

Independent Auditor's Report

To the Shareholders of Vrancart S.A.

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 S.A. (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2023, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the Order of the Minister of Public Finance no. 2844/2016 for the approval of the accounting regulations compliant with International Financial Reporting Standards and subsequent amendments (the "OMPF 2844/2016").

Our opinion is consistent with our additional report to the Audit Committee issued on 29 March 2024.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- 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 2023 are identified as follows:

- Total consolidated equity: lei 357,543,235;
- Consolidated net profit for the year: lei 5,422,385.

The Company's registered office is in Romania, Vrancea county, Adjud, 17 Ecaterina Teodoroiu Street, and the Company's 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 and subsequent amendments (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 International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics

Standards Board for Accountants (IESBA Code) and the ethical requirements of the Regulation 537/2014 and the Law 162/2017 that are relevant to our audit of the consolidated financial statements in Romania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Regulation 537/2014 and the Law 162/2017.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company and its controlled entities within the European Union are in accordance with the applicable law and regulations in Romania and that we have not provided non-audit services that are prohibited under Article 5(1) of the Regulation (EU) 537/2014.

The non-audit services that we have provided to the Company and its controlled entities within the European Union, in the period from 1 January 2023 to the date of issuing this report, are disclosed in Note 25 to the consolidated financial statements.

Our audit approach

Overview



The overall materiality threshold adopted for the purposes of our audit was set at lei 3,000,000, which approximate 0.6 % of Consolidated Revenue from contracts with customers.

As an audit firm 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 sum of total assets of all the consolidated Group companies.

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.

Overall Group materiality	lei 3,000,000
How we determined it	0.6% of Consolidated Revenue from contracts with customers
Rationale for the materiality benchmark applied	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 0.6% because based on our professional judgment it is within the acceptable quantitative thresholds of materiality.

Key audit matter

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.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
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Recognition of revenue from contracts with customers

In 2023 the Group recognized revenue from contracts with customers in the amount of RON 500,299,036 for which the accounting policies was described in notes 3n and the details were included in note 21 of the consolidated financial statements.

The Group generates revenue mainly from sales of finished goods and merchandise in the form of paperboards, corrugated cardboard and packaging and tissue paper.

Revenue is recognized when the control over goods is transferred to the buyer. Revenue is recognized at an amount equal to the transaction price (including the related discounts granted) resulting from the agreements signed with customers representing the consideration for the performance obligation performed.

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

Our audit procedures included in particular:

- assessing compliance of the Group's accounting policies regarding the recognition of revenue from contracts with customers with the related financial reporting standards;
- understanding and assessing the internal control environment, including the IT environment, regarding the recognition, valuation and presentation of individual types of revenue;
- conducting, on a selected sample, efficiency tests of selected internal controls, in terms of correctness and accuracy of applied selling prices and compliance of the invoice with the order and with the shipping document;
- performing tests, for a selected sample, consisting of e.g., on confirmations of certain aspects of the transactions with customers or on verifying sales transactions against supporting documents (invoices, contracts

fraud, we recognized that this is a key matter for our audit.

with customers, shipping and payment received);

- analysing of trends in recognized revenue from contracts with customers and explaining of unusual variance;
- 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 Group's customers;
- analysing of non-standard posting patterns in the transactions log in the audited year and considering the element of unpredictability when selecting the type, timing and extent of audit procedures;
- assessment of the appropriateness of disclosures in the consolidated financial statements regarding revenues from contracts with customers.

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 full audit testing for each of the entities in the Group.

Other matters

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another firm of auditors whose report, dated 27 March 2023, expressed an unmodified opinion on those consolidated financial statements.

Reporting on other information including the Administrators' Consolidated Report

The Administrators are responsible for the other information. The other information comprises the Administrators' Consolidated Report and the Remuneration Report, information included in Annual Report (the "Annual 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.

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.

In accordance with OMFP 2844/2016, article 48, in connection with our audit of the consolidated financial statements, our responsibility is to verify whether the Non-Financial Statement was prepared.

As stated in section no 5.10 of the Administrators' Consolidated Report, the Group declared that it will make the Non-Financial Statement publicly available within 6 months from the balance sheet date.

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 verify whether the Remuneration report contains the information required by Law 24/2017, article 107, alignments (1) and (2).

With respect to Remuneration Report, we read the Remuneration Report in order to determine whether this contains the information required by Law 24/2017, article 107 alignments (1) and (2). We have nothing to report in this regard.

With respect to the Administrators' Consolidated Report our responsibility is to consider whether the Administrators' Consolidated Report was prepared in accordance with OMPF 2844/2016, articles 26-28.

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

- the information given in the Administrators' Consolidated Report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements;
- the Administrators' Consolidated Report has been prepared in accordance with OMPF 2844/2016, articles 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 Administrators' Consolidated Report and other information that we obtained prior to the date of this auditor's report. 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 International Financial Reporting Standards as adopted by the European Union and OMPF 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 to 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

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 Group 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 2023 **in the digital files xxx** (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 to comply with the requirements of Law 24/2017, Financial Supervision Authority Regulation 7/2021 and art. 3 and 4 of the Commission Delegated Regulation (EU) 2018/815 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 (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 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 iXBRL 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 noncompliance with the requirements of the ESEF Regulation.

Members of the Supervisory Board 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 Electronic Reporting Format of the Consolidated financial statements, including the preparation of the HTML 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 iXBRL 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; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

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 appointed by Ordinary General Shareholders Meeting as auditors of Vrancart S.A. on 27 April 2023. This is the first year of our appointment as auditors.

The financial auditor responsible for carrying out the audit resulting in this independent auditor's report is Florin Deaconescu.

On behalf of

PricewaterhouseCoopers Audit SRL

Audit firm registered with

the Public Electronic Register of financial auditors and audit firms under no FA 6

**Refer to the original
signed Romanian version**

Florin Deaconescu

Financial auditor registered with

the Public Electronic Register of financial auditors and audit firms under no AF1524

Bucharest, XX XX 2024