



Translation for information purposes only

CONSOLIDATED REPORT

OF THE BOARD OF DIRECTORS

FOR THE FINANCIAL YEAR 2023

“VRANCART” GROUP OF COMPANIES



TABLE OF CONTENTS

1. ANALYSIS OF ACTIVITY

1.1.1. General information	4
1.1.2. Evaluation of the Group's technical level	6
1.1.3. Evaluation of the technical and material supply activity	7
1.1.4. Evaluation of the sales activity	7
1.1.5. Evaluation of the aspects related to the Group's employees/personnel	9
1.1.6. Evaluation of the aspects related to the issuer's main activity onto the environment	9
1.1.7. Evaluation of the research and development activity	10
1.1.8. Evaluation of the Group's activity on risk management	10
1.1.9. Prospects for the Group's business	12

2. THE GROUP'S TANGIBLE ASSETS

2.1. Specification of the emplacement and characteristics of the main production capacities owned by the Group	13
2.2. Description and analysis of the degree of wear of the Group's properties	13
2.3. Specification of the potential problems related to the right of ownership onto the Group's tangible assets	14

3. THE MARKET OF THE 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	14
3.2. Description of the Group's policy on dividends	14
3.3. Description of any activities of the Group to redeem its shares	14
3.4. If the company has any branches, specification of the number and nominal value of the shares issued by the parent-company held by the branches	14
3.5. If the Group issued any bonds and/or other debt securities, presentation of the modality in which it pays its obligations to the holders of such securities	15

4. THE GROUP'S MANAGEMENT

4.1. The Group's Directors	15
4.2. The Group's executive management	16



4.3. Potential disputes or administrative procedures	16
5. INTERNAL CONTROL AND RISK MANAGEMENT	16
6. SOCIAL RESPONSIBILITY	17
7. NON-FINANCIAL STATEMENT	17
8. FINANCIAL AND ACCOUNTING STATEMENT	
8.1. Consolidated statement of financial position	18
8.2. Consolidated statement of comprehensive income	19
8.3. Consolidated statement of cash flows	20
9. MAJOR EVENTS OCCURRED AFTER THE FINANCIAL YEAR END	21





1. ANALYSIS OF THE ACTIVITY

1.1.1. General information

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

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

Elements of general evaluation of the Group:

a) gross book result	RON 6.578 thousand
b) turnover	RON 500.299 thousand
c) operating costs	RON 508.391 thousand
d) % of the market held (internal estimates)	
	In 2023
	Tissue paper - 14%
	Paperboards - 15%
	Corrugated cardboard - 14%
e) liquidity as the year end	RON 2.824 thousand

VRANCART S.A.

„VRANCART” was established in 1991 under Law no. 15/1990, as a joint-stock trade company with juridical personality.

Company name	„VRANCART”
Type of company	Joint-stock trade company
Address	Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county, 625100
Telephone/Fax no.	0237.640.800 / 0237.641.720
Registered with the Trade Registry under no.	J39/239/1991
Tax code	1454846
Tax Identification Number	RO1454846
Paid-in share capital	RON 169.121.665
Nominal value of shares	RON 0,10/share
Number of shares	1.691.216.653

The company has its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county, and has working points opened in the following localities: Bucharest, Călimăneşti (Vâlcea county), Ungheni (Mureş county) and wastepaper collection points in: Bucharest, Iaşi, Focşani, Bacău, Ploieşti, Botoşani, Sibiu, Constanţa, Arad, Braşov, Piteşti, Timişoara, Cluj, Baia Mare, Craiova, Târgu Mureş, Brăila and Călimăneşti.

The main object of activity of „VRANCART” (NACE code 1721) is represented by the manufacturing and trading of the following products:



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

Also, by means of its wastepaper collection network, the company collects its raw material (paper and cardboard waste), as well as other recyclable waste which is sold to other partners.

Besides the activities mentioned above, VRANCART also performs activities to support its main activities (supporting activities): the production of utilities (industrial water, treated water for thermal boilers, process steam, wastewater clarifying), mechanical and electrical maintenance, transportation (within the company and to customers) and others.

In 2023, the average number of employees of the Group was 1.433 (2022: 1.389).

The Company's shares are listed on the Bucharest Stock Exchange, Standard category, with the indicative VNC, starting from July 15th, 2005.

As at December 31st, 2023, the Company is owned 76% by LION Capital S.A., 17% by Paval Holding S.R.L. and 7% by other shareholders.

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

In the context of the invasion of Ukraine by the Russian Federation, it must be stated that Vrancart has no physical operations on the territory of Ukraine, Russia or Belarus and has no 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 the economic effects of the political crisis in the region cannot be fully estimated, the Company considers that its good financial situation, the access to financing and the markets where it operates are a solid basis for ensuring business continuity and for restricting the negative effects of the economic and political crisis, in general.

ROM PAPER SRL

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

On January 20th, 2017, Vrancart completed the purchase of the majority stake (70%) in Rom Paper S.R.L. As at December 31st, 2022, Vrancart held 100% of the company's shares, following the purchase of 15% of the shares in June 2017, respectively the purchase of the last tranche of 15% of the shares in Rom Paper S.R.L. in June 2018.

As at December 31st, 2023, the Branch had a number of 112 employees (December 31st, 2022: 114 employees).



VRANCART RECYCLING SRL

Vrancart Recycling SRL (“Branch 2”) was established in August 2020 and it is a Romanian privately-owned company, having a sole shareholder. The main activity of this branch consists of the treatment and disposal of non-hazardous waste. The company is at the beginning of its activity and had a number of 89 employees as at December 31st, 2023 (December 31st, 2022: 73 employees).

ECOREP GROUP SA

Ecorep Group SA (“Branch 3”) was established in November 2020 and it is a Romanian privately-owned company. The main activity of this branch consists of the provision of services regarding the implementation of the obligations related to the producer’s extended liability for environmental targets. The company is at the beginning of its activity. The number of employees as at December 31st, 2023 is 7 employees (December 31st, 2022: 6 employees).

1.1.2. Evaluation of the Group’s technical level

The Group’s base production activities are organised by three different lines of business managed based on their own budgets, component parts of the Group’s general budget, that manufacture products for three different markets, namely:

- the paperboards market;
- the corrugated cardboard and corrugated cardboard packaging market;
- the tissue paper market.

The evolution of production on these markets in the past 3 years is presented in the table below:

Lines of business	M.U.	2023	2022	2021
Paperboards	to	69.597	87.010	88.255
Corrugated cardboard and corrugated cardboard packaging	to	59.222	69.655	69.627
Tissue paper	to	24.269	28.504	32.038

The share of each category of products in the Group’s total turnover in the past 3 years is presented in the table below:

Lines of business	M.U.	2023	2022	2021
Paperboards	%	6%	9%	9%
Corrugated cardboard and corrugated cardboard packaging	%	63%	63%	63%
Tissue paper	%	23%	19%	19%
Other activities	%	8%	9%	9%



The investments made in 2023, by groups of fixed assets, were as follows:

Investments made	Value (RON)
Buildings and building improvements	26,023,668
Technological equipment	48,161,443
Work apparatus and installations	2,546,979
Means of transport and other fixed assets	3,112,963
Intangible assets	174,904
TOTAL	80,019,957

1.1.3. Evaluation of the technical and material supply activity

The main raw material of VRANCART's paper mills is wastepaper. It is purchased by means of the Company's own collection centres or directly from generators.

The evolution of wastepaper collection in the past 3 years is presented below:

Wastepaper purchases	M.U.	2023	2022	2021
Purchases through the collection centres	to	87.864	87.866	82.484
	% out of the total purchases	66%	59%	57%
Direct purchases (Adjud)	to	44.996	61.793	62.100
	% out of the total purchases	34%	41%	43%
Total purchases	To	132.860	149.659	144.584
	%	100%	100%	100%

1.1.4. Evaluation of the sales activity

The evolution of deliveries of the Group's products by each market segment in the past 3 years is presented in the table below:

Lines of business	M.U.	2023	2022	2021
Paperboards	to	9.427	14.755	23.384
Corrugated cardboard and packaging	to	59.128	70.040	69.243
Tissue paper	to	29.229	34.951	31.374

The state of competition

On each market segment, there are several manufacturers of products similar to those produced by "VRANCART".

A. On the paperboards market in Romania, there were four competitors in 2023. The production capacities of the paper production plants, according to the public statements of the producers, are as follows:

Producer	Annual production capacity (to/year)
Ambro Suceava (Rossmann Group)	155.000
DS Smith, Zărnești	200.000



Vrancart Adjud	100.000
Romwelle (“CCH”), Turnu Severin	80.000
Total	535.000

All the mills use corrugated cardboard waste (wastepaper) as raw material for the production of paper, except for Romwelle that also uses cellulose as raw material, and the products obtained are relatively similar in terms of their characteristics and quality.

Most of the paper producers also have corrugated cardboard and corrugated cardboard packaging production plants, so that most of their own paperboards production is intended for their own consumption.

Market share evolution for Paperboards

Producers	2023	2022	2021
Vrancart	15%	16%	16%
Other producers	85%	84%	84%
Total	100%	100%	100%

Source: VRANCART estimates

B. On the corrugated cardboard and corrugated cardboard packaging market, in 2023 there were 9 competitors, out of which 5 have two mills each (Vrancart, Dunapack, DS Smith, Rossmann and Rondocarton).

The corrugated cardboard market is a **regional market** due to the high shipping costs for long distances. It is a **highly competitive** market, and in Romania **the orientation of consumers is towards products with low prices and average quality**.

The estimated production capacity of the 15 corrugated cardboard mills amounts to over 750 thousand tons per year. The consumption in 2023 was of 426 thousand tons (59% of the total production capacity), recording a reduction by approx. 3,1% in tons compared to the previous year.

Market share evolution for Corrugated cardboard and corrugated cardboard packaging

Producers	2023	2022	2021
Vrancart Adjud	14%	17%	17%
Other producers	86%	83%	83%
Total	100%	100%	100%

Source: VRANCART estimates

Corrugated cardboard producers in Romania in 2023

No.	Producer's name	Production capacity (to/year)
1	Rondocarton (2 mills)	160,000
2	Rossmann (2 mills)	120,000
3	Vrancart (2 mills)	120,000
4	Dunapack (2 mills)	120,000



5	DS Smith Group (2 mills)	80,000
6	VPK Salonta	60,000
8	Thimm Sura Mica	60,000
9	Europa Expres Iași	30,000
TOTAL		750.000

C. On the tissue paper market, with a market share of 14% in 2023 (taking into account only the domestic production), „VRANCART” Group remains one of the major tissue paper manufacturers in Romania.

Unlike its competitors, Vrancart produces tissue paper only from wastepaper, being the largest producer on the market and low amounts are also produced by Comceh Călărași.

In 2019, one of the major producers, Petrocart Piatra Neamț, became insolvent and shut down its tissue paper production.

At the end of 2020, Vrancart purchased, through bid, the tissue paper production machine from Petrocart, being included in the category of assets held for sale.

New production capacities will appear on the market in the coming period. Pehart Tec Group plans to invest Euro 20 million to develop new production capacities in order to increase its export volumes, for the energy efficiency of the production lines and for the diversification of its portfolio. (Source: <https://www.zfcorporate.ro>)

Producers	2023	2022	2021
Vrancart Adjud	14%	14%	14%
Other producers	86%	86%	86%
Total	100%	100%	100%

Source: VRANCART estimates

1.1.5. Evaluation of the aspects related to the Group's employees/personnel

a) Specification of the number and level of training of the trade company's employees, as well as of the degree of unionization of the labour force:

The average number of employees in 2023 was 1433 employees, out of which:

- 232 higher education graduates
- 547 high school graduates
- 414 vocational school graduates
- 240 middle school graduates

Out of the total number of employees, 150 are trade union members (there is only one trade union within the Company).

The labour force fluctuation index in 2023 was 24% (the number of employees that left the Company/ average number of employees x 100).

b) Description of the relations between the managers and the employees, as well as of any conflicting elements characterizing these relations.



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

1.1.6. Evaluation of the aspects related to the impact of the issuer's main activity onto the environment

Summarized description of the impact of the issuer's main activities onto the environment, as well as of any existing or foreseen litigations in relation to the violation of the environmental protection laws.

VRANCART S.A. has implemented an integrated quality-environment-health management and labour security system which was re-certified for multi-site in September 2022 by Lloyd's Register England, Bucharest Agency. The certified sites are: Vrancart S.A. Adjud, 17 Ecaterina Teodoroiu Street and the work point in Adjud, located in 17 Revolutiei Street.

The impact of the Company's activity onto the environment is constantly monitored through the implementation of the Environmental Management System and implicitly through the compliance with the laws in force and the **INTEGRATED ENVIRONMENT AUTHORISATION no. 1/18.03.2015, which was revised on April 14th, 2020.** According to the legislation in force, the INTEGRATED ENVIRONMENTAL AUTHORISATION is valid only with an annual endorsement. The work point did not require an environmental authorisation.

In the event of any changes in the operating conditions (e.g., production capacity increases, investments for the modernisation of the technological flows), in accordance with the legislation in force, the integrated environmental authorisation must be reviewed. This was the reason for the reviewing of the integrated environmental authorisation issued on April 14th, 2020.

1.1.7. Evaluation of the research and development activity

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

In 2019, "Gheorghe Asachi" Technical University in Iasi submitted a project for financing with the programme: PN-III-CERC-CO-PED-2016 with the name „Novel materials with optical properties for anti-counterfeiting paper" (OptiPaper). The project objective is to manufacture secured paper for money production, so as not to allow its counterfeiting and it will be carried out over a period of 2 years. Vrancart was a partner within the project, approved in November 2020. The project value amounted to RON 653.850, financed by the state budget in a proportion of 92%. The project was completed at the end of 2022.

1.1.8. Evaluation of the Group's activity on risk management

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

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

Information is further presented on the Group's exposure to each of the abovementioned risks, the Group's objectives, policies and processes for the assessment and management of risk and the procedures used for capital management. Also, other quantitative information is included in these financial statements.

The Group's policies for risk management are defined so as to provide the identification and analysis of the risks that the Group is facing, the establishment of adequate limits and controls, as well as the monitoring of risks and the compliance with the limits established. The risk





management policies and systems are regularly reviewed so as to reflect the changes occurred in the market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims at developing an orderly and constructive control environment where all the employees understand their roles and obligations.

Credit risk is the risk that the Group incurs a financial loss as a result of its partners' failure to comply with their contractual obligations. The maximum exposure to credit risk was:

Book value	December 31st, 2023	December 31st, 2022
Trade receivables and other receivables	74.408.633	104.969.853
Cash and cash equivalents	2.823.519	3.563.830
Restricted cash	-	1.881.991
Total	77.232.152	110.415.674

The Group covers the credit risk through the preparation and implementation of relevant credit policies (e.g. each new customer is analysed on an individual basis from the trustworthiness point of view before being given the standard payment and delivery conditions of the Group; sales limits are established for each separate customer), the customers failing to meet the conditions established by the Group may make transactions with it only after making an advance payment.

Liquidity risk – The Group makes sure that it has sufficient cash to cover its operating expenses. The following table shows the residual contractual maturities of the financial liabilities as at the end of the reporting period, including the estimated payments of interest:

December 31st, 2023	Book value	Contractual cash flows	less than 1 year	1 - 5 years	over 5 years
Loans	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	-	-
Financial leasing	31.298.723	31.298.723	9.320.959	21.977.764	-
Trade liabilities and other liabilities	74.158.402	74.158.402	73.221.193	937.209	-
Total	389.074.954	407.072.457	224.169.050	168.067.937	14.835.470

December 31st, 2022	Book value	Contractual cash flows	less than 1 year	1 - 5 years	over 5 years
Loans	194.522.500	203.597.654	71.897.076	119.099.604	12.600.973
Bonds	38.250.000	38.250.000	-	38.250.000	-
Financial leasing	24.064.469	24.064.469	7.718.425	14.713.402	1.632.642
Trade liabilities and other liabilities	88.546.934	88.546.934	87.918.343	628.591	-
Total	345.383.903	354.459.057	167.533.844	172.691.597	14.233.615

The Group's approach to managing liquidity consists of making sure, as far as possible, that it always has sufficient funds to pay its liabilities that reached their maturity dates, both under normal conditions and under stress conditions, without incurring unacceptable losses or endangering the Group's reputation.



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, affect the Group's revenues or the amount of the financial instruments it holds. The objective of managing this risk is to manage and control the exposures to market risk within acceptable limits and at the same time to optimize the return on investment.

Currency exchange risk

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

December 31 st , 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
Financial assets	77.232.152	69.838.167	7.356.948	31.254	5.784
Loans	245.368.034	43.883.066	201.484.968	-	-
Debts under leasing contracts	31.298.723	664.797	30.633.926	-	-
Trade liabilities and other liabilities	74.158.402	50.265.995	23.481.143	411.264	-
Financial liabilities	350.824.955	94.813.653	255.600.037	411.264	-
Total net financial assets /(liabilities)	(263.066.097)	(14.448.781)	(248.243.089)	(380.010)	5.784

December 31 st , 2022	TOTAL	RON	EUR	USD	Other currencies
Trade receivables and other receivables	104.969.853	95.132.428	9.950.407	(112.982)	-
Restricted cash	1.881.991	-	1.881.991	-	-
Cash and cash equivalents	3.563.830	2.046.610	1.514.998	1.408	815
Financial assets	110.415.674	97.179.038	13.347.396	(111.574)	815
Loans	194.522.500	72.111.281	122.411.219	-	-
Debts under leasing contracts	24.064.469	943.704	23.120.765	-	-
Trade liabilities and other liabilities	88.546.934	63.155.792	25.145.606	245.536	-
Financial liabilities	307.133.904	136.210.777	170.677.590	245.536	-
Total net financial assets /(liabilities)	(179.919.916)	(22.233.425)	(157.330.194)	(357.110)	815

Sensitivity analysis

An increase by 10 percentage points of RON as at December 31st compared to the currencies presented would have led to an increase (reduction) of profit or loss as follows:



December 31st, 2023: RON 24.861.731; (December 31st, 2022: RON 15.768.649). This analysis assumes that all the other variables, particularly the interest rates, remain constant.

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

- constantly monitoring liquidity;
- preparing short term forecasts on net liquidity;
- monitoring the cash inflows and outflows (on a daily basis), assessing the effects onto debtors, of access to financing and of the business environment in Romania and in the European area.

1.1.9. Prospects for the Group's business

In 2024, the Group will continue its development process through the implementation of large scale investments that will lead to the optimization and increase of the production capacity, as well as to the diversification of its product portfolio. Although their implementation will require great investment efforts and the discontinuation of the production flow (for the replacement/ upgrade of equipment), the Company expects its results to be at the same level as in the previous year.

2. THE GROUP'S TANGIBLE ASSETS

2.1. Specification of the emplacement and characteristics of the main production capacities owned by the Group

The following production capacities operate within the Group:

- a) *The corrugated cardboard production machine*, with an existing production capacity of 80.000 tons/ year;
- b) *The paperboards production machine*, with a production capacity of 100.000 tons/ year, under the condition of operation with 100% wastepaper as raw material;
- c) *The tissue paper machine*, with a production capacity of 25.500 tons/ year;

The land, the constructions and equipment are highlighted at re-evaluated value, as this represents the fair value as at the re-evaluation date less any amortisation accumulated subsequently and any impairment losses accumulated. Fair value is based on market price quotations, adjusted, if necessary, so as to reflect the differences related to the nature, location or the conditions of the asset in question, except for the equipment for which fair value was determined based on the replacement cost.

The re-valuations are performed by specialised assessors, members of the National Association of Authorized Assessors of Romania (ANEVAR). The last re-evaluation of the patrimony was made as at December 31st, 2022.

Tangible assets re-evaluations are made with sufficient regularity, so that their book value does not differ substantially from the value that would have been determined using the fair value as at the balance sheet date.

2.2. Description and analysis of the degree of wear of the Group's properties

Tangible assets items are amortised from the date when they are available for use or are in operating condition and for the assets built by the entity, from the date when the asset is finalised and ready for use.



Amortisation is calculated using the linear method during the estimated useful lifetime of the assets, as follows:

- Constructions 30-60 years
- Equipment 2-16 years
- Means of transport 4-8 years
- Furniture and other tangible assets 4-10 years

The technical condition of the production installations is maintained through the performance of predictive and current maintenance works.

The degree of wear in the records as at December 31st, 2023 is as follows:

(all the amounts are stated in RON thousand)

Degree of wear	Cost or re-evaluated value	Amortisation and depreciation	Wear
Special constructions and buildings	133.484	28.238	21%
Equipment and other fixed assets	513.956	264.521	51%

2.3. Specification of the potential problems related to the right of ownership onto the Group's tangible assets

A part of the Group's tangible assets is mortgaged or pledged to guarantee the loans granted by banks. The net book value of these pledged or mortgaged assets was RON 311.125 thousand as at 31.12.2023 (31.12.2022: RON 199.605 thousand). The net book value of the assets purchased through financial leasing as at 31.12.2023 is RON 181 thousand (31.12.2022: 0).

3. THE MARKET OF THE 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 are listed on the Bucharest Stock Exchange, standard category, with the indicative VNC, starting from July 15th, 2005.

The shareholding structure as at December 31st, 2023 is as follows:

- Lion Capital - 76,05 %
- Paval Holding - 17,29 %
- Legal entities - 2,75 %
- Natural persons - 3,91 %

3.2. Description of the Group's policy on dividends

The Company's policy on dividends is established by the Ordinary General Meeting of the Shareholders. Through the Decision no. 4 dated April 27th, 2023, the Ordinary General Meeting of the Shareholders decided to distribute dividends from the net profit of the financial year ended on December 31st, 2022, in the amount of RON 12.033.855, respectively a gross amount of a dividend of RON 0,01/share.



Year	Net profit	Legal reserve	Dividends	Development fund*	Loss coverage	Other purposes**
2021	9.868.525	576.826	5.054.219	1.444.268	-	2.793.212
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	-	-

* These amounts represent tax facilities that the Company received from the tax exemption on reinvested profits (art. 22 of the applicable Tax Code).

** The distribution of the Group's profit is the responsibility of the General Meeting of Shareholders and will be determined at the meeting of April 2024.

3.3. Description of any activities of the Group to redeem its shares

From its establishing, the Group has not purchased or held at any time its own shares.

3.4. If the trade company has any branches, specification of the number and nominal value of the shares issued by the parent-company held by the branches

On January 19th, 2017, the company completed the acquisition of the shares of **Rom Paper SRL (Branch 1)**, an acquisition that was approved by the Ordinary General Meeting of the Shareholders. The acquisition contract provided the acquisition in three annual tranches of 70% (completed), 15% (completed) and 15% (completed in 2018). Following the acquisition, Vrancart holds 100% of the shares as at December 31st, 2023.

Vrancart Recycling SRL (Branch 2) was established in August 2020 and it is a Romanian privately-owned company, having a sole shareholder. Vrancart holds 100% of the share capital of the branch as at December 31st, 2023.

Ecorep Group SA (Branch 3) was established in November 2020 and it is a Romanian privately-owned company. Vrancart holds 99,6% of the shares as at December 31st, 2023.

3.5. If the Group issued any bonds and/or other debt securities, presentation of the modality in which it pays its obligations to the holders of such securities

In 2017, the company „VRANCART” S.A. Adjud issued bonds convertible into shares. Through the Decision no. 156/February 1st, 2017, the Financial Supervisory Authority approved the bond issuance prospectus in the amount of RON 38.250.000, with the interest Robor 3m + 2%, with the maturity term in 7 years. On March 13th, 2017, the company completed the issuance process through the subscription in a proportion of 100% of the issued bonds. The bonds are listed on the Bucharest Stock Exchange.

4. THE GROUP'S MANAGEMENT

4.1. The Group's Directors

a) Presentation of the list of directors of the trade company and of the following information for each director (surname, name, age, qualification, professional experience, position and the accumulated service) as at December 31st, 2023:

1. Ciucioi Ionel-Marian - 46 years old, economist,
Chairman of the Board of Directors and General Manager for 10 years
2. Drăgoi Bogdan Alexandru - 44 years old, economist,
Member of the Board of Directors of Vrancart for 8 years
3. Mihailov Sergiu - 44 years old, economist,



Member of the Board of Directors of Vrancart for 6 years

4. Fercu Adrian - 47 years old, economist,
Member of the Board of Directors of Vrancart for 3 years

5. El lakis Rachid - 27 years old, economist,
Member of the Board of Directors of Vrancart for 2 years.

b) any agreement, understanding or family relationship between the director in question and another person due to which that person was appointed as director.

Not applicable.

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

The directors' participation in the Company's capital as at December 31st, 2023:

1. Ciucioi Ionel-Marian – 0 shares
2. Drăgoi Bogdan Alexandru – 0 shares
3. Mihailov Sergiu – 0 shares
4. Fercu Adrian – 0 shares
5. El Lakis Rachid – 0 shares

d) Remuneration policy

The company „VRANCART” SA published a separate report on the remuneration policy, in accordance with the provisions of art. 107 of Law no. 24/2017 on the issuers of financial instruments. The separate report comprising the remuneration policy is made available to the public, free of charge, on the Company's website www.vrancart.ro, for the period of time provided by law and it is updated whenever changes occur.

e) the list of persons affiliated to the Group

The parties are considered 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 through ownership or based on some contractual rights, family relationships or relationships of any other kind, as defined by IAS 24 “Related party disclosures”.

The persons that are part of the Board of Directors and the Steering Board, as well as Lion Capital, that is the main shareholder, together with the other companies controlled by it, are considered affiliated parties.

4.2. The Group's executive management

a) The executive management of the Group as at December 31st, 2023 was provided by Nicolae-Paul DUMITRESCU, as General Manager and Nicu-Ciprian FEDOR, as Deputy General Manager.

b) any agreement, understanding or family relationship between the person in question and another person due to which that person was appointed as a member of the executive management.

- Not applicable.

c) The participation of the Company's managing members in the share capital.

- None of the managing members of the Group hold any shares.

4.3. Potential disputes or administrative procedures



For all the persons presented under items 4.1. and 4.2., specification of the potential disputes or administrative procedures they were involved in, in the past 5 years, relating to their activity within the issuing company, as well as those related to the capacity of that person to fulfil their tasks within the issuing company.

- Not applicable.

5. INTERNAL CONTROL AND RISK MANAGEMENT

Internal control monitors and checks regularly the application of the new legal provisions relevant for the Group's business, verifies the compliance with the Group's internal regulations that were established through internal decisions and regulations, the completion of the existing regulations or the inclusion of new regulations specific to the Group's economic activity, the establishing or improvement of the Group's internal procedures.

The general objectives of internal audit for 2023 were focused in particular on risk management, as well as on the assessment of the general system of controls implemented for transactions and/or flows.

The consolidated financial statements of Vrancart Group for the financial year ended on December 31st, 2023 were audited by the audit firm PwC – an independent financial auditor, appointed by the Ordinary General Meeting of the Shareholders of April 27th, 2023 for a period of 2 years.

The audit opinion states that the financial statements provide a fair view, in all significant aspects, of the financial position, as well as of the comprehensive income and of the cash flows for the financial year ended on December 31st, 2023 and it is in compliance with the International Financial Reporting Standards adopted by the European Union.

6. SOCIAL RESPONSIBILITY

„VRANCART” group of companies constantly carries out activities related to the Company's social responsibility and each year it supports either directly or through foundations/ specialised associations the unprivileged categories of people from the local community where it carries out its activity.

Also, the issuer is directly involved in supporting the young talents in sports, arts and music, as well as other social activities within the local community that it belongs to.

7. NON-FINANCIAL STATEMENT

“VRANCART” group of companies will draft a separate report on information related to the consolidated non-financial statement and the aspects related to diversity, in accordance with the provisions of chapter 7 of Order no. 2844/2016. The separate report concluded for 2023 will be made available to the public on the Company's website www.vrancart.ro, until June 30th, 2024.

8. THE FINANCIAL AND ACCOUNTING STATEMENTS

The consolidated financial statements are drawn up by the Company in accordance with the requirements of the Order of the Ministry of Finances 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 according to the procedure provided by the (EC) Regulation no. 1.606/2012 of the European



Parliament and of the Council dated July 19th, 2002 on the application of the International Accounting Standards.

Summarised presentation of the financial performance indicators in the past 3 years

Indicator's name	M.U.	December 31 st , 2023	December 31 st , 2022	December 31 st , 2021
Overall liquidity	ratio	0.82	1.50	1.11
Immediate liquidity	ratio	0.48	1.01	0.67
Stock turnover	rot/year	7	7	6
Debt recovery	days	54	62	81
Reimbursement of trade liabilities	days	41	42	59
Operating profitability	%	3,76%	6,20%	3%
Gross profit ratio	%	1,31%	4,23%	2%

The overall and immediate liquidity as at December 31st, 2023 were impacted by the approaching deadline (March 17th, 2024) within less than 1 year, of the mandatory loan in the amount of RON 38.250.000. If we were to abstract from this amount, the overall liquidity would be 0,82, while immediate liquidity would be 0,48.

The average debt recovery period continued to improve considerably, up to 54 days compared to 62 days (2022) and 81 days (2021). Also, the average payment term of suppliers was 1 day shorter compared to 2022 and 18 days shorter compared to 2021. Stock turnover remained constant compared to the previous year. Profitability rates depreciated as a result of the pressure on the decrease in selling prices, but also as a result of the increase in labour costs and amortisation, still remaining positive.

8.1. Consolidated statement of financial position for the past 3 years

(RON)	December 31 st , 2023	December 31 st , 2022	December 31 st , 2021
ASSETS			
Tangible assets	552.107.867	425.202.360	338.408.016
Downpayments for tangible assets	23.363.024	37.053.636	-
Intangible assets	3.785.076	5.114.021	5.850.271
Other non-current assets	1.224.189	1.204.663	39.594
Goodwill	8.526.391	8.526.391	8.526.391
Total non-current assets	589.006.547	477.101.071	352.824.272
Inventories	76.630.055	81.370.713	72.156.949
Trade receivables	74.408.633	104.969.853	101.927.129
Prepaid expenses	1.054.817	4.483.704	1.115.940
Receivables related to current profit tax	835.908	-	242.518
Other receivables	10.526.706	15.627.368	3.856.477
Restricted cash	-	1.881.991	-
Cash and cash equivalents	2.823.520	3.563.830	2.368.775
Assets held for sale	19.725.761	-	-
Total current assets	186.005.400	211.897.459	181.667.788
TOTAL ASSETS	775.011.947	688.998.530	534.492.060

**EQUITY**

Share capital	169.121.665	120.338.551	120.363.081
Reserves	179.992.645	176.252.881	115.453.878
Retained earnings	8.432.683	18.783.273	4.689.698
Non-controlling interests	(3.757)	(3.114)	(1.040)
Total equity	357.543.235	315.371.591	240.505.617

LIABILITIES

Long-term loans	140.955.586	125.981.209	58.706.910
Long-term liabilities under leasing agreements	21.977.764	16.346.044	17.870.254
Long-term loans from bond issues	-	38.164.800	37.949.400
Deferred income	13.137.193	11.735.050	9.620.784
Long-term debts to employees	444.379	440.169	422.307
Liabilities related to deferred profit tax	13.894.851	14.766.201	5.128.351
Other long-term liabilities	492.830	188.422	323.422
Total long-term liabilities	190.902.603	207.621.895	130.021.428

Short-term trade liabilities	57.577.273	70.804.082	74.347.087
Short-term loans	104.412.448	68.541.291	71.301.775
Short-term liabilities under leasing agreements	9.320.959	7.718.425	5.864.025
Short-term loans from bond issues	38.250.000	-	-
Deferred income	1.361.714	1.826.984	2.219.654
Debts to employees	7.072.857	7.646.369	5.104.218
Liabilities related to current profit tax	92.996	680.223	-
Other liabilities	8.477.862	8.787.670	5.128.256
Total current liabilities	226.566.109	166.005.044	163.965.015
TOTAL LIABILITIES	417.468.712	373.626.939	293.986.443
TOTAL EQUITY AND LIABILITIES	775.011.947	688.998.530	534.492.060

8.2. Consolidated statement of comprehensive income for the past 3 years

(RON)	2023	2022	2021
Income from turnover	500.299.036	607.354.159	453.888.676
Income from operating subsidiaries	12.922.747	3.421.768	
Other income	10.248.680	13.763.542	8.596.073
Variation in finished product inventories and production in progress	3.733.454	6.787.240	7.873.449
Expenses related to raw materials and consumables	(225.478.150)	(331.925.706)	(271.358.232)
Expenses related to commodities	(54.073.764)	(56.152.237)	(16.052.868)
Third-party expenses	(47.561.802)	(53.262.802)	(40.434.950)
Personnel-related expenses	(120.053.600)	(99.542.909)	(82.610.222)
Expenses related to amortisation and depreciation of tangible assets	(42.988.971)	(34.976.920)	(35.138.123)
Other expenses	(18.234.873)	(17.785.815)	(12.351.068)
Operating result	18.812.757	37.680.320	12.412.735



Financial income	1.530.677	557.455	588.277
Financial expenses	(13.765.270)	(12.561.518)	(5.233.951)
Profit (loss) before taxation	6.578.164	25.676.257	7.767.061
Profit tax expense	(1.155.779)	(2.729.364)	(1.422.806)
Profit (loss) for the year	5.422.385	22.946.893	6.344.255
- of the Parent-company	5.423.028	22.948.967	6.345.576
- of non-controlling interests	(643)	(2.074)	(1.321)
Other comprehensive income items			
Changes in the reserve from the revaluation of tangible assets, net of deferred tax	-	56.954.484	(804.041)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	5.422.385	79.901.377	5.540.214
- of the Parent-company	5.423.028	79.903.451	5.541.535
- of non-controlling interests	(643)	(2.074)	(1.321)

8.3. Consolidated statement of cash flows for the past 3 years

(RON)	2023	2022	2021
Cash flows from operating activities			
Amounts collected from customers	621.410.211	709.841.715	494.782.114
Payments to suppliers	(377.721.090)	(521.495.607)	(344.444.838)
Payments to employees	(81.926.320)	(68.137.816)	(56.334.135)
Payments to the state budget	(77.381.844)	(73.360.237)	(62.360.626)
Profit tax paid	(2.898.685)	(2.559.452)	(2.850.515)
Net cash flows from operating activities	81.482.272	44.288.603	28.792.000
Cash flows from financing activities			
Payments for the purchase of tangible and intangible assets	(144.411.984)	(87.942.311)	(47.392.125)
Letters of credit for the purchase of non-current assets	-	(1.881.991)	-
Guarantees for obtaining authorization licenses	-	-	(2.000.000)
Amounts collected from the sale of tangible assets	4.127.880	1.354.572	380.648
Interests collected	7.331	3.257	934
Net cash flows from financing activities	(140.276.773)	(88.466.473)	(49.010.543)
Cash flows from financing activities			
Amounts collected from loans	99.973.186	162.731.364	48.473.525
Share capital increase	48.894.047	476.774	16.736.768
Payments for leasing	(10.209.182)	(7.715.515)	(4.660.190)
Interests paid under leasing agreements	(316.893)	(236.274)	-
Loans reimbursed	(60.929.289)	(95.995.135)	(33.683.401)
Interests paid	(7.546.025)	(8.936.054)	-
Dividends paid	(11.811.653)	(4.952.235)	(9.837.462)
Net cash flows from financing activities	58.054.191	45.372.925	17.029.240



Net increase/(reduction) of cash and cash equivalents	(740.312)	1.195.055	(3.189.303)
Cash and cash equivalents as at the financial year beginning	3.563.830	2.368.775	5.558.078
Cash and cash equivalents as at the financial year end	2.823.520	3.563.830	2.368.775

9. MAJOR EVENTS OCCURRED AFTER THE FINANCIAL YEAR END

On January 9th, 2024, the Ordinary General Meeting of Shareholders took place and approved the ratification of the resolution of the Board of Directors no. 43/05.10.2023, regarding the modification of some credit facilities in the relation with BRD-GSG, for the implementation of the project financed by state aid.

On January 25th, 2024, the Extraordinary General Meeting of Shareholders took place, which approved the increase of the Company's share capital by the amount of RON 31.920.075, through the issuance of new shares.

On March 17th, 2024, the full repayment of the bonds, as well as of the interest related to the last payment coupon, took place and currently the Company has fully paid the obligations stipulated in the Issue prospectus.

The directors' report was approved by the Board of Directors of VRANCART SA.

SIGNATURES

The report will be signed by the authorised representative of the Board of Directors, by the manager/ the executive manager and by the financial manager of the Company.

Ciucioi Ionel-Marian

Chairman of the Board of Directors

Dumitrescu Nicolae-Paul

General Manager

Arsene Vasilica-Monica

Financial Manager