials between subsidiaries to optimize resource utilization, providing that recyclable materials and production wastes are managed efficiently and reintegrated into the value chain, in line with the circular economy principles.

The figure below presents the impacts, risks, and opportunities identified for the material topics, as well as their locations, resulting from the 2025 IRO review process.

ESRS	Material sub-sub-topic	Location of impact	Type	Source of impact	Time frame	Impact	Risk (R) / Opportunity (O)
E5	Resources inflow, including resource use	Own operations	M,F	S	A	(+) By using waste collected both internally and externally as raw materials in the manufacturing process, including waste generated from sorting activities of paper and materials received from third parties, Vrancart Group reintroduces these materials into the economic cycle and prevents their disposal in landfills. This circular approach reduces the need for virgin resources, eases the pressure on natural ecosystems, and mitigates environmental impacts by reducing the volume of waste that, without this process, would require landfilling.	<p><b>R:</b> Volatility of raw materials prices Increase of acquisition costs Disruptions in supply chain Reputational damage in the event of non-compliance with ISO or FSC standards</p> <p><b>O:</b> Reducing raw material procurement costs through increased use of recycled materials and internal waste recovery Stabilizing supply chain costs: partnerships with waste collectors can reduce volatility FSC certification, which can attract sustainability-oriented customers and improve market access</p>
	Resources outflow related to products and services	Own operations	M, F	S	A	(+) By diverting the waste generated by its own operations to other industries, including through the reuse and repeated repair of wooden pallets, Vrancart Group helps increase resource circularity and reduce the volume of landfilled waste. In addition, industrial waste generated during manufacturing processes is directed toward cogeneration, which minimizes the need for disposal and transforms waste streams into energy resources, only municipal waste being landfilled.	<p><b>O:</b> Reducing costs associated with production waste Decrease in the need to purchase raw materials Energy recovery, which translates into cost savings as circularity initiatives are developed</p>



	Wastes	Own operations, both upstream and downstream	M, F	S	A	(+) Plans to reduce waste and mitigate environmental impact by reusing and recycling materials used in operations, incorporating recycled materials into the manufacturing process, and minimizing the amount of waste generated.	O: Improving efficiency and reducing costs through reuse of materials. Increasing demand for environmentally sustainable products - increasing turnover. Trade and export of recycled waste.
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Key:

Type of impact: F = financial impact, M = material impact, MF = material and financial impact

Time frame: A = current impact (reporting year), P = potential impact (medium and long term)

Source of impact: S = impact originating from strategy and business model, B = impact underlying the strategy

Type of impact: (-) adverse, (+) positive

### E5-1 - Policies related to resource use and circular economy

Vrancart Group manages the impacts, risks, and opportunities associated with resource use and the circular economy through a set of general environmental policies and operational procedures, developed in line with its recycling-oriented business model. Although the business plan based on the circular model has not yet been officially approved and it does not have dedicated financial resources, this Group has taken steps to reduce its reliance on virgin resources by prioritizing recycling and reintegrating waste into its own manufacturing processes. In 2025, the collection network was reorganized by closing five low-volume centers (Sibiu, Timișoara, Cluj, Pitești, and Brașov) and consolidating operations into five collection centers (Iași, Bacău, Pantelimon, Ploiești, and Chiajna), selected based on their logistical location and volumes handled, thereby supporting operational efficiency and reduced waste paper procurement costs.

At Vrancart Group level, no specific policies were adopted for the three sub-topics related to resource use and circular economy, as the key issues for resource use and waste management are integrated into the general environmental policies and existing operational procedures of Group's companies.

For Vrancart S.A., the Integrated Policy on Quality, Environment and Occupational Health and Safety includes commitments regarding the responsible use of resources, pollution prevention, and the recovery and recycling of industrial waste; however, it does not constitute separate policies specifically addressing resource inflows and outflows or the circular economy. Implementation of these commitments is supported by procedures and operational plans.

The Waste Management Procedure, PO 05 "Waste and Packaging Management" governs the entire waste management cycle, from collection, temporary storage, and transport up to recycling or disposal, and it applies within Vrancart S.A. Group's operations directly support the increased use of secondary resources, given that over 90% of the raw materials used by Vrancart S.A. originate from waste. Vrancart Recycling also manages various flows of recyclable materials. As an organization implementing extended producer responsibility (EPR), EcoRep contributes to achieving the targets for



packaging placed on the market by ensuring their traceability for its customers. Vrancart Recycling and EcoRep currently have no policies regarding resource use and the circular economy, and the ISO certification process has not yet been initiated.

The PO 05 procedure applies to all departments of Vrancart S.A. where waste and packaging are generated or managed, without exception, covering all activities involving their inventory, storage, transport, recycling, and disposal. The CEO bears the ultimate responsibility for the implementation of this procedure. External stakeholders were not consulted during the development and implementation of these procedures.

This procedure includes periodic reporting requirements: each month, the quantities of waste and empty packaging generated in each sector are reported to the environmental protection officer, and for the collection centers an annual report is prepared on the management of collected/recycled waste. In compliance with legal requirements, data is reported to authorities upon request or under the timeframes established by these authorities.

This procedure is available electronically on the intranet, in the section dedicated to the Integrated Quality–Environment–Occupational Health and Safety (QEOHS) System procedures (“Current Manual and Procedures”), and it is distributed via the internal dissemination list to the relevant staff, including the Management Representative. Access is provided to employees who must implement it, and it can be made available to external stakeholders upon request.

This procedure is aligned with the other procedures, **PS-14 “Handling, Packaging, Storage, and Delivery of Products”** and **PS-18 “Measurement and Monitoring of Products”**, monitoring being conducted through monthly and annual reports.

Vrancart S.A. adopted an Integrated Policy on Quality, Environment, and Occupational Health And Safety. By maintaining and improving the operation of its integrated quality-environment-occupational health and safety management system, the management of Vrancart S.A. aims to protect the environment, including through the responsible use of resources and the recovery and recycling of industrial waste. Implementation of this policy is supervised by the management of Vrancart S.A. The ultimate responsibility for implementing the policy rests with the CEO, who leads and organizes all activities related to the design, implementation, development, and improvement of the integrated management system. This policy refers to compliance with the international standards SR EN ISO 9001:2015, SR EN ISO 14001:2015, and ISO 45001:2018, which represent the framework of best practices adopted for quality, environmental, and occupational health and safety management. This policy includes commitments to employees, customers, suppliers, the local community, and other stakeholders regarding social responsibility, open dialogue with stakeholders, and commitments to environmental protection and occupational health and safety. This policy is communicated, and made available to, Vrancart S.A. employees, as well as to external stakeholders, through its posting on the Vrancart S.A. website.



Rom Paper SRL adopted an Environmental Policy, applicable in all company's sites, which sets forth company's target to reduce its adverse environmental impact, including through responsible use of resources, continuous improvement, and consideration of environmental impact throughout the value chain. This policy explicitly addresses sustainable sourcing through company's commitment to use raw wood materials from sustainably managed forests and to collaborate with suppliers in a way that takes into account the economic, social, and environmental aspects of forest procurement. In this context, this policy supports the responsible use of renewable resources, to the extent that they are relevant to company's operations.

This policy governs the process of monitoring of generated waste quantities, which are subsequently transferred for recycling to Vrancart S.A. and Vrancart Recycling under waste purchase and sale agreements. The interests of key stakeholders are taken into account in the elaboration and implementation of this policy, which explicitly includes employees, customers, suppliers, public authorities, the general public, and environmental nongovernmental organizations. The implementation of Rom Paper's environmental policy falls under the responsibility of the CEO.

All policies applicable to Vrancart Group are made available to employees both in hard copy, at the workplace, and in electronic format. In company's dealings with suppliers, these policies are communicated under the initial and annual self-assessment process.

In 2025, Vrancart S.A. developed a plan to prevent and reduce the amount of waste generated, in compliance with the obligations set forth in the Integrated Environmental Permit. This document serves as an internal planning and management tool, setting out guidelines, measures, and objectives for the efficient management and reduction of waste generated. Further details are provided in the relevant sections, namely those on actions and targets.

In order to support the consistent application of these policies and procedures and to provide compliance with third-party requirements, Vrancart S.A. implemented and certified internationally recognized systems, such as ISO 14001 for environmental management, ISO 9001 for quality management, and FSC certification, which guarantees traceability and responsible sourcing of cellulose-based materials. Rom Paper also holds FSSC 22000 and IFS food safety certifications for paper and cardboard materials and packaging intended for use in contact with food products. All of these certifications reinforce the existing resource management framework and support continuous improvement of environmental performance in production, collection, and recycling activities.

#### **E5-2 - Actions and resources in relation to resource use and circular economy**

To address significant impacts, both positive and adverse, and to manage risks, as well as to capitalize on opportunities related to resource use and circular economy, Vrancart Group is currently implementing dedicated actions and resources.



With regard to resource inflows, Vrancart Group promotes the use of secondary resources by utilizing waste as raw materials in its manufacturing process. Investments in the drum pulping system - Drum Pulper, in 2025, totaling RON 16,151,882, will enable maximization of fiber recovery and a significant reduction in waste, while improving the quality of paper pulp. Integration of automated monitoring systems for water and air quality parameters improves the efficiency of industrial consumption and the purification process. These measures were implemented in 2025, and progress was tracked through monthly monitoring of utility consumption and fiber losses.

In implementation of these initiatives, this Group is making significant investments in both capital expenditures (CAPEX) for technological equipment and automation, and operating expenses (OPEX) related to facility operations and wastewater treatment. At the same time, future financing options are under consideration, including green loans.

Also, the photovoltaic power station and the cogeneration plant significantly reduce consumption of utilities for resource-intensive processes, thereby strengthening operational resilience.

When it comes to resource outflow, Vrancart Group incorporates eco-design principles into its products, monitoring their sustainability, recyclability, and efficient reintegration into the material cycle. Investments made in recent years in production lines and digital solutions (including ERP systems) support product quality and traceability, while the expansion to three shifts at the cardboard plant in Adjud increases energy efficiency and reduces operating costs.

Within the supply chain, optimized logistics and packaging minimize damage and waste, while intra-group sales reduce hauling distances and improve circular performance of company's portfolio (corrugated paper, hygiene products, packaging).

For waste management, this company aligns its operational practices with the European Waste Hierarchy, implementing the principles shown below:

- prevention (optimizing resource use, preventive maintenance to reduce water loss);
- preparation for reuse (repairing and returning pallets into circulation), recycling (fully reintroducing paper and cardboard into its process);
- energy recovery (utilization of non-recyclable waste in the cogeneration plant) and
- safe disposal only for the remaining fractions.

According to the 2025 Waste Prevention and Reduction Plan of Vrancart S.A., the primary focus is on preventing waste generation by selecting the best technologies as early as the design phase. If prevention of waste generation is not possible, the goal is to minimize the amount of waste disposed of through reuse, recycling, and energy recovery.

Company's general measures established to prevent and reduce the volume of hazardous and non-hazardous waste include:



- Planning and efficient use of resources that may generate waste, where applicable;
- Sorting waste at their source, to provide a high level of preparation for reuse and recycling of paper, metal, plastic, and glass waste at each work site;
- Waste monitoring by maintaining records by type and site;
- Analysis of trends in waste volumes by waste type, and identification of causes of significant increases;
- Maintaining investment programs and maintenance work to reduce technical failures that result in specific types of waste (soil/rocks contaminated with crude oil/petroleum products);
- Prompt response to technical/deliberate incidents to limit the spread of pollution that leads to an increase in specific waste volumes;
- Procurement of storage facilities for wastes such as paper, metal, plastic, and glass.

Non-recyclable waste is sent to the cogeneration plant, where it is converted into thermal energy, thereby reducing gas consumption. To complement these processes, a waste moisture metering system was installed in 2025, with an investment of RON 1,864 million, intended to monitor the parameters of secondary raw materials and to accurately adjust consumption rates by flow.

In terms of operational activities, Vrancart S.A. primarily uses waste as raw materials in its manufacturing process, while Vrancart Recycling manages various waste flows (paper, cardboard, plastic, wood), and Ecorep, as an organization implementing extended producer responsibility (ERP), finances the collection and recycling activities related to packaging placed on the market by its clients and ensures their traceability, in order to demonstrate compliance with legal collection, recycling, and recovery targets. Rom Paper is a manufacturer of sanitary paper products, engaged in the processing and conversion of cellulose fiber into finished products for household and professional use, primarily using cellulose and recycled paper as raw materials.



The following are initiatives currently underway or launched in 2025 related to resource use and circular economy:

Vrancart Group	Action 1	Action 2	Action 3	Action 4	Action 5
<b>Name of action</b>	Purchase and installation of Drum Pulper	Integration of automated monitoring systems for water and air quality parameters	Optimization of energy consumption through the photovoltaic power station and the cogeneration plant	Integration of eco-design principles and digitalization (investments in production lines + ERP)	Waste prevention and reduction
<b>Scope of actions</b>	Own operations	Own operations	Own operations	Own operations	Own operations
<b>Time frame</b>	2025	Scheduled	Permanent measures	Continuous implementation	Ongoing measures, based on the annual plan
<b>Key actions and results</b>	Fiber recovery and waste reduction	Improving efficiency of technological consumption and of purification process	Reducing utility consumption, increasing energy independence, and strengthening operational resilience	Improving the sustainability, recyclability, and traceability of products; enhancing energy efficiency by expanding the work schedule to three shifts at the cardboard plant in Adjud	Prevention of waste generation; increasing the reuse/recycling rate; diverting waste to energy recovery; reducing losses through preventive maintenance
<b>Progress of actions</b>	Completed	Monthly monitoring of utility consumption and fiber loss	Reducing utility consumption	Implemented and currently undergoing optimization	Ongoing waste monitoring and installation of a moisture metering system
<b>Current financial resources</b>	CAPEX amounting to RON 16,151,882	The costs associated with implemented measures are included in the operating budgets and they are not shown separately.	Funded through the National Recovery and Resilience Plan	Investments amounting to RON 3,812 million in ERP systems and production lines	Investments amounting to RON 1,864 million in moisture metering system

With regard to future resources, Vrancart Group will provide funding for to continue these activities through its annual operating budgets (OPEX), covering maintenance and operating costs. Any possible new capital expenditures (CAPEX) will be reviewed and approved based on Group's technological needs and financial performance in future fiscal years. Currently there are no estimates of these costs.



## 6.2. Indicators and targets

### E5-3 - Targets related to resource use and circular economy

Vrancart Group's goal is to reduce waste generation and to improve waste management practices by prioritizing prevention, reuse, recycling, and proper disposal. This approach is consistent with the waste hierarchy, emphasizing material and energy recovery to minimize the amount of waste sent to landfills.

Vrancart Group aims to use waste collected through its own recycling centers as raw material; the resulting paper is then used in the production of cardboard sheets or packaging.

With regard to resource inflows, Vrancart Group aims to maintain a high proportion of recycled materials in its inflow streams, at least comparable to 2024 figures.

Group's ambition is to maintain at least this level and, for medium term, to reduce its reliance on virgin raw materials in all processes where technical criteria allow this, complementing this effort with the use of raw materials sourced from FSC-certified virgin resources.

At Vrancart Group level, no formal, quantifiable targets were set for the current reporting year that specifically address resource use, increasing the level of circular design, increasing the rate of use of circular materials, reducing the use of primary raw materials, or reversing the depletion of renewable resource stocks. Absence of numerical targets for these sub-topics is due to the ongoing process of calibrating circularity indicators in accordance with the new ESRS requirements, as well as to the legislative changes currently underway that cover these requirements. For these material sub-topics, the level of ambition is expressed qualitatively, as reflected in company's strategic directions adopted.

As an organization responsible for implementing extended producer responsibility, Ecorep manages specific recovery and recycling targets for packaging placed on the market by its clients, in compliance with applicable legal requirements. These targets are mandatory (required by national legislation on waste and packaging management), aiming, for example, for a 70% recycling rate for paper and cardboard packaging.



**E5-4 – Resource inflows**

Amount of inflow material	2024	2025	MU	Classification
Nails	18	19	tons	Technical
Cellulose	6,526	6,397	tons	Biological
Paper	12,759	8,416	tons	Biological
Packaging (cardboard boxes)	1,672	1,213	tons	Biological
Wood	317	4,500	tons	Biological
Lumber	891	699	m <sup>3</sup> *	Biological
Water	2,135,979	2,292,148	m <sup>3</sup>	Natural resource
Pallets	0.78	-	tons	Technical
Chemicals	6,207	5,330	tons	Technical
Stretch film	31	31	tons	Technical
Wastes (plastic)	3,633	3,084	tons	Secondary
Wastes (cardboard)	111,028	89,497	tons	Secondary
Wastes (paper)	19,572	13,509	tons	Secondary
Wastes (wood)	4,396	5,160	tons	Secondary
<b>Total FSC-certified material</b>	<b>144,522</b>	<b>144,563</b>	<b>tons</b>	<b>Biological</b>
<b>Total biological materials, in tons</b>	<b>21,274</b>	<b>20,626</b>	<b>tons</b>	<b>Biological</b>
<b>Total biological materials, in m<sup>3</sup></b>	<b>891</b>	<b>699</b>	<b>m<sup>3</sup></b>	<b>Biological</b>
<b>% of biological materials originating from sustainable sources</b>	<b>88%</b>	<b>100%</b>	<b>%</b>	<b>-</b>



Weight of reused or recycled secondary/intermediate components	138,629	111,251	tons	Secondary
% of reused or recycled secondary components	82	100	%	-
Total weight of products and technical and biological materials	14,754	25,886.74	tons	-

\*Cubic meters (m<sup>3</sup>) are used as Vrancart S.A. does not have information on lumber density; consequently, the total quantity of biological materials purchased is divided between cubic meters and tons.

Currently, this company's monitoring system collects data based solely on purchase flows (tax documents and weighbridge tickets), without having the necessary tools to single-out actual consumption by comparing it to inventory changes.

However, it is estimated that reported data accurately reflect the operational reality, as purchases are tailored to immediate needs and they are roughly equal to consumption. Data presented has not been subject to additional external review, as the assurance process is limited to this ongoing sustainability audit.

As part of the consolidating waste data process across Vrancart Group, measures were taken to prevent double counting. Thus, this report makes the following distinction:

- Waste generated by company's own operations (resulting from the manufacturing processes of Group entities);
- Wastes collected from third parties and processed through specialized collection and recycling divisions.

Quantities of waste generated by one Group entity that are subsequently transferred to another Group entity for treatment or recycling (intra-Group flows) were identified and consolidated so that they are reported only once, at Group level, exclusively under the final treatment category. This methodology provides that waste volumes are not double-counted as outputs from one facility and inputs to another, providing an accurate and transparent picture of the actual environmental impact.



The machinery used in production are the K25, the Fosber machine, as well as the equipment used for manufacture of corrugated cardboard and toilet paper.

In 2025, this Group fulfilled its legal obligations regarding packaging placed on the market by partnering with Ecorep, the organization responsible for implementing extended producer responsibility (OIREP), with which it has a contract for the collection and recycling of packaging. This ensures responsible management of resources used for packaging, and helps achieve the recycling targets set forth in law.

Total weight of materials used for packaging	Vrancart Group		Transferred to Ecorep		Classification
	2024 (to.)	2025 (to.)	2024 (to.)	2025 (to.)	
Paper and cardboard	489.99	424.29	489.99	424.29	Technical
Wood	2,716.18	2,274.45	2,716.18	2,274.45	Biological
Plastic	139.72	122.94	139.72	122.94	Technical
of which, PET	25.89	20.56	25.89	20.56	Technical
Metal	19.71	15.68	19.71	15.68	Technical
Total	3,391.49	2,857.93	3,391.49	2,857.93	-

Ecorep provides services to all Group entities, ensuring compliance with extended producer responsibility obligations for packaging placed on the market. Based on these services, Group's entities achieved the overall recycling target of 70% for 2025, in compliance with the provisions of current legislation.

#### E5-5 – Resource outflows

Amount of outflow material	2024 (to.)	2025 (to.)	Classification
Paper	78,394	64,501	Biological
Packaging (cardboard boxes)	17,523	17,957	Biological
Wood	-	-	Biological
Pallets	0.784	2,420.80	Biological
Goods (toilet paper)	2,393	2,292	Biological



VRANCART S.A.

	1,859	1,831	Biological
Goods (napkins)			Technical
Stretch film	30.78	31.20	

Vrancart Group’s resource outflows consist primarily of the main products resulting from the manufacturing process, which include paper, cardboard packaging, and, to a lesser extent, finished paper products such as napkins and toilet paper. Auxiliary materials, such as wooden pallets and stretch film, are also used. The resulting products and materials are primarily classified as biological materials, as they are directly associated with recycling and the production of paper and cardboard. Currently, Vrancart Group does not report specific information regarding the estimated durability of products it places on the market relative to industry’s average, nor does it provide detailed information regarding their reparability, given the nature of the products which are primarily destined for single-use.

The share of recycled content in products and packaging is 95.26%, reflecting Group’s business model focused on the circular economy and the predominant use of recycled raw materials. The quantities of material outflows are determined based on internal operational records, using data collected at production unit level and consolidated annually at Group level. The methodology for calculating resource outflows is based on internal measurements and records of production and delivery volumes.

Subsidiary	FSC	Valid
Vrancart S.A.	Yes	2029, 2030
Rom Paper	Yes	2026

**FSC certificates**

	2024	2025
Data on wastes		
Generated wastes	22,791.31	22,754.59
Hazardous waste diverted from disposal	0	0
Hazardous waste diverted from disposal through preparation for reuse	0	0
Hazardous waste diverted from disposal through recycling	0	0



Hazardous waste diverted from disposal through other recovery operations	0	0
Non-hazardous waste diverted from disposal	18,413	22,669.46
Non-hazardous waste diverted from disposal through preparation for reuse	0	0
Non-hazardous waste diverted from disposal through recycling	8,142	2,363.44
Non-hazardous waste diverted from disposal through other recovery operations	10,271	20,306.03
Hazardous waste disposed of	16	0.0060
Hazardous waste disposed of by incineration	16	0.0060
Hazardous waste disposed of to a landfill	0	0
Hazardous waste disposed of through other disposal operations	0	0
Non-hazardous waste disposed of	456	85.12
Non-hazardous waste disposed of by incineration*	0	0
Non-hazardous waste disposed of to a landfill	456	85.12
Non-hazardous waste disposed of through other disposal operations	0	0
Non-recycled waste	14,649	20,391.15
Percentage of non-recycled waste	64%	89.61%

\*The amount and percentage of non-recycled waste include only waste destined for disposal (landfilling and incineration without energy recovery).

The reported data is based on weighing conducted using internal operational records and supporting documents issued by authorized operators for the transport, recovery, or disposal of waste. The calculation methodology is applied at Group level, and data is aggregated annually to provide comparability of the reported information. Editing errors in the data reported for 2024 were corrected. We note that these corrections were related



exclusively to technical and presentation issues, and they have no impact on the calculation methodology, on the reported consolidated figures, or on the conclusions previously drawn.

The waste table shows the composition of waste generated by Vrancart Group, broken down into hazardous and non-hazardous waste and into the main waste flows relevant to Group's activities, namely diversion from disposal through recycling or other recovery operations, and disposal through landfilling or incineration without energy recovery. Vrancart Group's operations in the recycling and circular economy sector result in a waste profile that is predominantly non-hazardous. These consist mainly of cellulose-based materials, process residues, packaging materials, and other similar fractions directly associated with the manufacture of paper and paperboard. Hazardous waste represents a negligible proportion, and it is managed exclusively through licenced disposal operations. Vrancart Group does not generate radioactive waste, and the total amount of radioactive waste for reporting periods is zero.

Given the nature of Vrancart's operations - a company acting in the recycling sector that makes a significant contribution to the circular economy - it provides that all waste related to its business activities is recycled, accounting for 10.39% of the total waste generated.

89.24% of the waste generated is recycled through energy recovery at company's own facilities, thereby supporting reduction of the consumption of gaseous fossil fuels.

The low environmental impact of Vrancart's operations is also highlighted by the very small proportion of waste disposed of through landfilling or incineration, which accounts for only 0.37% of the total waste generated.

#### **E5-6 – Anticipated financial effects from material resource use and circular economy-related risks and opportunities**

Vrancart Group applies the provisions of Commission Delegated Regulation (EU) 2025/1416, adopted in July 2025, regarding the ESR5 E5-6 requirement. During the current reporting period, no detailed information is provided regarding the anticipated financial effects associated with the impacts, risks, and opportunities related to resource use and circular economy. This information will be included in future reports as internal processes, data collection tools, and methodologies for assessing these effects are developed and implemented. This approach provides compliance with ESR5 requirements.



## 7. ERSR S1 – Own workforce

### 7.1. Strategy

#### ESRS 2 SBM-2 – Interests and viewpoints of stakeholders

Company's workforce is one of Vrancart Group's main category of stakeholders. Interests, perspectives, and rights of employees are taken into account in Vrancart Group's day-to-day operations, and they help shape how the Group's strategy and business model are implemented. Based on the approach described in ERSR 2 SBM-2, employees are considered a key category of internal stakeholders, and dialogue with them is consistently performed through internal communication channels, operational processes, and feedback mechanisms. These interactions enable the management to understand employees' concerns and expectations, including those related to labor conditions, occupational health and safety, professional development, and work-life balance.

As part of the process of identifying and assessing sustainability impacts, risks, and opportunities described in ERSR 2 IRO-1, employee perspectives were incorporated by engaging internal experts in departments such as human resources, operations, and quality management. This engagement helps in assessing the social impacts associated with Group's activities and in identifying the measures needed to manage them. The results of these processes are reflected in Vrancart Group's strategic priorities in the social scope, which include:

- provision of safe and healthy working conditions for employees;
- continuous development of professional skills through training and education programs;
- promotion of a balance between professional life and personal life, including by awarding additional days off and reducing overtime;
- strengthening of an organizational culture based on transparency, collaboration, and respect for employees' rights, including fundamental human rights at the workplace.

By incorporating these aspects into its strategy and operations, Vrancart Group aims to maintain a safe and stable work environment that supports the well-being and engagement of employees. This approach helps improve operational performance and strengthen Vrancart Group's long-term resilience. At the same time, the focus on working conditions, professional development, and organizational culture supports the management of workforce-related risks, and it supports Group's ability to attract and retain qualified personnel.



### **ESRS 2 SMB-3 - Significant impacts, risks, and opportunities, and their interaction with the strategy and business model**

Well-being of employees is a central element of Vrancart Group's corporate governance and sustainability practices. The Corporate Social Responsibility Policy of Vrancart S.A. and the Corporate Social Responsibility Policy of Rom Paper focuses on priorities such as promoting social dialogue and collective bargaining, and ensuring occupational health and safety, thereby contributing to the provision of an inclusive and safe work environment. Currently, Vrancart Group does not have a dedicated, separate social policy that comprehensively addresses working conditions. Working conditions are governed by applicable internal documents such as the Collective Bargaining Agreement (CBA), the Internal Regulations (IR), and Individual Employment Contracts (IEC). Based on the implementation of occupational health and safety measures, the Group aims to prevent accidents and to protect the physical and mental well-being of its employees. At the same time, the Group's support for collective bargaining reflects Vrancart Group's commitment to respecting workers' fundamental rights and to ensuring fair working conditions and remuneration. Ecorep and Vrancart Recycling do not currently have a dedicated policy, but they apply the principles of Vrancart S.A.'s policy, even though there is currently no formal decision for the alignment therewith. For 2026, Vrancart Group plans to standardize these policies to cover the entire reporting scope.

As part of the double materiality assessment process, the impacts, risks, and opportunities associated with each ESRS topic, sub-topic, and sub-sub-topic were assessed based on the requirements of ESRS 1, AR 16. This assessment highlighted both positive and potentially adverse impacts on company's workforce resulting from Group's operational activities, as well as the associated risks and opportunities for the company.

These impacts are primarily driven by the specific nature of Vrancart Group's business model, which involves the operation of industrial facilities for the manufacture of paper and corrugated cardboard, logistics activities, and technological processes that require the use of industrial equipment and the performance of operations in complex operational environments. In this context, issues such as occupational health and safety, job stability, and development of personnel skills are essential to Vrancart Group's operations and to supporting its operational performance.

The topics identified as relevant, related to company's workforce, include:

- Safe jobs – provision of a safe working environment, observing the right to collective bargaining, and promotion of a healthy work-life balance;
- Collective bargaining – fostering social dialogue and collective bargaining to provide fair working conditions that meet the needs of employees;
- Work-life balance – promotion of working conditions that support employee well-being, including by provision of additional days off and ensuring appropriate management of work schedule;
- Employee health and safety – management of health and safety risks to prevent accidents, illness, and low employee morale;
- Training and skills development – Implementation of robust training programs that support skills development, performance improvement, and career advancement.



Positive impacts identified include provision of consistent employment opportunities, facilitation of collective bargaining, promotion of work-life balance, and development of professional skills through training programs. These initiatives help increase employee satisfaction and engagement, and they can generate opportunities for the company, such as improving staff retention, reducing employee turnover, and boosting productivity.

Adverse impacts are mainly associated with occupational health and safety risks or organizational changes. For example, in 2025, as a result of an operational restructuring process, Vrancart S.A. reduced its workforce by 65 employees across multiple locations. The restructuring process was performed in accordance with the provisions of the Labor Code and of the Collective Bargaining Agreement (CBA) in force, and it included informing employees about the restructuring of positions and existing vacancies across Vrancart S.A., delivering them a notice of termination to be signed, observing the 30-business-day notice period, and issuing the corresponding decision upon expiration of the notice period. Also, the necessary documents were prepared for the unemployment claim and for submission to the District Branch of the National Employment Agency. As per provisions in the CBA, the affected employees received severance package based on their length of service at Vrancart S.A. Although the Group does not have specific policies for managing the adverse impacts in the context of restructuring, the measures implemented are set forth in the CBA, including the payment of severance package, and they are supported through collaboration with the District Branch of the National Employment Agency. Such processes may have adverse impacts on the affected employees, however they are managed in accordance with the applicable legal framework.

Vrancart Group's workforce consists of 951 full-time employees as of 2025, located across several districts in Romania, with the highest concentration at its operational facilities in Adjud. The scope of this disclosure covers all Group's own employees who are engaged in company's industrial, logistical, and administrative operations.

The company's own workforce consists of employees with both fixed-term and indefinite-term employment contracts. All employees are covered by the Collective Bargaining Agreement (CBA), except for the Ecorep employees, who are not covered by the same. All employees are covered by mandatory occupational health and safety insurance systems, in accordance with the applicable legal framework. The impacts identified primarily affect employees involved in operational and manufacture activities, where exposure to health and safety risks is higher, as well as administrative and technical staff involved in support and management activities.

Below, the sub-topics and sub-sub-topics relevant to company's workforce are outlined, as well as the location of impacts, the time frame, and the associated risks and opportunities. This information reflects the approach to the double materiality assessment process, which is not limited to how social issues influence Vrancart Group's performance, but it also takes into account the impact that Group's activities may have on employees and society as a whole. Therefore, this assessment is based on a two-way approach: on one hand, it examines how working conditions, health and safety,



training, and skills development influence the workforce; on the other hand, it examines how labor market trends, societal expectations, regulations, and social changes can affect Group’s business model, human resources strategy, and long-term performance.

Vrancart Group operates in Romania and, as of now, no operations or geographic areas were identified within its workforce that pose a significant risk of forced labor or child labor, given its compliance with national legislations and the European framework on workers’ rights.

ESRS	Material sub-sub-topic	Location of impact	Type	Source of impact	Time frame	Impact	Risk/opportunity
S1	Secure employment	Own operations	M	S	A	<p>(+) Provision of consistent employment opportunities for employees who continued to enjoy safe working conditions throughout the 2025 fiscal year strengthens workforce retention and drives a sense of security.</p> <p>(-) As a result of operational restructuring, Vrancart reduced its workforce by 65 employees across several locations.</p>	-
S1	Collective bargaining	Own operations	M, F	S	A	(+) Facilitating collective bargaining leads to fair agreements, improves alignment with employees’ needs, and boosts morale.	O: Collective bargaining can improve labor relations and reduce staff turnover.
S1	Work-life balance	Own operations	M, F	S	A	(+) Promoting the work-life balance increases employee satisfaction and well-being.	O: Award of additional days off for special occasions and seniority-based annual leave days helps increase employee retention and reduce staff turnover, thereby reducing recruitment and training costs. Reducing overtime and introducing a day off on Employee Day can boost satisfaction and motivation, thereby



									improving productivity and reducing operational risks, which leads to direct cost savings.
S1	Health and safety	Own operations	M	S	A				(-) Failing to address health and safety risks can lead to accidents, illness, and low employee morale.
S1	Training and skills development	Own operations	M	S	A				(+) Provision of training programs supports employees' professional development, strengthens their skills, and supports career advancement across the workforce.

**Key:**

Type of impact: F = financial impact, M = material impact, MF = material and financial impact

Time frame: A = current impact (reporting year), P = potential impact (medium and long term)

Source of impact: S = impact originating from strategy and business model, B = impact underlying the strategy

Type of impact: (-) adverse, (+) positive



## 7.2. Impacts, risks, and opportunities management

### **S1-1 - Policies related to company's own workforce**

Vrancart Group reaffirms its commitment to providing a safe and healthy work environment for all employees by maintaining and improving health and safety systems at all levels across the organization. Policies adopted by the Group are designed to address material impacts, as well as the risks and opportunities identified in the double materiality assessment regarding its own workforce, including issues such as working conditions, occupational health and safety, collective bargaining, work-life balance, and employee skills development.

Currently applicable workforce policies include:

- Vrancart S.A.'s Integrated Policy on Quality, Environment and Occupational Health and Safety aims to eliminate or mitigate risks to employee health and safety, to prevent incidents and occupational diseases through technical, organizational, and hygiene measures, as well as to monitor health status through preventive medical examinations, training, and awareness-raising;
- The Code of Ethics and Integrity, which establishes the framework for conduct regarding forced labor and child labor, providing an ethical foundation for all Group's operations. It explicitly prohibits bribery, corruption, and political activities at Group level, while also imposing strict rules to avoid conflicts of interest that could compromise the integrity of decision-making processes. This Code directly addresses social impacts by applying a zero-tolerance approach to psychological and sexual harassment and by ensuring equal opportunities and non-discrimination at every stage of employment, from recruitment and remuneration up to professional training. At the same time, it formalizes the position of the Ethics Officer and it establishes an Anti-Retaliation Policy to protect the confidentiality and integrity of those who report violations of the code of conduct;
- Overall working conditions and employee rights are regulated by the Collective Bargaining Agreement (CBA), the Internal Regulations (IR), and Individual Employment Contracts (IEC);
- The social responsibility policies of Vrancart S.A. and Rom Paper, prepared in accordance with FSC requirements, include general principles regarding respect for human rights, fair treatment of employees, and their professional development.



Rom Paper currently has the following policies:

- **Social Responsibility Policy:** it establishes a comprehensive framework focused on respect for human rights, fair treatment of employees, their professional development, prevention of discrimination, ensuring health and safety at the workplace, and active management involvement in the continuous improvement of working conditions. This policy addresses general issues related to occupational health and safety, while specific measures to ensure safe working conditions are governed by the Collective Bargaining Agreement (CBA) and the Internal Regulations (IR), in accordance with applicable legal obligations. This document also outlines commitments regarding child and youth labor, the prevention of forced labor, and compliance with international standards on workers' rights.
- **Internal policy on prohibition of forced and compulsory labor:** it prevents any form of coercion by prohibiting the withholding of identity documents, ensuring that employment relationships are voluntary, guaranteeing employees' freedom to resign, eliminating all forms of intimidation, and implementing mechanisms for monitoring, auditing, and confidential reporting.
- **Policy on freedom of association and the effective right to collective bargaining:** it provides the safeguarding of employees' right to form or join trade unions, upholding the principles of social dialogue, non-discrimination, protection against retaliation, and transparent collaboration between the company and employees' representatives.
- **Occupational Safety and Health Policy:** it supports a strong preventive culture through measures focused on equipment safety, on management of hazardous chemicals, on staff training, on maintaining hazard-free workplaces, on establishing safe evacuation routes, and on incident prevention, thereby reinforcing OSH principles and well-being of employees.

EcoRep and Vrancart Recycling do not have their own policies in place, but they operate in accordance with the principles and framework established by Vrancart S.A.'s policies, even though there is no formal decision to that effect. The group is currently considering extending the scope of central policies to these subsidiaries to provide consistent management of material topics.

Vrancart Group adheres to international human rights standards and operates an integrated Quality, Environmental, and Occupational Health and Safety Management System, certified to ISO 9001:2015 (quality), ISO 14001:2015 (environment), and ISO 45001:2018 (occupational health and safety). These certifications reflect our commitment to employee safety, adherence to best practices, and compliance with international standards. Implementation of these policies is supervised by the Chief Executive Officer, and their scope includes Vrancart S.A. and Rom Paper. These policies are available [online](#) or on request.



The commitments to human rights, as outlined in the policies of Vrancart S.A. and Rom Paper, are intended to prohibit child labor and forced labor, to combat human trafficking, to prevent discrimination, to ensure health and safety, collective bargaining, fair wages, and observance of work schedule. Vrancart Group invests in employee development by offering training programs, promoting competency-based advancement, and supporting individual initiatives, thereby supporting quality-of-life improvement for its workforce.

Our policies include measures for accident prevention, risk mitigation, health monitoring, and equipment maintenance, all these being supervised by senior management and incorporated into employment contracts. For Vrancart S.A., these measures are set forth in the Integrated Policy on Quality, Environment and Occupational Health and Safety. For Rom Paper, the relevant measures are derived from the Product Quality and Safety Policy, the Environmental Policy, the Corporate Social Responsibility Policy, the Occupational Health and Safety Policy, as well as from its internal regulations regarding the elimination of forced labor, freedom of association, and non-discrimination. Based on these policies and procedures, the Group aims to identify, prevent, and, where necessary, address any adverse impacts on employees' rights. For this purpose, the Group monitored the adverse impact resulting from the operational restructuring, which led to the elimination of 65 positions. The legal rights of those affected were respected, and in accordance with the Collective Bargaining Agreement (CBA), severance pay was provided, along with assistance in dealing with the District Branch of the National Employment Agency (AJOFM). At the same time, under the Whistleblower Protection Policy, employees are encouraged to report any breaches of ethical standards or violations of their rights, and they are awarded strict safeguards against any form of retaliation or subsequent discrimination.

Vrancart Group promotes the inclusion of vulnerable groups, acknowledging their specific risks, through policies and practices that prohibit discrimination, providing equal access to recruitment and promotion based on merit, adapting job descriptions and the work environment, and maintaining accessible reporting channels (including whistleblower protection), with transparent resolution and no-retaliation policy.

Anti-discrimination commitments, along with workforce-related policies, are communicated through the website and written updates. The policies are made available to employees both on the bulletin boards of each department or section, and also via the general employee e-mail address, and they can be referred to whenever necessary. Any changes to the above are communicated via e-mail, and employees confirm their acknowledgment by signature.

Within Vrancart Group, the prohibition of discrimination based on ethnicity, gender, sexual orientation, age, beliefs, disability, or social background is set forth in the Code of Ethics and Integrity, which establishes the principles of ethics, fair treatment, and respect for the fundamental rights of all employees. For Vrancart S.A. and Rom Paper, these principles are consolidated in the Corporate Social Responsibility Policy. At Rom Paper, the prohibition against discrimination is also incorporated into the Non-Discrimination Policy.



Although Vrancart Group does not yet have separate programs in place specifically designed for vulnerable individuals, anti-discrimination principles are consistently applied throughout the entire Group, ensuring the protection of all employees.

Based on these commitments, recruitment, training, and promotion pipelines are based on skills and qualifications, and employees receive specific discrimination-prevention training. These processes are linked to opportunities to improve staff retention and morale by facilitating collective bargaining, offering additional days off (for seniority or special occasions), and reducing overtime, measures that generate direct savings by reducing recruitment costs. The Group also supports people with disabilities by adapting the work environment and ensuring accessibility to its facilities, and its job assessment process is designed to prevent the exclusion or disfavor of any employee, reinforcing our commitment to an inclusive and fair work environment.

#### **S1-2 - Processes for collaboration with company's own workforce and workers' representatives on impacts**

Vrancart Group engages with its employees through open and accessible channels of communication, which are routinely used to gather and incorporate feedback into the decision-making process, such as direct discussions with managers and internal processes for grievance and escalation to management (including through e-mail or during meetings). Through these channels, employee feedback is collected and analyzed, and taken into account in the decision-making processes regarding working conditions, occupational health and safety, professional development, and the organizational environment. This Group provides that these processes are accessible to all categories of staff, including personnel in production units with limited access to digital resources, based on the use of bulletin boards and direct communication via team leaders.

In order to provide transparency in its internal processes, Vrancart Group continuously monitors records related to hiring, training, promotion, and skills development, and the results of these processes are regularly reported to senior management and the Board of Directors through internal reporting procedures. These mechanisms support identification of actual or potential impacts on the workforce at an early stage, and they also support the adaptation of human resource management measures.

Grievance mechanisms and open communication channels allow employees to voice their concerns, facilitating the resolution of any issues that may affect the quality of their work environment. These tools address issues such as job safety, fair work environment, professional development, work-life balance, respect for rights, and equal access to opportunities. Complaints may be submitted directly to supervisors, the human resources department, or management, and they are reviewed and resolved in accordance with internal regulations. In addition, the Group provides a dedicated whistleblowing channel that guarantees anonymity and confidentiality, giving employees the assurance that they can report violations of ethical standards or labor rights without fear of retaliation, a key factor in assessing the effectiveness of remedial mechanism in accordance with international standards.



Workplace safety is ensured by complying with legal requirements on occupational health and safety, conducting regular risk assessments, providing appropriate training for employees, and implementing accident prevention measures. Risks are assessed annually as part of the risk and opportunity assessment conducted for Vrancart S.A. and Rom Paper, and the results are documented in these entities' risk and opportunity registers. This Group maintains a stable and well-managed work environment where health, safety, and well-being of employees are fundamental priorities, with clear procedures in place for reporting incidents and for rapid response to risk situations.

Collaboration with employees is an ongoing process, performed both through daily operational interactions at departmental level and through formal consultation mechanisms. An important role is played by the meetings of the Occupational Safety and Health Committee (OSHC), held periodically in accordance with national legislation, where occupational risks, reported incidents, and preventive measures are reviewed. These meetings give employees and their representatives the opportunity to help identify and implement measures destined to improve working conditions. This Group facilitates active participation of employees' representatives in OSHC, ensuring that they have the necessary resources and time to gather feedback from colleagues prior to meetings.

Vrancart S.A.'s Integrated Policy on Quality, Environment and Occupational Health and Safety establishes a system that actively involves employees through consultation and participation, contributing to the improvement of OHS performance and to prevention of accidents. Collaboration with the workforce takes place through OHSC meetings, direct consultations with employees, and their involvement in identification and implementation of safety measures, which ensures the development of both professional skills and ongoing motivation to maintain a safe and responsible work environment.

Operational responsibility for implementation of collaboration processes with company's own workforce lies with company management, particularly department heads and the human resources department, which collects employee feedback and integrates it into internal management processes. Results of these processes are reviewed by senior management and, where appropriate, reported to the Board of Directors.

Employees are represented by their representatives, primarily at OHSC meetings, which are held quarterly. Measures and decisions established during these meetings are communicated to employees either through department managers, during regular meetings, or, when necessary, via e-mails sent to all employees. Minutes of OHSC meetings are kept in internal records, providing traceability and transparency.

These collaborative mechanisms also take into account the perspectives of employees who may be exposed to specific risks or vulnerability situations, including people with disabilities or employees involved in operational activities with higher exposure to occupational risks. Vrancart Group pays special attention to workers in the pulp and paper production areas, where mechanical and thermal risks are higher, adapting protective equipment and safety

protocols based on suggestions received directly from them. Also, the consultation processes are designed to be inclusive, providing additional support to employees with disabilities in expressing their specific needs for workplace accommodations.

The effectiveness of these processes is assessed using metrics such as collected feedback, staff retention rates, interviews, and performance assessments. Where dialogue mechanisms identify adverse impacts, the Group undertakes remedial actions, which may include changes to the work environment, retraining programs, or adjustments to operating procedures. Resources allocated include time, personnel, funding, and equipment. The CEO and executive management are committed to maintaining a safe, inclusive, and equitable work environment, ensuring that employees' perspectives are taken into account in the decision-making process and in implementation of organizational measures.

### **S1-3 - Processes for addressing adverse impacts, and channels for the own workforce to raise concerns**

Vrancart Group provides accessible channels for employees to report and resolve concerns, in accordance with the principles of transparency, accountability, and compliance with international human rights standards. These channels are established and managed internally by the Group. Employees are encouraged to use the existing official reporting channels, which include direct reports with the relevant managers, internal grievance procedures, and raising concerns via e-mail or during meetings with management to report any issues, thereby ensuring a prompt and effective response from management.

This Group has a complaint handling process in place, that safeguards complainant's confidentiality and protects personal data. The Human Resources Department monitors all reports and responds promptly to issues related to discrimination, labor rights, or human rights raised by stakeholders. The workforce is informed about the relevant internal procedures, and Vrancart Group provides that employees are aware of how to report and address any concerns or incidents through policies that prohibit retaliation against any person using these channels. Information is provided regularly through training sessions and through posting instructions on how to use the reporting channels in visible locations within the production facilities. In addition to internal mechanisms, employees also have access to external reporting tools, including government regulatory procedures, as outlined in the register of legal requirements managed by the Integrated Quality Management, Headquarters, Occupational Health and Safety Department – Prevention and Protection Service (*Romanian: ICMS-SPP*).

This Group uses information gathered through these channels to support continuous learning, process improvement, and prevention of future impacts. Dialogue with claimants is a priority, with the aim of finding mutually agreed solutions rather than unilaterally imposed solutions. If an adverse impact is confirmed (for example, a payroll error or an occupational safety impairment), the Group implements remedial measures that may include financial compensation, administrative corrections, or immediate technical corrective actions, as appropriate.



Employee involvement is exercised through representatives, primarily during OHSC sessions and regular meetings, where feedback is collected, analyzed, and incorporated into the decision-making process. Employee representatives are consulted during the analysis of root causes that led to submission of collective complaints or complaints with systemic implications. These meetings are held quarterly, and decisions established during OHSC meetings are communicated to employees either through line managers, during regular meetings, or, when necessary, via e-mails sent to all employees.

The effectiveness of these processes is assessed using metrics such as staff retention rates, feedbacks, and performance assessments. Resources allocated include time, funding, personnel, and equipment. The CEO is committed to maintaining a safe work environment and ensuring that employee feedback is reflected in the decisions and actions taken at Group level. The agreements with employees' representatives, as set forth in Internal Regulations and in the Collective Bargaining Agreement, respect their rights and provide legal compliance. Participation of employees' representatives in regular meetings is formalized through minutes filed in internal records, which document the views expressed, proposals for improvement of working conditions, and how these were incorporated into management's final decisions. Elected representatives attend regular meetings, and the minutes of such meetings are recorded and kept in internal records, thereby contributing to their active involvement in amending and updating the agreements.

#### **S1-4 - Adoption of measures addressing material impacts on own workforce and approaches for managing significant risks and pursuing significant opportunities related to own workforce, as well as the effectiveness of these actions**

To address the significant impacts, both positive and adverse, and to manage risks, as well as to capitalize on opportunities related to its own workforce, as outlined in the table on Impacts, Risks, and Opportunities (IROs) shown in the chapter on Material Impacts, Risks, and Opportunities and their Interaction with the Strategy and Business Model (SBM-3) in this chapter, Vrancart Group is implementing a set of dedicated measures. These are presented below for each material topic identified. For this reporting year, actions were prioritized by weighing the severity of the impact (scale, scope, and irreversibility) against the likelihood of financial risks. Accordingly, top priority is given to health and safety (prevention of workplace accidents) and job security (management of restructuring), followed by skills development and work-life balance.

##### **Secure employment**

During 2025, Vrancart Group established strategic measures aimed to reduce staff turnover and to increase retention, with a priority on critical roles that require specialized skills. Provision of secure employment is supported by:

- maintaining job stability by primarily using indefinite-term contracts, which provide continuity and a high level of job security;
- full coverage of employees under the Collective Bargaining Agreement (with the exception of Ecorep), which strengthens social protection and establishes obligations;



- use of existing feedback channels that allow employees to report issues and contribute to the continuous improvement of working conditions;
- monitoring the effectiveness of human resources processes using indicators such as retention rates, interviews, and performance assessments, which are used to identify areas where staff stability and satisfaction can be improved;
- continuously identifying opportunities to improve working conditions based on employee feedback and on the findings of internal analyses.

### **Collective bargaining**

This Group promotes open and ongoing dialogue with employees through consultation mechanisms, internal communication channels, and grievance procedures that allow expression of any issues that may affect the work environment. Efficiency of this dialogue is measured by the extent to which the issues raised during collective bargaining are resolved. Employee representatives contribute to decision-making processes by participation to OHSC meetings, where risks, safety measures, and any emerging concerns are discussed.

The findings of these consultations, as well as of internal reports, are submitted to senior management and the Board of Directors so that workforce standpoints are reflected in current decisions.

### **Work-life balance**

Maintaining a fair work environment and equal access to opportunities is supported by:

- regular assessment of working conditions, with a focus on preventing excessive workload and psychosocial risks;
- introduction of a bonus program offering additional days off for seniority and special occasions, a measure directly linked to the identified opportunity to reduce recruitment costs by improving employee retention;
- grievance mechanisms and continuous communication channels where employees can report instances that affect their work-life balance;
- additional support measures, such as providing preventive health benefits and life insurance, which contribute to the overall well-being of employees.

Success of these initiatives is monitored by assessing the feedback collected and the utilization rate of the benefits offered.

### **Health and safety**

Vrancart Group implements measures designed to prevent and reduce occupational health and safety risks, including:

- periodic reassessment of risks in the context of operational changes or restructuring;



- investments in upgrading personal protective equipment in high-exposure production areas, in response to the potentially adverse impact identified in the IRO assessment;
  - strengthening of employee health monitoring systems;
  - prevention and protection plans developed based on risk assessment surveys, including safety protocols and training;
  - preventive medical checks, health monitoring, and the implementation of hygiene and sanitation measures as outlined in the integrated policy.
- In order to prevent, mitigate, and, where necessary, address adverse impacts on the workforce, this Group applies an operational cycle consisting of hazard identification and risk assessment, definition of preventive and protective measures, implementation of training programs, enforcement of health and safety measures, and continuous monitoring of incidents and near-misses. In the event of an actual adverse impact, investigations are conducted to determine the causes, corrective actions are implemented, and their effectiveness is verified; at the same time, support measures and safe reintegration are ensured.

The effectiveness of these measures and overall performance in the field of occupational health and safety are monitored under the ISO 45001-certified management system by tracking workplace accident rates (per million man-hours) and severity indicators, such as the number of days lost due to workplace accidents. Further information is provided in ERSR S1-14.

#### **Training and skills development**

In supporting skills development, this Group implements the following:

- continuous training programs, including training on internal management systems (IMS) and FSC compliance, used to onboard new employees and to strengthen the skills of existing staff;
- awareness-raising initiatives as part of recruitment and onboarding process, to provide that new employees understand their responsibilities, technical requirements, and applicable standards;
- monitoring the effectiveness of initiatives, conducting benchmark analyses, and adjusting training strategies based on employee feedback.

The effectiveness of these programs is tracked by monitoring the average number of training hours per employee, which reached an average of 37.93 hours in 2025. Furthermore, the success of career development processes is assessed based on the level of participation in periodic performance assessments, a process that in 2025 covered the vast majority of the active workforce (92.11% of women and 100% of men), thereby ensuring the alignment of individual competencies with Group's strategic objectives. To ensure the effective implementation of these measures, Vrancart Group allocates specific resources tailored to each line of action. These include financial resources allocated to training programs and the provision of



protective equipment, specialized staff within the Human Resources and Occupational Health and Safety departments, as well as the necessary time dedicated to employees for participation in training courses and regular consultation meetings. At the same time, this Group invests in certified management systems and technological infrastructure that enables monitoring of social performance and safety indicators.

### 7-3. Indicators and targets

#### **S1-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities**

Vrancart Group's strategic and operational targets are established based on consultations with employees conducted as part of the double materiality assessment. At the same time, proposals from employees and operational management are collected and forwarded to the OSHC and the Human Resources Department. This is how the concerns that employees consider to be priorities are identified, and their views are incorporated into the business plan.

Performance monitoring is performed by the Human Resources Department through periodic evaluations that include an assessment of performance indicators, which are then notified to the management team. These assessments allow identification of areas that need improvement and adjustment of strategies.

#### **Secure employment**

This Group monitors workforce trends as part of its social sustainability strategy. For 2025, the management identified maintaining stability among specialists and in critical positions to be a priority, informally targeting a retention rate of at least 85% for this segment.

At Group level, the overall employee turnover rate was 26.93%. This figure reflects the natural staff turnover and the impact of operational adjustments made during the year. Although the volatile socio-economic context of 2024–2025 did not allow for the formal integration of this objective into the key performance indicators (KPIs) system or the establishment of precise multi-year targets, the Group managed to ensure the continuity of essential processes by safeguarding its core critical competencies.

Currently, staff turnover is monitored at aggregate level, the management opting for an adaptive approach based on labor market trends, without setting specific retention targets for future reporting periods.

#### **Collective bargaining**



In 2025, the target was to finalize negotiations on the Collective Bargaining Agreement (CBA) and to implement new benefits for Vrancart S.A. and Rom Paper. For Vrancart Recycling, negotiations are scheduled for 2026, while for Ecorep there is currently no set timeline for negotiations.

The Collective Bargaining Agreement (CBA) was signed for a two-year term - and therefore this target was achieved. Under the Collective Bargaining Agreement (CBA), additional employee benefits were agreed, including additional annual leave days awarded based on seniority, a measure that supports work-life balance.

At the same time, bonuses were established for certain types of hours worked, and financial assistance was provided for difficult personal circumstances, thereby helping to strengthen social protection and to increase security and stability for employees.

For 2026, the goal is to monitor implementation of CBA provisions, to maintain an open social dialogue, and to periodically assess the impact of the agreed measures on staff satisfaction and retention.

#### **Work-life balance**

In 2025, Vrancart Group continued to promote measures that support work-life balance, including by granting additional annual leave days based on seniority and by facilitating access to social benefits established under the Collective Bargaining Agreement (CBA). Although Ecorep does not have its own Collective Bargaining Agreement, its employees enjoy the same terms and conditions as those offered to Vrancart S.A. employees, thereby ensuring fair treatment and a unified framework across the Group.

For 2026, the target is to develop additional well-being initiatives and to monitor employee satisfaction regarding work-life balance.



### **Health and safety**

In 2025, the target was to reduce risks and to improve operating conditions. To this end, Vrancart Group made efforts to provide high-quality work and protective equipment designed to enhance safety and comfort at the workplace.

Training and awareness-raising activities regarding compliance with occupational health and safety regulations also continued.

For 2026, the goal is to strengthen a prevention-oriented organizational culture and to reduce workplace incidents through ongoing investments in equipment, training, and risk control measures.

### **Training and skills development**

In 2025, one of the main goals was to provide training and to develop skills of employees in key positions such as boiler operators and forklift operators, thereby helping to raise internal skill levels and to reduce reliance on outsourcing.

Emphasis was also placed on development of managerial and digital skills in connection with the implementation of the new ERP system in 2025. Training programs were designed to facilitate adaptation to new digital processes and to improve operational efficiency.

For 2026, the goal is to expand vocational and digital training programs, to increase the average number of training hours per employee, and to develop a structured continuous learning framework.

The target-setting process ensures that targets are aligned with the sustainability strategy, that it supports continuous improvement and long-term success.

### **S1-6 - Characteristics of company's employees**

Based on the national law - specifically Article 12 in Labor Code - permanent employees are employees who have an individual employment contract concluded for an indefinite period. This type of contract provides the employee with job security and all the rights guaranteed by labor law, including protection against unfair dismissal, paid annual leave, and access to social benefits.

As per Article 83 in Labor Code, temporary employees are employees with fixed-term individual employment contracts concluded only under certain conditions, such as replacing an absent temporary employee, performing seasonal work, or carrying out a project with a fixed duration. This type of

contract may have a maximum duration of 36 months and it may be renewed no more than twice before being converted into an indefinite-term contract.

Employees with zero-hours contract are not covered by the Romanian Labor Code, and therefore, this category does not apply to our operations.

The trend in the number of employees for 2025 indicates a decline correlated to internal efficiency-improving initiatives and optimization of Vrancart Group's operating activities. A reassessment of staffing needs, the digitization of certain activities, the reorganization of workflows, and natural workforce turnover contributed to a decrease of the total number of employees. Fixed-term contracts were influenced by the completion of specific projects and the decline in seasonal activities, while the trends observed in indefinite-term contracts reflect the structural adjustments made to maintain operational efficiency and to adapt to the labor market conditions.

The total number of employees who left Vrancart Group in 2025 is of 296, and the employee turnover rate is of 26.93%. This calculation was based on the number of terminated employment contracts relative to the average number of employees (headcount) during the reporting period.

	2024		2025	
Number of employees with indefinite-term employment contracts	Women	459	Women	364
	Men	763	Men	563
Number of employees with fixed-term employment contracts	Women	4	Women	4
	Men	20	Men	20
Total	Women	463	Women	368
	Men	783	Men	583



District	No. of employees, 2025
Vâlcea	8
Bucharest- Ilfov	41
Bacău	10
Braşov	98
Iaşi	8
Prahova	14
Vrancea	772
<b>Total</b>	<b>951</b>

#### **S1-7 – Characteristics of non-salaried workers within company’s own workforce**

During the 2025 reporting period, Vrancart Group’s workforce not covered by individual employment contracts consists exclusively of executive management (the CEO and Deputy CEO), who perform their duties under mandate agreements.

Except for these strategic leadership roles, this Group did not use any other categories of external workers during the reporting period (such as workers provided by temporary employment agencies or independent contractors performing work under direct supervision of the Group).

#### **S1-8 - Coverage of collective bargaining and social dialogue**

Vrancart Group acknowledges the importance of social dialogue and collective bargaining as fundamental tools to provide fair working conditions and a stable organizational environment. All collective bargaining processes are conducted in accordance with the Social Dialogue Law No. 367/2022 and the Romanian Labor Code.



In 2025, 99% of Group's employees (941 out of 951) were covered by Collective Bargaining Agreements. This coverage ensures that employees, regardless of their position or geographic location, have access to rights and benefits negotiated above the legal minimum thresholds, such as specific bonuses, additional annual leave days, and social benefits. Although these 10 Ecorep employees are not covered by their own Collective Bargaining Agreement, they are subject to the same terms and conditions set forth in the Collective Bargaining Agreement (CBA) applicable to Vrancart S.A.

This Group operates exclusively in Romania, and the applicable Collective Bargaining Agreement establishes the framework for working conditions, labor relations, and social dialogue between the employer and employees.

Social dialogue is conducted through the employee representative bodies established by national law and the Collective Bargaining Agreement. In this context, 99% of Group's employees are represented in social dialogue through employee representatives or existing trade union structures, in accordance with Romanian labor law.

Social dialogue mechanisms include:

- Regular consultations regarding structural or technological changes;
- Participation of employee representatives in the Occupational Safety and Health Committee (OSHC);
- Negotiation of salary rights and benefits packages as part of the Collective Bargaining Agreement renewal process.

This structure ensures that employees' concerns are incorporated into the decision-making process, thereby converting potential labor disputes into opportunities for strategic alignment.

This Group does not have an established European Works Council (EWC) or other equivalent structures at European level, given that its operations are conducted exclusively in Romania and therefore it does not meet the transnational criteria set forth in the relevant European legislation.

#### **S1-9 - Diversity indicators**

Vrancart Group recognizes that diversity contributes to an improved organizational performance, it fosters innovation, and it creates an inclusive and dynamic work environment. This Group respects and promotes human rights and equal opportunity for all employees, regardless of gender, age, ethnic origin, religion, sexual orientation, gender identity, or any other personal feature. We value a diverse work environment and we provide equal opportunities for the professional and personal development of all employees.



The fact that women account for 42% of senior management reflects the success of merit-based promotion policies and the Group's commitment to eliminating gender barriers in career advancement. For the purposes of this indicator, senior management includes executive management positions and leadership positions with decision-making responsibilities at strategic level.

Gender distribution at management level			
Number of employees (headcount) at senior management level, by gender	Female	31	42%
	Male	42	58%
	Total	73	100%

Age distribution among employees at the end of the reporting period		Number	Share
Number of employees under the age of 30	2024	87	7%
	2025	57	6%
Number of employees with ages between 30 and 50	2024	559	45%
	2025	431	45%
Number of employees above the age of 50	2024	600	48%
	2025	463	48%
Total	2024	1246	100%
	2025	951	100%

The gender distribution in 2025 remains relatively similar to previous years, with minor percentage changes among women and men. The stability of the gender ratio reflects the continuity of recruitment and retention processes, as well as the maintenance of a consistent organizational profile in relation to the operational structure of the activities.

Although the total number of employees declined in 2025 as a result of efficiency-improving measures, the distribution by age group remained stable. The majority of the workforce (94%) is over 30 years old, which gives the Group operational stability based on experience.



### **S1-11 - Social protection**

Vrancart Group ensures that its employees have access to social protection mechanisms through participation in Romania's public social security systems. These mechanisms include coverage for illness, unemployment, occupational injuries or disability, parental leave, and retirement benefits. Contributions to social security systems are made in accordance with applicable national law.

The Group confirms that 100% of its employees are covered by these social protection mechanisms, regardless of the type of contract (fixed-term or indefinite-term), based on the full and timely payment of mandatory social contributions to the state budget. No categories of employees are excluded from these benefits due to income thresholds or employment status.

All Group employees are covered by Romania's national health insurance system. As per applicable law, they have access to medical services provided through the public health system, including checkups, treatments, and rehabilitation services. The relevant social security contributions are made in accordance with the applicable legal framework.

Employees are protected against the unemployment risk based on their participation in Romania's public unemployment insurance system. Contributions to this system are made in accordance with applicable law, and employees are enrolled in this system upon employment, which entitles them to unemployment benefits in the event of termination of employment for reasons beyond their control.

In the event of an occupational accident or the onset of a disability resulting from work-related activities, employees are covered by the national social insurance system for workplace accidents and occupational diseases. These mechanisms include financial support and, where appropriate, access to recovery or rehabilitation programs, in accordance with applicable legal regulations.

Group employees are entitled to parental leave in accordance with the applicable national law. This Group is compliant with legal provisions regarding the duration and conditions of this leave, and it supports employees' return to work upon expiration of the leave period. The company guarantees that the employee will retain their position or an equivalent position upon returning from leave, in accordance with the provisions of the Labor Code.

All employees are enrolled in Romania's public pension system (1<sup>st</sup> Pillar I and, where applicable, 2<sup>nd</sup> Pillar). Contributions to this system are made in accordance with applicable law, providing employees with access to pension benefits and contributing to their long-term financial security after the end of their professional life.



### S1-13 - Training and skills development indicators

Vrancart Group considers continuing training to be an essential tool for helping the workforce adapt to technological advancements and for ensuring the long-term sustainability of its business. This Group aims to identify training needs, based on performance assessments, in order to establish development priorities for each category of employees.

All Group employees have access to training programs, with a frequency determined based on the specifics of their role and on compliance requirements. Mandatory occupational health and safety (OHS) training sessions are held monthly or quarterly, while technical and managerial skills development programs are scheduled annually. Vrancart Group provides the necessary resources for these programs, including time allocated to training during work schedule, thereby removing barriers to participation.

Average number of training hours per employee in 2025: 37,93 hours. Participation rate in performance assessments in 2025: 96,95% (Group average). Percentages shown in accompanying tables refer to the workforce active as of December 31, 2025.

The average number of training hours per employee was calculated by dividing the total number of training hours completed in 2025 by the total number of active employees during that period.

The percentage of employees who participated in periodic performance and career development assessments	2025
Female	92.11%
Male	100%

Average number of training hours per employee, by gender	2025
Female	41.53
total	15282
Male	35.66
total	20,791
Average per employee	37.93
Total hours of training	36,073



#### S1-14 - Health and safety indicators

Vrancart Group provides compliance with legal requirements regarding occupational health and safety and it maintains an ISO 45001-certified health and safety management system. This system covers 100% of Group's employees and it was implemented in accordance with applicable legal requirements and relevant international standards.

Workplace accidents	2024	2025
Total number of hours worked by employees	2,357,114	1,920,677
Number of workplace accidents recorded	3	8
Number of lost days due to workplace accidents	95	214
Rate of workplace accidents recorded	1.27	4.17

During the reporting period, there were no fatalities resulting from work-related accidents or disease among Group's employees or among other workers performing activities at Group's sites.

Eight accidents were reported in 2025, all of which were investigated in accordance with internal regulations and applicable laws. Investigations were conducted by the inquiry commission appointed by the Ministry of Labor, and their findings did not reveal any misconduct on the part of Vrancart Group; consequently, no sanctions or penalties were applied. Each incident was followed by additional training for staff in the affected areas and a review of the risk assessment for that work position to prevent recurrence.

During the reporting period, no cases of recognized occupational diseases were reported among Group's employees. Employee health is continuously monitored through occupational health examinations tailored to the specific risks of each department (exposure to noise, dust, and ergonomic risks). Although the accident rate increased from 1.27 to 4.17, this Group stepped up on-site safety inspections and implemented a "Safety Walk" program for the line management, aimed at early identification of risk behaviors.

#### S1-15 Work-life balance indicators

All Vrancart Group employees (100%) are entitled to family leave, based on their employment contracts and applicable national law.



Eligible employees who went on family leave in 2025	Gender	No. o employees	Share of employees (%)
	Female	1	0.27%
	Male	3	0.51%
	Other genders	n/a	n/a
	Not disclosed	n/a	n/a
	TOTAL	4	0.42%



## 8. ESRs S2 - Workers in the value chain

Vrancart Group applies the phased reporting principles set forth in the ESRs 1, Appendix C, as amended by the European Commission Delegated Act of July 2025 (“Quick Fix”), for the ESRs S2 requirements (Workers in the value chain). For this reporting period, the company omitted detailed information regarding the impacts, risks, and opportunities related to workers in the value chain.

Its report includes a minimum set of information regarding workers in the value chain. Full compliance with the ESRs S2 requirements will be achieved gradually, in accordance with the principles of phased implementation, as processes are developed and implemented, and measurable targets are established.

### Material impacts, risks, and opportunities, and their interaction with the strategy and business model

Currently, Vrancart Group’s strategy and business model do not specifically address workers in the value chain. However, the associated impacts were analyzed as part of the Double Materiality process, and the health and safety of workers in the value chain were identified as a material topic for this company. The analysis highlighted an adverse impact associated with upstream and downstream health and safety practices, which can influence working conditions and the well-being of workers in the value chain.

ESRS	Material sub-sub-topic	Location of impact	Type	Source of impact	Time frame	Impact	Risk/opportunity
S2	Health and safety	Downstream, upstream	M	S	A	(-) Inadequate safety measures or hazardous working conditions can lead to occupational injuries within our value chain, adversely impacting the health and well-being of our employees	-

Key:

Type of impact: F = financial impact, M = material impact, MF = material and financial impact

Time frame: A = current impact (reporting year), P = potential impact (medium and long term)

Source of impact: S = impact originating from strategy and business model, B = impact underlying the strategy

Type of impact: (-) adverse, (+) positive



### **Policies concerning workers in the value chain**

This Group uses a combination of internal policies and contractual provisions to promote ethical standards throughout the supply chain. These policies are intended to reduce the risk of forced labor and to provide a safe working environment, not only within company's own facilities but also among our business partners, through incorporation of social criteria into the selection and monitoring process.

Vrancart Group manages the impacts on workers in the value chain through a set of integrated policies that establish clear expectations for suppliers and partners:

- The Corporate Social Responsibility Policy of Vrancart S.A. and Rom Paper emphasizes fair treatment, collaboration, and support for subcontractors, affirming a commitment to respect of human rights in its partnership relations.
- Vrancart Group's Code of Ethics and Integrity requires that employment contracts are in place for the workers of their suppliers, as a guarantee of safe working conditions. This Code is binding and it applies directly to all personnel involved in activities performed for Group members, including suppliers and contractors.
- Rom Paper's internal policy on prohibition of forced labor and compulsory labor establishes a framework that prevents all forms of exploitation by clearly defining forced labor and alignment with national legislation, ILO conventions, and European regulations. This includes explicit commitments such as prohibiting the withholding of identity documents, ensuring that employment contracts are entered into voluntarily, guaranteeing the freedom to resign, and ensuring the absence of any form of coercion. This policy applies to both its own employees and its suppliers and contractual partners, covering the entire supply chain through monitoring and internal audit mechanisms.
- Rom Paper's Occupational Health and Safety Policy reinforces this company's commitment to safe and healthy working conditions, including measures for equipment use, mitigation of risks associated to handling of hazardous materials, and staff training. Although primarily destined to company's employees, this policy reflects an organizational culture focused on prevention of incidents that also influences company's relationship with suppliers, expecting them to adhere to appropriate occupational safety and health standards for their own workers.
- The other two entities do not have any specific policies.

### **Measures for material impacts on workers in the value chain**

Currently, Vrancart Group has limited measures in place for the management of material impacts and risks in the supply chain. However, service contracts concluded with suppliers include clauses that require compliance with occupational safety and health legislation, in accordance with the provisions of the Occupational Safety and Health Convention (fire safety and OHS).



Although the objective for 2025 was to assess the feasibility of amending internal regulations to include workers in the value chain, this assessment was not completed during the reporting period.

**Targets**

Vrancart Group has not yet set specific targets for workers in the value chain. However, the Code of Ethics and Integrity, which also applies to Group's business partners, and the relevant contractual provisions establish general principles and requirements for ensuring compliance with working conditions throughout the value chain.



## **9. ERSR G1 - Business conduct**

### **9.1. Governance**

#### **ESRS 2 GOV-1 - The Role of Administrative, Supervisory and Management Bodies**

At Vrancart Group, the responsibility for corporate governance and business conduct rests with the Board of Directors, which sets strategic directions and oversees implementation of internal policies. This Board provides compliance with governance standards and monitors risk management, including sustainability and integrity risks. In exercising its supervisory role, the Board of Directors is informed periodically, at least once a year or whenever the operational context so requires, with regard to sustainability issues, to the results of the double materiality assessment, and the implementation of business conduct policies.

In the absence of a formal Audit Committee, the Board of Directors is responsible for assessing the effectiveness of internal controls, reporting, and risk management processes. It plays a key role in assessing the effectiveness of internal controls, financial reporting, and risk management processes, providing compliance with applicable legal requirements and regulations. It also assesses the integrity of reporting systems and the effectiveness of whistleblowing mechanisms related to business conduct.

The CEO coordinates executive operations and maintains constant communication with the Board to ensure compliance with internal policies and standards. At operational level, each department manager is responsible for implementation of compliance measures and for monitoring of risks specific to their activities. In addition, specialized departments, such as the Legal and Human Resources departments, support the implementation of ethics policies, prevention of conflicts of interest, and regulatory compliance.

Members of the Board of Directors are selected based on their skills and experience, including areas such as corporate governance. The structure of the Board reflects a wide range of expertise required to oversee the Group's impacts, risks, and opportunities, including knowledge of the ESG regulatory framework and business ethics standards.

Group's management constantly monitors developments in the regulatory framework governing sustainability and business integrity. For the upcoming period, this Group plans to implement formal training sessions for governing bodies to ensure full compliance with the complex requirements of European directives and to strengthen the process of assessing non-financial performance.



9.2. Impacts, risks, and opportunities management

**ESRS 2 IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities**

Vrancart Group's governance framework provides oversight and management of impacts, risks, and opportunities associated with its operations, including from financial, operational, environmental, social, and ethical perspectives. In this context, control and compliance mechanisms are in place to identify and address any non-compliance.

The process of assessment of impacts, risks, and opportunities associated with business conduct is integrated into Group's double materiality assessment. In accordance with the requirements for assessing these issues, the review was focused on relevant factors such as corporate culture and whistleblower protection mechanisms. The double materiality assessment took into consideration the specific nature of operations, the field of activity, and the existing internal practices.

The Board of Directors oversees risk management at strategic level and it monitors the effectiveness of internal controls. At operational level, each department manager is responsible for implementation of prevention and mitigation measures in their day-to-day activities. The table below details the material impacts, risks, and opportunities identified.



ESRS	Material sub-sub-topic	Location of impact	Type	Source of impact	Time frame	Positive impact (+)	Risk/opportunity
G1	Corporate culture	Own operations	M, F	S	A	(+) A positive corporate culture fosters transparency, trust, and collaboration	O: Promoting a positive and transparent work culture is essential for reducing the costs associated with recruiting and onboarding new employees, which arise in the context of staff turnover. Furthermore, low engagement and a lack of alignment with company values can reduce productivity, increase error rates in manufacturing processes, and compromise quality standards, underscoring the importance of strengthening employee engagement and retention.
G1	Protection of Whistleblowers	Own operations, both upstream and downstream	M	S	A, P	(+) Supporting whistleblowers ensures that employees can report unethical practices without fear of retaliation, thereby promoting integrity and accountability within the Group	-

**Key:**

Type of impact: F = financial impact, M = material impact, P = potential impact (medium and long term)

Time frame: A = current impact (reporting year), P = potential impact (medium and long term)

Source of impact: S = impact originating from strategy and business model, B = impact underlying the strategy

Type of impact: (-) adverse, (+) positive

**G1-1 Policies on Business Conduct and Corporate Culture**

The Vrancart Group’s conduct policies are not merely compliance rules; they reflect the way we chose to manage our business. Our analysis showed that a culture based on transparency directly benefits our relationship with the team: employees stay with us longer, and recruitment costs decrease.

Policies adopted at Group level are designed to address material impacts, as well as the risks and opportunities identified in the double materiality assessment related to governance, including issues concerning corporate culture and whistleblower protection.



Based on these policies, we ensure that the workplace is safe, that errors are prevented, and that the Group's reputation is protected. A key priority is the protection of whistleblowers; we have strengthened our reporting systems so that any colleague or partner can report irregularities without fear. In this way, we can identify potential ethical risks early on and protect both people and the environment, making integrity a true foundation for our growth.

The scope of these policies covers the operations of Vrancart S.A. and Rom Paper, as well as relationships with employees and partners throughout the value chain. Ecorep and Vrancart Recycling follow the principles of Vrancart S.A. in the absence of their own policies. These policies are available [online](#) or on request.

The Vrancart Group Code of Ethics and Integrity covers, among other things, issues such as:

- Conflict of interest: Prevention of instances when personal interests might conflict with responsibilities to the Group.
- Non-discrimination: Prohibition of any discriminatory practices based on criteria such as age, ethnicity, gender, or disability.
- Mass-media communication: Regulating external communications by appointing individuals authorized to communicate with the media and authorities, with the purpose of ensuring legal compliance, information accuracy, and consistency of Group's public positions.
- Political activities: Prohibition on engaging in political activities within Group's premises and on endorsing candidates for public office.
- Protection of whistleblowers: Encouragement of reporting, in confidence and without fear of retaliation, of any suspected violations of laws, internal regulations, or ethical standards.

Objective of this policy is to prevent and mitigate the risks associated with unethical conduct, conflicts of interest, discriminatory practices, and unauthorized disclosure. Vrancart S.A.'s Whistleblower Protection Policy governs the rights and responsibilities of whistleblowers, as well as the measures for prevention and management of retaliation risks. By promoting ethical conduct, this policy helps strengthen Group's reputation, foster a work environment based on trust, and ensure compliance with applicable legal and regulatory requirements.

Vrancart Group's Code of Ethics and Integrity sets forth the key principles regarding respect for human rights, applicable to all parties that interact with Vrancart Group. This Group takes steps to provide that these principles of conduct are communicated to business partners throughout the value chain, promoting equivalent ethical standards both upstream and downstream. The Code of Ethics and Integrity is in line with the relevant provisions of national and European law.

The Board of Directors is the highest organizational body responsible for implementation of corporate governance policies and for ensuring that these policies are made available to stakeholders for informational and consultation purposes, upon request.



Currently, Vrancart Group has not yet adopted a separate policy dedicated to prevention and detection of corruption, aligned with the provisions of the United Nations Convention against Corruption, nor has it established a plan for implementation of additional policies in this meaning. The relevant aspects of this topic are addressed in the Code of Ethics and Integrity, which sets forth the applicable principles and rules of conduct, including those concerning integrity, ethical behavior, and prevention of non-compliant practices.

At the same time, Vrancart S.A. is committed to providing secure reporting mechanisms, also known as whistleblowing mechanisms. This provides that legal requirements regarding protection of whistleblowers are met, and Vrancart S.A.'s Whistleblower Policy establishes the framework for reporting and handling allegations of misconduct in business activities. In this context, the Ethics Officer is responsible for reviewing and investigating each allegation received, and for preparation of the related report. Based on the findings of such report, responsible parties at Vrancart S.A. shall determine and implement appropriate measures, including an action plan, as necessary. For other Group entities, currently there is no specific whistleblower policy in place. For Ecorep, the legal requirements regarding implementation of whistleblowing mechanisms do not apply, given the small number of employees; for this reason, no specific policy has been adopted at its level.

Vrancart Group maintains a zero-tolerance policy against any form of corruption and it protects employees who, in good faith, report ethical concerns or incidents, ensuring that they will not be subject to retaliation or other forms of harm. Following the double materiality assessment, corruption was not identified as a material risk for the Group; consequently, no separate assessment was conducted for functions or activities with high risk of corruption or bribery.

Rom Paper has an Anti-Corruption Policy in place that establishes a zero-tolerance approach to corruption, clearly defining forms of corruption, prohibition of bribery, ensuring responsible procurement management, imposing sanctions for violations, banning political donations, and setting strict rules for employees and suppliers. This policy emphasizes individual and collective responsibility for maintaining the organizational integrity. Also, the Policy on Freedom of Association and Collective Bargaining reinforces the principles of protection against retaliation, transparency, and social dialogue at company level.

There are no specific policies in place for any other Group companies.

Internal reporting is a mechanism for the prevention and management of ethical breaches. The Code of Ethics and Integrity applicable across Vrancart Group provides reporting mechanisms, and the Group ensures protection of employees against sanctions or retaliation when they use these mechanisms. Vrancart S.A. also has a Whistleblower Protection Policy in place, which was approved by the Board of Directors and took effect on March 1<sup>st</sup> 2025. The Ethics and Integrity Officer is responsible for resolving the issues reported within Vrancart S.A. and Vrancart Recycling.



If a concern is raised, the complaint handling process follows the steps set forth in the applicable internal regulations, under the coordination of the Ethics and Integrity Officer. In this context, the following steps are taken:

- Reception and logging: The Ethics and Integrity Officer will receive and log the allegation. All allegations are recorded and compiled electronically.
- Analysis and reporting: The Ethics and Integrity Officer reviews the allegation and informs the CEO on contents and implications thereof.
- Initiation of disciplinary proceedings: If the allegation indicates a potential violation of the Code of Ethics and Integrity, the Officer will notify the Chief Executive Officer and the Human Resources Department. They may decide to initiate a preliminary disciplinary investigation against the potentially responsible person or persons.
- Periodical reporting: The Ethics and Integrity Officer periodically reports on centralized allegations to the Group's management, and they propose measures to prevent, mitigate, and manage instances of non-compliance with the Code of Ethics and Integrity.
- Training and communication: The Ethics and Integrity Officer shall hold regular training sessions (upon request or as needed, but at least once a year) on ethics and integrity, and they shall provide that the principles of the Code of Ethics and Integrity are communicated to all employees regularly. During the training sessions, the purpose and material provisions of the Code of Ethics and Integrity are presented. This Group monitors the effectiveness of such training sessions by analyzing the number of reported incidents and the participation rate of employees in high-risk roles, using this data to strengthen the corporate culture and to mitigate the non-compliance risk.

## **ESRS 2 MDR-A - Actions and targets**

As part of our approach to governance-related actions and targets, Vrancart Group emphasizes maintainance of an organizational culture based on compliance, integrity, and respect for human rights, both within its own operations and throughout the value chain. The measures implemented are intended to maintain existing best practices and, where appropriate, improve the same, serving as a preventive mechanism against the risks of corruption and unethical conduct identified in the materiality assessment.

The Ethics Officer, together with department directors, is responsible to provide that employees comply with ethical principles and internal policies. To support these efforts, the Group allocates administrative and logistical resources as necessary to maintain the reporting channels and to conduct regular employee training programs on the Code of Conduct.

Whistleblowing and protection mechanisms: The whistleblowing mechanisms implemented at Group level cover, among other things, issues related to business conduct, discrimination, harassment, corruption, fraud, misconduct, and professional negligence. Vrancart Group prohibits any form of



retaliation against whistleblowers, including demotion, harassment, threats, or suspension of employment contract, ensuring the confidentiality of their identities in accordance with applicable law. Failure to comply with these requirements may lead to legal consequences and financial penalties.

Compliance with these requirements is monitored through existing compliance mechanisms, intended to keep the number of non-compliance incidents to a minimum. The effectiveness of our actions is assessed periodically by analyzing the number and types of allegations received, as well as through internal compliance audits; results are reported to the management, to provide continuous improvement of the governance system.

Business integrity is monitored through reporting channels accessible to all stakeholders. In 2025, there were no confirmed cases of violation of the Code of Conduct or allegations submitted through the reporting channels.

#### **ESRS2 MDR Targets**

Vrancart Group has not yet established specific formal targets for business conduct and corporate governance. These matters are addressed through its internal policy framework, specifically through the Code of Ethics and Integrity, as well as through other internal policies and procedures applicable to employees and business partners as described above.

The Code of Ethics and Integrity establishes the basic principles for prevention of conflicts of interest, non-discrimination, responsible communication with external parties, the conduct of political activities, and protection of whistleblowers. Through these mechanisms, this Group aims to prevent and mitigate risks associated with unethical behavior, compliance violations, and practices that could harm company's reputation.

# Independent Limited Assurance Report\*

(\*This represents a non-official English translation of the original audit report issued in Romanian language)

To: The Shareholders of S.C. Vrancart S.A.

## Limited assurance conclusion

1. We have conducted a limited assurance engagement on the Sustainability Statement approved on 27<sup>th</sup> of April 2026 of the Vrancart group („the Group”), prepared for the period from 01 January 2025 to 31 December 2025 by S.C. Vrancart S.A. (“the Company”), with social premises registered in Romania, Adjud, 17 Ecaterina Teodoroiu Street, Vrancea District, Fiscal Identification Number RO1454846, Trade Register number J39/239/1991.
2. Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Group Sustainability Statement for the period from 01 January 2025 to 31 December 2025 is not prepared, in all material respects, in accordance with the applicable statutory sustainability reporting framework foreseen in the Ministry of Finance Order 2844/2016 (with subsequent amendments and updates) that approves the Accounting regulations compliant with the International Financial Reporting Standards, including:
  - compliance with the European Sustainability Reporting Standards („ESRS”), including the fact that the double materiality assessment process carried out by the Group to identify the information reported in the Sustainability Statement (the “Process”) is in accordance with the description set out in section 1.4. *Impact, risk and opportunity management* ;
  - and
  - compliance of the EU Green Taxonomy disclosures detailed in the section 2.1. *Submission of information pursuant to Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation)* of the Sustainability Statement with the applicable reporting requirements of Article 8 of Regulation (EU) 2020/852 (the “Green Taxonomy Regulations”)

## Basis for conclusion

3. We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) “Assurance Engagements other than Audits or Reviews of Historical Financial Information”. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent compared to a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under this standard are further described in the *Auditor responsibility* section of our report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

## Emphasis of matter

4. We draw attention to section *BP-1 - General basis for preparation of sustainability statements* of the Sustainability Statement where it is mentioned that the double materiality assessment Process is an on-going exercise that responds to and may triggered by changes in the Group’s strategy, business model, activities, value chain and general operating contexts. The double materiality assessment

Process may also be impacted in time by sector-specific standards to be adopted. The double materiality assessment Process may not include every impact, risk and opportunity or additional entity-specific disclosure that each individual stakeholder may consider important in its own particular assessment. Our conclusion is not modified in this respect.

5. As described in section *BP-2 - Disclosures in relation to specific circumstances* of the Sustainability Statement, GHG emissions quantification is subject to significant inherent measurement uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values to combine emissions of different gases. Greenhouse gas quantification is unavoidably subject to significant inherent uncertainty as a result of both scientific and estimation uncertainty. Estimation uncertainty can arise because of:
  - the inherent uncertainty in quantifying inputs, such as activity data and emission factors, that are used in mathematical models to estimate emissions (measurement uncertainty);
  - the inability of such models to precisely and accurately characterize under all circumstances the relationships between various inputs and the resulting emissions (model uncertainty); and
  - the fact that uncertainty can increase as emission quantities with different levels of measurement and calculation uncertainty are aggregated (aggregation uncertainty).

Our conclusion is not modified in this respect.

## Other matters – comparative information

6. Our assurance engagement does not extend to information in respect of earlier periods. Our conclusion is not modified in respect of this matter.

## Responsibility for the Sustainability Statement

7. The Directors of the Company are responsible for designing, implementing and maintaining a Process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this Process in the Sustainability Statement. This responsibility include:
  - understanding the context in which the Group’s activities and business relationships take place and developing an understanding of its affected stakeholders;
  - the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group’s financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
  - the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters, by selecting and applying appropriate thresholds; and
  - developing methodologies and making assumptions that are reasonable in the circumstances.

The Directors of the Company are further responsible for the preparation of the Sustainability Statement, in accordance with the statutory sustainability reporting framework, including:

- compliance with the European Standards for Reporting on Sustainability (ESRS);
- preparing the Green Taxonomy disclosures of the Sustainability Statement, in compliance with Article 8 of EU Regulation 2020/852 (the “Green Taxonomy Regulation”); and
- designing, implementing and maintaining such internal controls that are necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and

- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the sustainability reporting process.

## Inherent limitations in preparing the Sustainability Statement

8. Estimates, approximations and forecasts used in preparing and presenting the Sustainability Statement are subject to significant inherent uncertainty. The selection by management of different but acceptable estimation, approximation or forecasting techniques, could have resulted in materially different amounts or disclosures being reported. For the avoidance of doubt, the scope of our engagement and our responsibilities will not involve us performing work necessary for any assurance on the reliability, proper compilation, or accuracy of the prospective information.
9. In determining the disclosures in the Sustainability Statement, the Directors of the Company interpret undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.
10. Certain metrics reported within the Sustainability Statement may be subject to inherent limitations, for example, value chain information relating to emissions data provided by third parties. Where estimated, approximated or forecast information is provided by third parties in respect of value chain information, it is likely that such information may not be verified or benchmarked in full.
11. The nature of the sustainability matters, and the absence of consistent external standards, allow for different, but acceptable, measurement methodologies to be adopted, which may result in variances between entities. The adopted measurement methodologies may also impact the comparability of sustainability matters reported by different organizations, and from year to year within an organization, as methodologies develop

## Auditor responsibility

12. Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole. As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

13. Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:
  - Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
  - Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in the Sustainability Statement.
14. Our other responsibilities in respect of the Sustainability Statement include:
  - Obtaining an understanding of the Group's control environment, processes, and information systems relevant to the preparation of the Sustainability Statement, but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;

- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error;
- Designing and performing procedures responsive to disclosures in the Sustainability Statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Our independence and quality management

15. We are independent towards the Company and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and in accordance with other ethical requirements relevant in Romania, including Law 162/2017 (as subsequently amended), for our limited assurance engagement on the Sustainability Statement and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.
16. Our firm applies the International Standard on Quality Management 1 („ISQM1”) and, accordingly, maintains a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

## Summary of the work performed

17. A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
    - performing inquiries to understand the sources of the information used by management (e.g. stakeholder engagement, business plans and strategy documents); and
    - inspecting and examining the Group's internal documentation of its Process;
 and
  - Evaluated whether the evidence obtained from our procedures about the Process of the Group was consistent with the description of the Process set out in the Sustainability Statement.
18. In conducting our limited assurance engagement, with respect to the Sustainability Statement, our main procedures consisted in:
    - Organizing interviews with Group employees and collaborators involved in the preparation of the Sustainability Statement in order to understand the relevant systems, processes and internal control procedures that support the collection of the data presented in the Sustainability Statement,
    - Evaluated whether significant information obtained through the Process of identifying the information required to be disclosed in the Sustainability Statement is included in the Sustainability Statement;
    - Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the European Standards for Reporting on Sustainability (ESRS);

- We conducted interviews with the relevant individuals and performed limited analytical procedures, such as recalculation and reconciliation on a selection of specific disclosures in the Sustainability Statement;
- We performed detailed procedures on a sample basis on selected disclosures in the Sustainability Statement by comparing them with various supporting documentation and information sources, such as reports to the authorities or internal Group databases;
- We conducted interviews to obtain an understanding of the methods used to make significant estimates and forecast information and how these methods were applied;
- Obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement.

We have also performed other procedures that we considered necessary depending on the circumstances.

## Restrictions of use

19. This report is provided solely for the purpose described in the first paragraph and is addressed to the Shareholders of the Company. By issuing this report, we assume no liability for any other scope or to any other party that may have access to our report. Our engagement was carried out so that we can report to the Shareholders of the Company the matters that we are required to report in an independent limited assurance report, and for no other purpose. This report refers only to the matters mentioned above and does not relate to other reports of the Company or the Group.

Bucharest, 26<sup>th</sup> of May 2026

Răzvan Butucaru

Auditor registered in the Public Electronic Register under no. 2680 / 2008

On behalf of: FORVIS MAZARS ROMANIA SRL

Audit firm registered in the Public Electronic Register under no. 699 / 2007

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## STATEMENT

The undersigned Alexandru-Lucian MINEA, as Chairman of the Board of Directors of the company **VRANCART S.A.**, legal entity Romanian, with registered office in Vrancea County, Adjud Municipality, Ecaterina Teodoroiu street no. 17, registered at the Trade Register Office attached to the Vrancea Tribunal under no. of order J39/239/1991, Unique Registration Code 1454846, tax attribute RO ("**Society**") and Ștefan-Viorel MOVILĂ, as General Manager of the Company, declare that, from our point of view, the annual financial and accounting statements of the audited Company for the financial year 2025, which were prepared in accordance with the applicable accounting standards, provide a correct and realistic picture of the assets, obligations, financial position, profit and loss account of the Company or its subsidiaries included in the process of consolidating the financial statements, as a whole and that the report of the Board of Directors for the same period includes a correct analysis of the development and performance of the Company and of the companies involved in consolidation, as well as a description of the main risks and uncertainties specific to the activity carried out and that they are prepared in accordance with the sustainability reporting standards referred to in art. 29b of the *Directive 2013/34/EU* of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings,



amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC and with the clarifications adopted pursuant to art. 8 para. (4) of the *Regulation (EU) 2020/852* of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.

26.05.2026

**Alexandru-Lucian MINEA - CHAIRMAN OF THE BOARD OF DIRECTORS**

**Ștefan-Viorel MOVILĂ – GENERAL MANAGER**





## REMUNERATION REPORT

### FOR THE DIRECTORS AND EXECUTIVE DIRECTORS OF VRANCART S.A.

#### RELATED TO 2025

#### 1. INTRODUCTION

This Remuneration Report (hereinafter referred to as the "Report") for managers (directors and executive officers) and VRANCART S.A. ( hereinafter referred to as the "Company"), prepared in accordance with the Company's Remuneration Policy, aims to present a clear and objective picture of the remuneration and/or benefits granted by the Company to its directors during the financial year 2025.

The remuneration report is prepared by the Company in accordance with the provisions of Law no. 24/2017 on issuers of financial instruments and market operations, republished, with subsequent amendments and completions, and will be put to a vote at the Ordinary General Meeting of Shareholders of the Company on 24<sup>th</sup>/25<sup>th</sup> April, 2026, , with the opinion of the shareholders having an advisory role.

Thereafter, the Report will be published and made available to the public for a period of 10 years on the Company's website – [www.vrancart.ro](http://www.vrancart.ro).

#### 2. REMUNERATION RATIO AND REMUNERATION POLICY

The Company's remuneration policy was approved by the Board of Directors on March 26<sup>th</sup>, 2021 and by the Ordinary General Meeting of Shareholders on April 27<sup>th</sup>, 2021 and entered into force on May 1<sup>th</sup>, 2021.

It describes the general framework for setting remuneration within the Company's management and sets out clear principles aimed at demonstrating the alignment of the interests of decision-makers in the Company with the interests of shareholders and other parties involved (e.g. employees or the general public).



By applying the Remuneration Policy, the Company aims to ensure consistency between the remuneration offered and its business strategy, risk policies, values and objectives of the different time frames, the complexity of the operations carried out, the dimensions and internal organizational structures or of the Affiliate Group that it controls.

The remuneration report highlights the applicability during the 2025 financial year of the guidelines of the Remuneration Policy.

### 3. LEADERS OF THE SOCIETY

The Company is managed on a unitary basis by a Board of Directors consisting of 5 (five) members, appointed for a period of 4 (four) years. The General Manager of the Company is appointed on the basis of a mandate contract.

The duties of the Board of Directors and the General Manager are provided for in the Company's Articles of Incorporation, as well as in the applicable general and special legal provisions.

During 2025, the members of the Company's Board of Directors were:

Crt. No.	First Name/Last Name	Function	Previous mandate	Current mandate
1.	Nicu-Ciprian FEDOR	General Manager  Executive Administrator/ Chairman of the Board of Directors		April 1 <sup>th</sup> , 2024- November 5 <sup>th</sup> , 2025  December 12 <sup>th</sup> , 2024- November 5 <sup>th</sup> , 2025
2.	Adrian-Corneliu BECHEANU	Deputy Director General		November 1 <sup>th</sup> , 2024-July 1 <sup>th</sup> , 2025
3.	Ștefan-Viorel MOVILĂ	General Manager		November 6 <sup>th</sup> , 2025-November 5 <sup>th</sup> , 2029
4.	Bogdan-Alexandru DRĂGOI	Non-executive director	April 27 <sup>th</sup> , 2018- April 27 <sup>th</sup> , 2022	April 27 <sup>th</sup> , 2022- April 27 <sup>th</sup> , 2026
5.	Adrian FERCU	Non-executive director	April 27 <sup>th</sup> , 2020- April 27 <sup>th</sup> , 2022	April 27 <sup>th</sup> , 2022- April 27 <sup>th</sup> , 2026
6.	Rachid EL LAKIS	Non-executive director	April 27 <sup>th</sup> , 2021- April 27 <sup>th</sup> , 2022	April 27 <sup>th</sup> , 2022- April 27 <sup>th</sup> , 2026
7.	Sergiu MIHAILOV	Non-executive director	April 27 <sup>th</sup> , 2018- April 27 <sup>th</sup> , 2022	April 27 <sup>th</sup> , 2022- November 5 <sup>th</sup> , 2025



		Provisional Chairman of the Board of Directors		November 6 <sup>th</sup> , 2025-December 31 <sup>th</sup> , 2025
8.	Alexandru-Lucian MINEA	Provisional Non-Executive Director		November 6 <sup>th</sup> , 2025-December 31 <sup>th</sup> , 2025

Mr. Nicu – Ciprian FEDOR held the position of General Manager of the Company, with executive duties delegated by mandate contract, between April 1<sup>th</sup>, 2024 and November 5<sup>th</sup>, 2025.

Mr. Adrian-Corneliu BECHEANU held the position of Deputy General Manager of the Company, with powers delegated by mandate contract, between November 1<sup>th</sup>, 2024 and July 1<sup>th</sup>, 2025.

During 2025, Mr. Ștefan-Viorel MOVILĂ held the position of General Manager of the Company, with executive duties delegated by mandate contract, between November 6<sup>th</sup>, 2025 and December 31<sup>th</sup>, 2025. His mandate as General Manager is valid until November 5<sup>th</sup>, 2029.

#### 4. REMUNERATION OF MANAGERS

In 2025, the remuneration of the Company's directors was fixed, variable and non-financial, as follows:

- 4.1. The members of the Board of Directors benefit from:
  - 4.1.1. a fixed monthly remuneration, established by the Ordinary General Meeting of Shareholders,
  - 4.1.2. of variable remuneration, within the maximum limit established by the Ordinary General Meeting of Shareholders,
  - 4.1.3. does not benefit from non-financial benefits,
- 4.2. The General Manager benefits:
  - 4.2.1. of a fixed monthly remuneration, based on the mandate contract,
  - 4.2.2. a variable annual remuneration, approved by the Board of Directors, depending on the Company's performance in the respective financial year, and within the maximum limit established by the Ordinary General Meeting of Shareholders,
  - 4.2.3. of non-financial benefits, as follows: company car, computer technology, telephone, medical insurance.
- 4.3. The Deputy Director General benefits:
  - 4.3.1. of a fixed monthly remuneration, based on the mandate contract,



- 4.3.2. a variable annual remuneration, approved by the Board of Directors, depending on the Company's performance in the respective financial year
- 4.3.3. of non-financial benefits, as follows: company car, computer technology, telephone, medical insurance.

Crt. No.	First Name/Last Name	Function	Fixed annual remuneration, net, Lei	Variable annual remuneration, net, Lei
1.	Nicu-Ciprian FEDOR	President of the Board of Directors	121,800	5,000
		General Manager	361,231	223,941
2.	Adian-Corneliu BECHEANU	Deputy Director General	180,056	24,500
3.	Ștefan-Viorel MOVILĂ	General Manager	46,989	20,000
4.	Bogdan-Alexandru DRĂGOI	Non-executive director	144,000	85,000
5.	Adrian FERCU	Non-executive director	144,000	85,000
6.	Rachid EL LAKIS	Non-executive director	144,000	85,000
7.	Sergiu MIHAILOV	Non-executive director	120,000	60,000
		Provisional Chairman of the Board of Directors	24,000	25,000
8.	Alexandru-Lucian MINEA	Provisional Non-Executive Director	22,199	4,167

In 2025, some of the members of the management received additional remuneration for the quality of directors at the Group's subsidiaries, as follows:

- Mr. Sergiu MIHAILOV also received net remuneration in the amount of 48,000 Lei from two other subsidiaries of the Company.
- Mr. Adrian FERCU also received net remuneration in the amount of 30,000 Lei from a subsidiary of the Company.
- Mr. Nicu-Ciprian FEDOR also received net remuneration in the amount of 68,750 Lei from three other subsidiaries of the Company.
- Mr. Alexandru-Lucian MINEA also received net remuneration in the amount of 18,000 Lei from a subsidiary of the Company.



- Mr. Ștefan-Viorel MOVILĂ also received net remuneration in the amount of 4.625 Lei from a subsidiary of the Company.

In 2025, there were no increases in the fixed remuneration of the members of the Company's Board of Directors.

With regard to **other directors' remuneration received from the Group companies**, these are detailed in the Report issued by the majority shareholder LION CAPITAL S.A., a Romanian legal entity, with registered office in Arad Municipality, Calea Victoriei no. 35A, Arad County, registered at the Trade Register Office attached to the Arad Tribunal under order no. J02/1898/1992, Unique registration code 2761040.

The Company's policy in relation to all its officers does not provide for benefits related to supplementary pension or early retirement schemes, with respect to the recovery of variable remuneration or in respect of shares or the granting of stock options.

In relation to the remuneration of managers in the last 5 years, the following can be observed:

- In the period 2021 – 2025, the fixed remuneration of the members of the Board of Directors did not change.
- In 2021, the fixed remuneration of the Director General did not change. In 2022, the fixed remuneration of the General Manager increased by 18.5% compared to the previous year, and during 2023 the fixed remuneration changed between September and December, when it decreased by 22%. In 2024, the fixed remuneration of the General Manager decreased by 5% compared to the previous year.
- In 2025, respectively January-October, the fixed remuneration of the General Manager was the same as in 2024. Between November and December 2025, the fixed remuneration of the General Manager decreased by 28%.

In the same period, the remuneration of the Company's employees, respectively the average gross monthly salary per Company increased according to the table below:

Indicator	2021	2022	2023	2024	2025
Value of average gross monthly salary (Lei)	4.958	5.666	6.383	7370	8298
Evolution of average gross salary ("%" vs. previous year)	+12%	+14%	+13%	15%	13%



Compared to what is presented in the Report, there were no derogations or deviations from the Remuneration Policy when it was implemented.

## 5. COMPANY PERFORMANCE

During 2025, the Company's evolution was influenced on the one hand by the increase in operating costs, and on the other hand by the decrease in sales volume. The decrease in domestic demand in 2025 was driven by the uncertainties generated by the unstable international context, the global crisis, the tense political climate in Romania and the presidential elections that dramatically affected consumption but also the evolution of the exchange rate, as well as consumer confidence and investment appetite.

Paper production was correlated with the level of market demand, with Vrancart S.A. adopting an order-based production-oriented approach. In this context, the costs and consumption of raw materials, utilities and operational resources have been adjusted accordingly. This alignment between the production achieved and the market demand will help to optimize the use of resources and to make costs more efficient, thus mitigating the risk of imbalances between the quantities of production obtained and sold. At the same time, the measure supported the maintenance of a sustainable operational flow and more rigorous trade discipline.

At the level of the cardboard industry and market, during 2025 fluctuations generated by the increase in the costs of purchasing raw materials were felt, so that, in order to mitigate some variations in the acquisition cost, Vrancart SA implemented an investment plan in order to improve the process of obtaining the production generated and used internally, starting with the second half of 2025.

Between July and August 2025, the Company's activity was interrupted as a result of the planned shutdown of the paperboard machine in order to connect the Drum-pulper to the production flow and put into operation – a new investment that led to the improvement of paper quality and the reduction of the norm of raw material consumption. At the same time, in August 2025, a new shutdown took place as a result of the connection of the photovoltaic park to the national grid.

In order to optimize utility costs (cogeneration plant and photovoltaic park) and to capitalize on the advantages of newer and more efficient production equipment in Adjud, Vrancart SA has decided to temporarily suspend the activity of the production center in Calimanesti, starting with September 2025, which currently operates as a logistics center for storage and delivery to neighboring areas. The production capacity available at Adjud will be used to ensure the fulfillment of orders to all customers, and the third shift will also be introduced.

Despite the increase in the minimum wage level by approx. +9% starting with January 2025, Vrancart SA implemented a series of measures to reduce operational costs of the labor nature in the context in which the decrease in domestic demand correlated with the production and sales strategy, so that starting with the 3rd quarter of 2024 personnel costs decreased by approx. 25%.



Moreover, during 2025, Vrancart SA analyzed and implemented a series of measures at the level of the collection centers, but also of the factory, located in the location in Călămanești de Jos, so it decided to close the collection centers in Cluj, Timisoara, Pitesti and Brașov, keeping operational the centers with superior strategic positioning and significantly higher collection volumes.

The pressure on sales prices caused by the customers' need to optimize their own costs, but also by the fierce competition in the market, made it impossible to fully take over all price increases, inevitably affecting the Company's profitability.

Although the financial context supported a significant reduction in profitability, the Company maintained a fully functional operational level throughout 2025, except for the period July – August 2025, carrying out its activity within normal parameters. Moreover, it managed to complete the investment programs undertaken, including some of the most important production lines (Drum-Pulper), but also of an administrative nature (ERP system).

The centralization with the changes in net profit are shown in the table below:

Indicator	2021	2022	2023	2024	2025
Turnover (thousands of Lei)	387.018	526.032	412.683	396.554	328.958
Turnover evolution (%)	+35%	+36%	-22%	-4%	-17%
EBITDA (thousand lei)	47.813	66.707	56.829	38.307	24.899
EBITDA evolution (%)	-17%	+40%	-15%	-33%	-35%
Company net profit (thousand lei)	9.869	23.689	5.629	-11.278	-30.851
Evolution of net profit Company (%)	-44%	+140%	-76%	-300%	-174%

## 6. FINAL PROVISIONS

This Remuneration Report has been prepared by the Company in accordance with the provisions of Law no. 24/2017 on issuers of financial instruments and market operations, republished, as subsequently amended and supplemented, and will be put to the vote at the Ordinary General Meeting of Shareholders of the Company on April 24<sup>th</sup>/25<sup>th</sup>, 2025, the shareholders' opinion having an advisory role.



In its next Remuneration Report, for 2026, the Company will specify how the shareholder vote was expressed and implemented.

The remuneration report for 2025 was approved by the shareholders at the Ordinary General Meeting of Shareholders of the Company on April 24<sup>th</sup>, 2026.

This Remuneration Report was endorsed by the Company's Board of Directors at its meeting on March 16<sup>th</sup>, 2026.

**Alexandru-Lucian MINEA**

CHAIRMAN OF THE BOARD OF DIRECTORS

**DA.AI AUDIT & ACCOUNTING S.R.L.**

Gabriel RADU

