



Translation for information purposes only

## Quarterly report for the 3<sup>rd</sup> quarter of 2022 according to the Financial Supervisory Authority Regulation no. 5/2018

Date of report	November 15 <sup>th</sup> , 2022
Name of the issuing entity	VRANCART S.A.
Registered office	Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county
Telephone/fax no.:	0237-640.800; 0237-641.720
Tax Identification Number	1454846
Trade Registry registration no.	J39/239/1991
Subscribed and paid-in share capital	RON 120.338.551
The regulated market onto which the securities issued are traded	The Bucharest Stock Exchange

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

During the first nine months of 2022, the evolution of Vrancart S.A. (hereinafter referred to as “the Company”) was influenced by the effects of price increases for raw materials, materials and commodities and by the increase of service and utilities fees which occurred in 2022.

In spite of the negative impact onto the company’s financial situation, the results recorded by VRANCART S.A. in the first nine months of 2022 confirm the Company's ability to continue to generate profits and its financial strength. Thanks to an agile commercial and pricing policy, the company was able to constantly adapt its sale prices to the new, particularly volatile market conditions.

During this period, the net profit recorded by the company was RON 9.080.959.

The interim (simplified, not audited) individual financial statements as at September 30<sup>th</sup>, 2022 according to 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 are enclosed hereto.



The interim individual financial statements for the first nine months of 2022 have not been revised by an independent external auditor, as this is not a legal or statutory requirement.

### 1.1. Balance sheet items

<i>(all items in RON, unless otherwise stated)</i>	<b>September 30<sup>th</sup>, 2022</b>	<b>December 31<sup>st</sup>, 2021</b>
Non-current assets	357.162.571	350.403.228
Current assets, out of which:	182.718.726	147.801.274
- Trade receivables	94.372.174	84.112.306
<b>Total assets</b>	<b>539.881.297</b>	<b>498.204.502</b>
<b>Total liabilities, out of which:</b>	<b>287.874.553</b>	<b>250.685.993</b>
Current liabilities	186.892.199	133.290.485
<b>Equity, out of which:</b>	<b>252.006.744</b>	<b>247.518.509</b>
- Reserves	114.891.830	116.569.364
- Retained earnings	16.776.363	10.586.064

As at September 30<sup>th</sup>, 2022 and during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2022, the evolution of the main financial indicators was as follows:

- The Company's non-current assets increased by 2% following the commissioning of some investments completed in the first 9 months of 2022.
- The amount of the Company's current assets increased by approx. 24% as at September 30<sup>th</sup>, 2022 from the year beginning, mainly due to the increase of trade receivables by 12% generated by a higher activity volume, as well as by positively adjusted prices and the turnover is higher by 49% compared to the first 9 months of the previous year.
- Trade receivables increased during the first nine months of 2022 compared to the beginning of the year by RON 10.259.868, following the sales volume increase, as well as following some price increases, in the context of reduction of the average number of days for collection of the receivables.
- The total liabilities recorded as at September 30<sup>th</sup>, 2022 amount to RON 287.874.553, up by 15% from the amount recorded as at January 1<sup>st</sup>, 2022, mainly due to the additional working capital financing, by using short-term credit lines.
- The amount of equity as at September 30<sup>th</sup>, 2022 is RON 252.006.744, the additional capitalisation being 2% compared to the beginning of the year, following the incorporation of the profit achieved during the first 9 months. The Company's reserves remained at a relatively constant level compared to the beginning of the year.



## 1.2. Profit and loss account

<i>(all items in RON, unless otherwise stated)</i>	<b>September 30<sup>th</sup>, 2022</b>	<b>September 30<sup>th</sup>, 2021</b>
Operating income, out of which:	410.100.505	270.403.652
<i>Income from turnover</i>	399.554.823	268.559.625
Operating expenses	(393.736.352)	(256.192.492)
<b>Operating profit</b>	<b>16.364.153</b>	<b>14.211.160</b>
Financial income	44.320	379.626
Financial expenses	(5.936.208)	(2.761.236)
<b>Total income</b>	<b>410.144.825</b>	<b>270.783.278</b>
<b>Total expenses</b>	<b>(399.672.560)</b>	<b>(258.953.728)</b>
<b>Gross profit</b>	<b>10.472.265</b>	<b>11.829.550</b>
<b>Net profit</b>	<b>9.080.959</b>	<b>10.519.461</b>

The Company's evolution during the first nine months of 2022 was influenced by the increase in raw material prices and utility tariffs generated by international market trends, which were also reflected in the local market, as well as by the increase in salary expenses and services provided by third parties.

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

During the first nine months of 2022 compared to the same period of the previous year, the main indicators of the Profit and Loss Account are as follows:

- The total income during the analysed period amounted to RON 410.144.825, up by 51% from the same period of the previous year, due to the increase of the production volume achieved and the sales of finished and semi-finished products.
- The total expenses for the period amounted to RON 399.672.560, up by 54% from the same period of the previous year, but the cost of raw materials contributes to this evolution by a 63% increase following the impact of the increasing trend of purchase prices.
- The Company's operating profit recorded an increase by 15% as a result of the abovementioned effects. The net profit, in spite of the 14% decrease compared to the same reporting period of the previous year, is at the level estimated in the Revenues and Expenses Budget.



### 1.3. Cash flows

<i>(all items in RON, unless otherwise stated)</i>	<b>September 30<sup>th</sup>, 2022</b>	<b>September 30<sup>th</sup>, 2021</b>
<i>Cash flows from operating activities</i>		
Amounts collected from operating activities	458.532.612	289.128.702
Payments made from operating activities	(447.366.074)	(274.416.725)
<b>Net cash flows from operating activities</b>	<b>11.166.538</b>	<b>14.711.977</b>
<i>Cash flows from investment activities</i>		
Amounts collected from investment activities	1.552.575	271.764
Payments made from investment activities	(31.853.274)	(39.187.263)
<b>Net cash flows from investment activities</b>	<b>(30.300.699)</b>	<b>(38.915.499)</b>
<i>Cash flows from financing activities</i>		
Amounts collected from financing activities (including bond issues)	55.528.192	57.988.975
Payments made from financing activities	(36.331.522)	(36.345.671)
<b>Net cash flows from financing activities</b>	<b>19.196.670</b>	<b>21.643.304</b>
<b>Balance as at the beginning of the period</b>	<b>1.536.938</b>	<b>4.332.741</b>
<b>Balance as at the end of the period</b>	<b>1.599.447</b>	<b>1.772.523</b>

The balance of cash and cash equivalents recorded as at September 30<sup>th</sup>, 2022 is positive, namely RON 1.599.447. During this period, the Company was able to manage its funds in an effective manner and met all its payment obligations in due time.

### 2. Economic and financial indicators as at September 30<sup>th</sup>, 2022, according to Appendix no. 13 to the Financial Supervisory Authority Regulation no. 5/2018

Indicator's name	Calculation modality	M.U.	Result
<b>Current liquidity indicator</b>	Current assets/Current liabilities	ratio	0,98
<b>Indebtedness degree indicator</b>	Borrowed capital/Equity*100	%	29 *
	Borrowed capital/Employed capital *100	%	22 *
<b>Debts-customers turnover</b>	Average customers balance/Turnover * 270	days	70
<b>Non-current assets turnover</b>	Turnover/Non-current assets	ratio	1,1

\* Borrowed capital includes long-term bank loans and long-term loans from bond issues.

**CIUCIOI Ionel-Marian**

Chairman of the Board of Directors

**ARSENE Vasilica-Monica**

Financial Manager

*Translation for information purposes only*

**VRANCART S.A.**

**Interim individual financial statements  
(simplified, not audited)  
as at September 30th, 2022**

drawn-up in accordance with  
the Order of the Public Finance Ministry no. 2844/2016  
for the approval of the Accounting regulations compliant with the  
International Financial Reporting Standards, applicable to trade companies  
whose securities are admitted to trading on a regulated market

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Vrancart S.A.

## Individual statement of financial position

as at September 30<sup>th</sup>, 2022

(all amounts in RON, unless otherwise stated)

	September 30 <sup>th</sup> , 2022	December 31 <sup>st</sup> , 2021
<b>ASSETS</b>		
Tangible assets	307.217.847	300.076.409
Intangible assets	997.585	1.379.680
Goodwill	3.380.811	3.380.811
Financial assets	45.566.328	45.566.328
<b>Total non-current assets</b>	<b>357.162.571</b>	<b>350.403.228</b>
Inventories	64.124.630	58.601.760
Trade receivables	94.372.174	84.112.306
Prepaid expenses	2.263.862	517.486
Receivables related to current profit tax	371.286	212.055
Other receivables	19.987.327	2.820.729
Cash and cash equivalents	1.599.447	1.536.938
<b>Total current assets</b>	<b>182.718.726</b>	<b>147.801.274</b>
<b>TOTAL ASSETS</b>	<b>539.881.297</b>	<b>498.204.502</b>
<b>EQUITY</b>		
Share capital	120.338.551	120.363.081
Reserves	114.891.830	116.569.364
Retained earnings	16.776.363	10.586.064
<b>Total equity</b>	<b>252.006.744</b>	<b>247.518.509</b>
<b>LIABILITIES</b>		
Long-term loans	34.297.920	47.751.510
Long-term loans from bond issues	37.949.400	37.949.400
Long-term loans from leasing agreements	17.743.639	17.768.484
Deferred income	7.525.186	9.034.757
Long-term provisions	422.307	422.307
Liabilities related to deferred profit tax	2.720.480	4.145.628
Other long-term liabilities	323.422	323.422
<b>Total long-term liabilities</b>	<b>100.982.354</b>	<b>117.395.508</b>
Short-term trade liabilities	61.566.266	61.919.951
Short-term loans	104.708.163	54.642.483
Short-term liabilities under leasing agreements	5.864.028	5.864.025
Deferred income	2.012.878	2.012.878
Debts to employees	6.205.604	4.394.786
Other liabilities	6.535.260	4.456.362
<b>Total current liabilities</b>	<b>186.892.199</b>	<b>133.290.485</b>
<b>TOTAL LIABILITIES</b>	<b>287.874.553</b>	<b>250.685.993</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>539.881.297</b>	<b>498.204.502</b>

CIUCIOI Ionel-Marian  
General Manager

ARSENE Vasilica-Monica  
Financial Manager

Vrancart S.A.

## Individual statement of comprehensive income

as at September 30<sup>th</sup>, 2022

(all amounts in RON, unless otherwise stated)

	September 30 <sup>th</sup> , 2022	September 30 <sup>th</sup> , 2021
Income from turnover, out of which:	399.554.823	268.559.625
<i>Income from the sale of goods</i>	33.075.192	12.561.195
Other income	6.680.095	1.734.232
Variation of finished products inventories and production in progress	3.865.587	109.795
Expenses related to raw materials and consumables	(238.140.766)	(146.490.383)
Expenses related to commodities	(21.862.686)	(7.389.761)
Third-party expenses	(35.103.587)	(21.461.372)
Personnel-related expenses	(62.057.019)	(50.279.631)
Expenses related to amortisation and from revaluation	(20.779.424)	(20.956.798)
Other expenses	(15.792.870)	(9.614.547)
<b>Operating result</b>	<b>16.364.153</b>	<b>14.211.160</b>
Financial income	44.320	379.626
Financial expenses	(5.936.208)	(2.761.236)
<b>Profit / (Loss) before taxation</b>	<b>10.472.265</b>	<b>11.829.550</b>
Profit tax income / (expense)	(1.391.306)	(1.310.089)
<b>Profit / (Loss) for the year</b>	<b>9.080.959</b>	<b>10.519.461</b>
<b>Other comprehensive income items</b>		
Increases in the reserve from the revaluation of tangible assets, net of deferred tax	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>9.080.959</b>	<b>10.519.461</b>

CIUCIOI Ionel-Marian  
General Manager

ARSENE Vasilica-Monica  
Financial Manager



Vrancart S.A.

## Individual statement of changes in equity

as at September 30<sup>th</sup>, 2022

(all amounts in RON, unless otherwise stated)

	Share capital	Reserves from the revaluation of tangible assets	Other reserves	Retained earnings	Total equity
<b>Balance as at January 1<sup>st</sup>, 2022</b>	<b>120.363.081</b>	<b>53.327.398</b>	<b>63.241.966</b>	<b>10.586.064</b>	<b>247.518.509</b>
<b>Comprehensive income for the period</b>					
Net profit/loss for the year	-	-	-	9.080.959	9.080.959
Changes in the reserve from the revaluation of tangible assets, net of deferred tax	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	<b>9.080.959</b>	<b>9.080.959</b>
Distribution from retained earnings	-	-	-	(5.054.219)	(5.054.219)
Share premiums	-	-	43.346	-	43.346
Other changes	(24.530)	-	-	442.679	418.149
Transfer of the revaluation reserve to retained earnings following the cassation of tangible assets	-	(2.048.666)	327.786	1.720.880	-
<b>Balance as at September 30<sup>th</sup>, 2022</b>	<b>120.338.551</b>	<b>51.278.732</b>	<b>63.613.098</b>	<b>16.776.363</b>	<b>252.006.744</b>

**CIUCIOI Ionel-Marian**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager

Vrancart S.A.

## Individual statement of cash flows

as at September 30<sup>th</sup>, 2022

(all amounts in RON, unless otherwise stated)

	September 30 <sup>th</sup> , 2022	September 30 <sup>th</sup> , 2021
<b>Cash flows from operating activities</b>		
Amounts collected from customers	458.532.612	289.128.702
Payments to suppliers	(359.830.395)	(197.768.957)
Payments to employees	(41.463.300)	(34.559.921)
Payments to the state budget	(43.512.927)	(39.581.299)
Profit tax paid	(2.559.452)	(2.506.548)
<b>Cash flows from operating activities</b>	<b>11.166.538</b>	<b>14.711.977</b>
<b>Cash flows from investment activities</b>		
Payments for the purchase of tangible assets	(31.853.274)	(23.587.263)
Payments for the purchase of financial assets	-	(15.600.000)
Amounts collected from the sale of tangible assets	1.550.519	271.002
Interests collected	2.056	762
<b>Net cash flows from investment activities</b>	<b>(30.300.699)</b>	<b>(38.915.499)</b>
<b>Cash flows from financing activities</b>		
Amounts collected from loans	55.051.418	57.988.975
Share capital increase	476.774	-
Dividends paid	(4.979.661)	(9.837.462)
Interests paid and loans reimbursed	(24.888.062)	(22.895.550)
Payments under leasing agreements	(6.463.799)	(3.612.659)
<b>Net cash flows from financing activities</b>	<b>19.196.670</b>	<b>21.643.304</b>
	<b>62.509</b>	<b>(2.560.218)</b>
<b>Net increase/ (reduction) of cash and cash equivalents</b>		
	<b>1.536.938</b>	<b>4.332.741</b>
<b>Cash and cash equivalents as at the financial year beginning</b>		
	<b>1.599.447</b>	<b>1.772.523</b>

CIUCIOI Ionel-Marian  
General Manager

ARSENE Vasilica-Monica  
Financial Manager

## Notes to the interim individual financial statements

as at September 30<sup>th</sup>, 2022

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### The reporting entity

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

Vrancart S.A. operates in the field of non-hazardous waste collection and recycling, in the production of paperboards, corrugated cardboard and cardboard packaging, as well as in the production of tissue paper.

The company has work points opened in the following localities: Bucharest, Călimanești, Ungheni, Iași, Focșani, Ploiești, Botoșani, Sibiu, Constanța, Arad, Brașov, Pitești, Timișoara, Bacău, Cluj, Craiova, Baia Mare, Târgu Mureș, Brăila and Piatra Neamț.

The company’s main object of activity is represented by the manufacture and trading of the following products:

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

The company’s shares are listed at the Bucharest Stock Exchange, Standard category, with the indicative VNC, starting from July 15<sup>th</sup>, 2005.

As at September 30<sup>th</sup>, 2022, the Company is owned 75% by SIF Banat – Crișana S.A., 17% by Paval Holding SRL and 8% by other shareholders.

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

### Accounting principles, policies and methods

The simplified interim individual financial statements for the first nine months ended on September 30<sup>th</sup>, 2022 were drawn up in accordance with IAS 34 Interim Financial Statements.

The simplified interim financial statements do not include all the information and items presented in the annual report and shall be read together with the Company’s annual financial statements, drawn up as at December 31<sup>st</sup>, 2021.

The accounting policies and the evaluation methods used for the preparation of the simplified interim financial statements are in accordance with those used for the preparation of the Company’s annual financial statements for the year ended on December 31<sup>st</sup>, 2021.

The interim individual financial statements for the first nine months of 2022 have not been revised by an external financial auditor, as this is not a legal requirement.

### Transactions in foreign currencies

The operations expressed in foreign currencies are recorded in RON at the official exchange rate on the date of discounting of the transactions. The monetary assets and liabilities recorded in

## Notes to the interim individual financial statements

as at September 30<sup>th</sup>, 2022

foreign currencies on the date of preparation of the accounting statements are converted into the functional currency at the exchange rate on that day.

The losses or gains from their discounting and from the conversion using the exchange rate as at the end of the period for reporting of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

The exchange rates of the main foreign currencies were as follows:

Currency	September 30 <sup>th</sup> , 2022	December 31 <sup>st</sup> , 2021	Variation
Euro (EUR)	4.9490	4.9481	+0,02%
American dollars (USD)	5.0469	4.3707	+15,47%

### Other notes

The Company recorded as at September 30<sup>th</sup>, 2022 a positive cash balance of RON 1.599.447, and does not have any outstanding liabilities to the public budgets or to its private partners.

The Company's management considers that the Company will be able to continue its business in the foreseeable future, therefore the application of the business continuity principle in the preparation of the financial statements is justified.

### Subsequent events

On **April 27<sup>th</sup>, 2022**, the Ordinary General Meeting of the Shareholders approved the individual and consolidated financial statements as at December 31<sup>st</sup>, 2021 and the Revenues and Expenses Budget of VRANCART S.A. for the financial year 2022, along with the Investment Plan for 2022.

Through the Decision no. 4/27.04.2022, the Ordinary General Meeting of the Shareholders approved the distribution of the amount of RON 5.054.219 from the net profit of the financial year 2021 for **dividends** (namely a gross amount of a dividend of RON 0,0042/share), the payment date being set for October 3<sup>rd</sup>, 2022.

### Management's statement

According to our best information available, we confirm that the simplified interim individual financial statements as at September 30<sup>th</sup>, 2022 and for the period then ended, drawn up in accordance with the International Financial Reporting Standards, provide a fair and accurate view of the Company's position and financial performances, as provided by the applicable accounting standards, and that the information presented in this report provides a fair and accurate view of the main events that took place during the first nine months of the financial year and of their impact onto the simplified interim financial statements.

**CIUCIOI Ionel-Marian**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager



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## Consolidated report for the 3<sup>rd</sup> quarter of 2022 according to the Financial Supervisory Authority Regulation no. 5/2018

Date of report	November 15 <sup>th</sup> , 2022
Name of the issuing entity	VRANCART S.A.
Registered office	Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county
Telephone/fax no.:	0237-640.800; 0237-641.720
Tax Identification Number	1454846
Trade Registry registration no.	J39/239/1991
Subscribed and paid-in share capital	RON 120.338.551
The regulated market onto which the securities issued are traded	The Bucharest Stock Exchange
Main characteristics of the securities issued by the issuer	Standard category

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

During the first nine months of 2022, the evolution of Vrancart Group (hereinafter referred to as “the Group”) was influenced by the effects of price increases for raw materials, materials and commodities and by the increase of service and utilities fees which occurred in 2022.

In spite of the negative impact onto the company’s financial situation, the results recorded by Vrancart Group in the first nine months of 2022 confirm its ability to continue to generate profits and its financial strength. Thanks to an agile commercial and pricing policy, the Group was able to constantly adapt its sale prices to the new, particularly volatile market conditions.

During this period, the net profit recorded by the Group was RON 9.607.272.

The interim (simplified, not audited) consolidated financial statements as at September 30<sup>th</sup>, 2022 according to 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 are enclosed hereto.

The interim consolidated financial statements drawn up as at September 30<sup>th</sup>, 2022 have not been revised by an independent external auditor, as this is not a legal or statutory requirement.



## 1.1. Balance sheet items

<i>(all items in RON, unless otherwise stated)</i>	<b>September 30<sup>th</sup>, 2022</b>	<b>December 31<sup>st</sup>, 2021</b>
Non-current assets	390.664.075	352.824.272
Current assets, out of which:	231.595.855	181.667.788
- Trade receivables	108.929.994	101.927.129
<b>Total assets</b>	<b>622.259.930</b>	<b>534.492.060</b>
<b>Total liabilities, out of which:</b>	<b>376.984.067</b>	<b>293.986.443</b>
- Current liabilities	248.514.247	163.965.015
<b>Equity, out of which:</b>	<b>245.275.863</b>	<b>240.505.617</b>
- Reserves	113.170.235	115.453.878
- Retained earnings	11.767.118	4.689.698

As at September 30<sup>th</sup>, 2022 and during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2022, the evolution of the main financial indicators was as follows:

- The Group's non-current assets increased by 11% following the commissioning of some investments completed in the first 9 months of 2022.
- The amount of the Group's current assets increased by approx. 27% as at September 30<sup>th</sup>, 2022 from the year beginning, mainly due to the increase of trade receivables by 7% generated by a higher activity volume, as well as by positively adjusted prices and the turnover is higher by 44% compared to the first 9 months of the previous year.
- Trade receivables increased during the first nine months of 2022 compared to the beginning of the year by RON 7.002.865, following the sales volume increase, as well as following some price increases, in the context of reduction of the average number of days for collection of the receivables.
- The total liabilities recorded as at September 30<sup>th</sup>, 2022 amount to RON 376.984.067, up by 28% from the amount recorded as at January 1<sup>st</sup>, 2022, mainly due to the additional working capital financing, by using short-term credit lines.
- The amount of equity as at September 30<sup>th</sup>, 2022 is RON 245.275.863, the additional capitalisation being 2% compared to the beginning of the year, following the incorporation of the profit achieved during the first 9 months of the year. The Group's reserves did not record any significant changes during this period.



## 1.2. Profit and loss account

<i>(all items in RON, unless otherwise stated)</i>	<b>September 30<sup>th</sup>, 2022</b>	<b>September 30<sup>th</sup>, 2021</b>
Operating income, out of which:	474.598.934	322.116.949
<i>Income from turnover</i>	461.816.161	321.299.435
Operating expenses	(456.605.491)	(308.865.295)
<b>Operating profit</b>	<b>17.993.443</b>	<b>13.251.654</b>
Financial income	44.485	394.057
Financial expenses	(7.488.470)	(3.185.843)
<b>Total income</b>	<b>474.643.419</b>	<b>322.511.006</b>
<b>Total expenses</b>	<b>(464.093.961)</b>	<b>(312.051.138)</b>
<b>Gross profit</b>	<b>10.549.458</b>	<b>10.459.868</b>
<b>Net profit</b>	<b>9.607.272</b>	<b>9.800.477</b>

The Group's evolution during the first nine months of 2022 was influenced by the increase in raw material prices and utility tariffs generated by international market trends, which were also reflected in the local market, as well as by the increase in salary expenses and services provided by third parties.

The results achieved during this period, which are reflected in a higher profitability level and in good financial indicators, confirm the Group's resilience to adverse market changes.

During the first nine months of 2022, the evolution of the main indicators of the Profit and Loss Account is as follows:

- The total income during the analysed period amounted to RON 474.643.419, up by 47% from the same period of the previous year, due to the increase of the production achieved and to the sales.
- The total expenses for the period amounted to RON 464.093.961, up by 49% from the same period of the previous year, the cost of raw materials recorded an increase by 43% following the impact of the increasing prices.
- The Group's operating profit recorded an increase by 36% as a result of the abovementioned effects and the gross profit recorded an increase by 1% during the first nine months of 2022 compared to the same reporting period of the previous year.



### 1.3. Cash flows

<i>(all items in RON, unless otherwise stated)</i>	<b>September 30<sup>th</sup>, 2022</b>	<b>September 30<sup>th</sup>, 2021</b>
<i>Cash flows from operating activities</i>		
Amounts collected from operating activities	532.685.816	346.550.299
Payments made from operating activities	(511.529.620)	(330.122.489)
<b>Net cash flows from operating activities</b>	<b>21.156.196</b>	<b>16.427.810</b>
<i>Cash flows from investment activities</i>		
Amounts collected from investment activities	1.552.575	285.768
Payments made from investment activities	(73.159.715)	(32.207.888)
<b>Net cash flows from investment activities</b>	<b>(71.607.140)</b>	<b>(31.922.120)</b>
<i>Cash flows from financing activities</i>		
Amounts collected from financing activities	137.454.784	50.154.107
Payments made from financing activities	(85.563.094)	(36.932.271)
<b>Net cash flows from financing activities</b>	<b>51.891.690</b>	<b>13.221.836</b>
<b>Balance as at the beginning of the period</b>	<b>2.368.774</b>	<b>5.558.078</b>
<b>Balance as at the end of the period</b>	<b>3.809.520</b>	<b>3.285.604</b>

The balance of cash and cash equivalents recorded as at September 30<sup>th</sup>, 2022 is positive, namely RON 3.809.520. During this period, Vrancart Group was able to manage its funds in an effective manner and met all its payment obligations.

### 2. Economic and financial indicators as at September 30<sup>th</sup>, 2022 according to Appendix no. 13 of the Financial Supervisory Authority Regulation no. 5/2018

Indicator's name	Calculation modality	M.U.	Result
<b>Current liquidity indicator</b>	Current assets/Current liabilities	ratio	0,93
<b>Indebtedness degree indicator</b>	Borrowed capital/Equity*100	%	35*
	Borrowed capital/Employed capital *100	%	26*
<b>Debts-customers turnover</b>	Average customers balance/Turnover * 270	days	64
<b>Non-current assets turnover</b>	Turnover/Non-current assets	ratio	1,2

\* Borrowed capital includes long-term bank loans and long-term loans from bond issues.

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

**ARSENE Vasilica-Monica**  
Financial Manager



*Translation for information purposes only*

**VRANCART S.A.**

**Interim consolidated financial statements  
(simplified, not audited)  
as at September 30<sup>th</sup>, 2022**

drawn-up in accordance with  
the Order of the Public Finance Ministry no. 2844/2016  
for the approval of the Accounting regulations compliant with the  
International Financial Reporting Standards, applicable to trade companies  
whose securities are admitted to trading on a regulated market

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Vrancart S.A.

## Consolidated statement of financial position

as at September 30<sup>th</sup>, 2022

(all amounts in RON, unless otherwise stated)

	September 30 <sup>th</sup> , 2022	December 31 <sup>st</sup> , 2021
<b>ASSETS</b>		
Tangible assets	376.698.239	338.408.016
Intangible assets	5.408.727	5.850.271
Financial assets	30.718	39.594
Goodwill	8.526.391	8.526.391
<b>Total non-current assets</b>	<b>390.664.075</b>	<b>352.824.272</b>
Inventories	85.547.393	72.156.949
Trade receivables	108.929.994	101.927.129
Prepaid expenses	4.676.458	1.115.940
Receivables related to current profit tax	383.685	242.518
Other receivables	28.248.805	3.856.477
Cash and cash equivalents	3.809.520	2.368.775
<b>Total current assets</b>	<b>231.595.855</b>	<b>181.667.788</b>
<b>TOTAL ASSETS</b>	<b>622.259.930</b>	<b>534.492.060</b>
<b>EQUITY</b>		
Share capital	120.338.551	120.363.081
Reserves	113.170.235	115.453.878
Retained earnings	11.767.118	4.689.698
<b>Total equity – the Parent-company</b>	<b>245.275.904</b>	<b>240.506.657</b>
Non-controlling interests	(41)	(1.040)
<b>Total equity</b>	<b>245.275.863</b>	<b>240.505.617</b>
<b>LIABILITIES</b>		
Long-term loans	48.273.055	58.706.910
Long-term liabilities under leasing agreements	17.743.639	17.870.254
Long-term loans from bond issues	37.949.400	37.949.400
Deferred income	20.276.785	9.620.784
Long-term debts to employees	422.307	422.307
Debts related to deferred profit tax	3.481.212	5.128.351
Other long-term liabilities	323.422	323.422
<b>Total long-term liabilities</b>	<b>128.469.820</b>	<b>130.021.428</b>
Short-term trade liabilities	78.720.962	74.347.087
Short-term loans	147.925.819	71.301.775
Short-term liabilities under leasing agreements	5.864.028	5.864.025
Deferred income	2.071.152	2.219.654
Debts to employees	6.869.844	5.104.218
Other liabilities	7.062.442	5.128.256
<b>Total current liabilities</b>	<b>248.514.247</b>	<b>163.965.015</b>
<b>TOTAL LIABILITIES</b>	<b>376.984.067</b>	<b>293.986.443</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>622.259.930</b>	<b>534.492.060</b>

CIUCIOI Ionel-Marian  
General Manager

ARSENE Vasilica-Monica  
Financial Manager

Vrancart S.A.

## Consolidated statement of comprehensive income

as at September 30<sup>th</sup>, 2022

(all amounts in RON, unless otherwise stated)

	September 30 <sup>th</sup> , 2022	September 30 <sup>th</sup> , 2021
Income from turnover	461.816.161	321.299.435
Other income	7.568.766	1.888.847
Variation of finished products inventories and production in progress	5.214.007	(1.071.333)
Expenses related to raw materials and consumables	(254.153.251)	(177.932.947)
Expenses related to commodities	(44.238.363)	(9.566.204)
Third-party expenses	(41.073.423)	(25.342.403)
Personnel-related expenses	(71.123.462)	(58.525.601)
Expenses related to amortisation and impairment of assets	(23.230.146)	(26.464.582)
Other expenses	(22.786.846)	(11.033.558)
<b>Operating result</b>	<b>17.993.443</b>	<b>13.251.654</b>
Financial income	44.485	394.057
Financial expenses	(7.488.470)	(3.185.843)
<b>Profit before taxation</b>	<b>10.549.458</b>	<b>10.459.868</b>
Profit tax income (expense)	(942.186)	(659.391)
<b>Profit for the year</b>	<b>9.607.272</b>	<b>9.800.477</b>
- of the Parent-company	9.607.594	9.801.370
- of non-controlling interests	(322)	(893)
<b>Other comprehensive income items</b>		
Increases in the reserve from the revaluation of tangible assets, net of deferred tax	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>9.607.272</b>	<b>9.800.477</b>

CIUCIOI Ionel-Marian  
General Manager

ARSENE Vasilica-Monica  
Financial Manager

Vrancart S.A.

## Consolidated statement of changes in equity

as at September 30<sup>th</sup>, 2022

(all amounts in RON, unless otherwise stated)

	Share capital	Reserves	Other reserves	Retained earnings	Non-controlling interests	Total equity
<b>Balance as at January 1<sup>st</sup>, 2022</b>	120.363.081	49.182.872	66.271.006	4.689.698	(1.040)	240.505.617
<b>Comprehensive income for the period</b>						
Net profit/loss for the period	-	-	-	9.607.594	(322)	9.607.272
<b>Other comprehensive income items</b>						
Distribution from retained earnings	-	-	-	(4.857.162)	1.321	(4.855.841)
Other changes	(24.530)	-	-	-	-	(24.530)
Share premiums	-	-	43.346	-	-	43.346
Changes in the reserve from the revaluation of tangible assets, net of deferred tax	-	-	-	-	-	-
Transfer of the revaluation reserve to retained earnings following the cassation/sale of tangible assets	-	(2.326.989)	-	2.326.989	-	-
<b>Balance as at September 30<sup>th</sup>, 2022</b>	120.338.551	46.855.883	66.314.352	11.767.118	(41)	245.275.863

CIUCIOI Ionel-Marian  
General Manager

ARSENE Vasilica-Monica  
Financial Manager

**Consolidated statement of cash flows**as at September 30<sup>th</sup>, 2022*(all amounts in RON, unless otherwise stated)*

	September 30 <sup>th</sup> , 2022	September 30 <sup>th</sup> , 2021
<b>Cash flows from operating activities</b>		
Amounts collected from customers	532.685.816	346.550.299
Payments to suppliers	(406.878.340)	(243.197.119)
Payments to employees	(49.016.053)	(39.611.993)
Payments to the state budget	(53.075.775)	(44.798.699)
Profit tax paid	(2.559.452)	(2.514.678)
<b>Net cash flows from operating activities</b>	<b>21.156.196</b>	<b>16.427.810</b>
<b>Cash flows from investment activities</b>		
Payments for the purchase of tangible assets	(73.159.715)	(30.207.888)
Guarantees for granting of authorisation licenses	-	(2.000.000)
Amounts collected from the sale of tangible assets	1.550.519	284.974
Interests collected	2.056	794
<b>Net cash flows from investment activities</b>	<b>(71.607.140)</b>	<b>(31.922.120)</b>
<b>Cash flows from financing activities</b>		
Amounts collected from loans	136.978.010	50.154.107
Share capital increase	476.774	-
Interests paid and loans reimbursed	(74.119.634)	(23.482.150)
Payments under leasing agreements	(6.463.799)	(3.612.659)
Dividends paid	(4.979.661)	(9.837.462)
<b>Net cash flows from financing activities</b>	<b>51.891.690</b>	<b>13.221.836</b>
	<b>1.440.746</b>	<b>(2.272.474)</b>
<b>Net increase/ (reduction) of cash and cash equivalents</b>		
<b>Cash and cash equivalents as at the financial year beginning</b>	<b>2.368.774</b>	<b>5.558.078</b>
<b>Cash and cash equivalents as at the financial year end</b>	<b>3.809.520</b>	<b>3.285.604</b>

**CIUCIOI Ionel-Marian**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager

**Notes to the interim consolidated financial statements**as at September 30<sup>th</sup>, 2022**The reporting entity**

Vrancart Group ("the Group") includes the company Vrancart S.A., having its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county and its branches Rom Paper SRL ("Branch 1"), having its registered office in Brasov, Soseaua Cristianului, no. 30, Brasov County, Vrancart Recycling S.R.L. ("Branch 2"), having its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County and Ecorep Group S.A. ("Branch 3"), having its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County.

The Group's interim consolidated financial statements for the first nine months of 2022 consist of the interim financial statements of Vrancart S.A. and of its branches, which together form the Group.

Branch	Field of activity	Shareholding as at	Shareholding as at
		September 30 <sup>th</sup> , 2022	December 31 <sup>st</sup> , 2021
Rom Paper SRL	Production of paper napkins and tissue paper products	100%	100%
Vrancart Recycling SRL	Treatment and removal of non-hazardous waste	100%	100%
Ecorep Group SA	Business support activities n.e.c.	99,6%	99,6%

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

**VRANCART SA**

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

The company has its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county.

The company has its registered office in Adjud and work points opened in the following localities: Bucharest, Călimanești, Ungheni, Iași, Focșani, Ploiești, Botoșani, Sibiu, Constanța, Arad, Brașov, Pitești, Timișoara, Bacău, Cluj, Craiova, Baia Mare, Târgu Mures, Brăila and Piatra Neamț.

The Company's main object of activity is represented by the production and sale of the following products:

## Notes to the interim consolidated financial statements

as at September 30<sup>th</sup>, 2022

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

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

As at September 30<sup>th</sup>, 2022, the Company is owned 75% by SIF Banat – Crişana S.A., 17% by Pavala Holding SRL and 8% by other shareholders.

### **ROM PAPER SRL**

**Rom Paper SRL ("Branch 1")** was founded in 2002 and it is a Romanian privately-owned company, operating in the field of production of tissue paper products, such as: paper napkins, folded towels, tissue paper, professional rolls, cosmetic towels and facial tissues. Its products are sold in 7 countries, both in Romania and abroad, by means of store chains (hypermarkets, supermarkets, cash and carry) and by means of distributors.

On January 20<sup>th</sup>, 2017, Vrancart SA completed the process related to the acquisition of the majority stake in ROM PAPER S.R.L. (70%).

As at September 30<sup>th</sup>, 2022, the Group holds 100% of the shares in Rom Paper S.R.L., following the acquisition of 15% more in June 2017 and of the last tranche of 15% of the shares in Rom Paper SRL in June 2018.

### **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 is represented by the treatment and removal of non-hazardous waste.

The company is at the beginning of its activity and it has a large investment project in progress, focused on 6 business lines that aim to recycle paper, plastic and wood waste, as well as the production of thermal and electrical energy through energy recovery of non-recyclable waste from the various production processes. The new business lines will be gradually integrated as each one is put into operation, the total value of the investment amounts to approx. Euro 25 million and is expected to be fully operational in the 3rd quarter of 2024.

### **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 is represented by the provision of services related to the implementation of the obligations related to the producer's extended liability in relation to environmental targets.



## Notes to the interim consolidated financial statements

as at September 30<sup>th</sup>, 2022

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The company is at the beginning of its activity and it has obtained the authorisation license from the Ministry of Environment. Through its object of activity, Ecorep will close the recycling circle, allowing Vrancart Group to provide a complete range of products and services in the circular economy area, which will further strengthen its role as an important player in this business area.

### Accounting principles, policies and methods

The simplified interim consolidated financial statements for the first nine months ended on September 30<sup>th</sup>, 2022 were drawn up in accordance with IAS 34 Interim Financial Statements.

The simplified interim consolidated financial statements do not include all the information and elements presented in the annual report and shall be read together with the Company's annual financial statements, drawn up as at December 31<sup>st</sup>, 2021.

The accounting policies and the evaluation methods used for the preparation of the simplified interim consolidated financial statements are in accordance with those used for the preparation of the Company's annual financial statements for the year ended on December 31<sup>st</sup>, 2021.

Combinations of entities are accounted through the acquisition method on the date when the Group obtains control over the acquired entity. Control requires exposure or rights onto the variable results of the entity in which investments were made, as well as the ability to influence those results by exerting authority over the entity in question.

Branches are entities controlled by the Group. The financial statements of the branches are included in the consolidated financial statements from the date when control starts being exerted until the date of its cessation.

The interim consolidated financial statements for the first nine months of 2022 have not been revised by an external financial auditor, as this is not a legal requirement.

### Transactions in foreign currency

The operations expressed in foreign currencies are recorded in RON at the official exchange rate on the date of discounting of the transactions. The monetary assets and liabilities recorded in foreign currencies on the date of preparation of the accounting statements are converted into the functional currency at the exchange rate on that day.

The losses or gains from their discounting and from the conversion using the exchange rate as at the end of the period for reporting of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

The exchange rates of the main foreign currencies were as follows>

Currency	September 30 <sup>th</sup> , 2022	December 31 <sup>st</sup> , 2021	Variation
Euro (EUR)	4.9490	4.9481	+0,02%
American dollars (USD)	5.0469	4.3707	+15,47%

## Notes to the interim consolidated financial statements

as at September 30<sup>th</sup>, 2022

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### Other notes

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

The Group recorded as at September 30<sup>th</sup>, 2022 a positive cash balance of RON 3.809.520 and does not have any outstanding liabilities to the public budgets or to its private partners.

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

Based on these analyses, the management considers that the Group will be able to continue its business in the foreseeable future, but not limited to the following 12 months and therefore, the application of the business continuity principle in the preparation of the financial statements is justified.

### Subsequent events

On **April 27<sup>th</sup>, 2022**, the Ordinary General Meeting of the Shareholders approved the individual and consolidated financial statements as at December 31<sup>st</sup>, 2021 and the Revenues and Expenses Budget of VRANCART S.A. for the financial year 2022, along with the Investment Plan for 2022.

Through the Decision no. 4/27.04.2022, the Ordinary General Meeting of the Shareholders approved the distribution of the amount of RON 5.054.219 from the net profit of the financial year 2021 for **dividends** (namely a gross amount of a dividend of RON 0,0042/share), the payment date being set for October 3<sup>rd</sup>, 2022.

### Management's statement

According to our best information available, we confirm that the simplified interim consolidated financial statements as at September 30<sup>th</sup>, 2022 and for the period then ended, drawn up in accordance with the International Financial Reporting Standards, provide a fair and accurate view of the Group's position and financial performances, as provided by the applicable accounting standards, and that the information presented in this report provides a fair and accurate view of the main events that took place during the first nine months of the financial year and of their impact onto the simplified interim consolidated financial statements.

**CIUCIOI Ionel-Marian**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager