



Translation for information purposes only

Individual quarterly report as of 30/09/2024 according to the Financial Supervisory Authority Regulation no. 5/2018

Report date	November 15th, 2024
Name of the issuing entity	VRANCART SA
Registered office	Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County
Telephone/fax no.:	0237-640.800; 0237-641.720
Tax Identification Number	1454846
Trade Registry registration no.:	J39/239/1991
Subscribed and paid-in share capital	RON 201.011.575
The regulated market onto which the securities issued are traded	Bucharest Stock Exchange
The main characteristics of securities issued by the issuer	Standard Category

1. The economic and financial situation of VRANCART SA

During the first nine months of 2024, the performance of Vrancart SA ("the Company") was impacted by the lower volumes of sales, as well as by the lower prices in the corrugated cardboard and corrugated cardboard packaging market, which led to lower revenues than in 2023. In the third quarter a 9% increase in sales was observed compared to second quarter, respectively 17% compared to first quarter. This positive trend is expected to continue during fourth quarter.

Packaging demand continued to increase during third quarter, the management is expecting improved results also for the last quarter of 2024. The increase in the minimum wage from October 1st, 2023 and July 1st, 2024 respectively continued to impact personnel-related costs of current year, starting January 1st, 2025 we will have to bear a new increase. Financing costs, although down by 13% compared to the same period of the previous year, still remain at high levels.

EBITDA was RON 32 million (vs. RON 40 million budgeted) in absolute value, and the relative value recorded a level of 11% (vs. 12.5% budgeted). The Company's management has set the target of maintaining until the end of the year the trend recorded in the third quarter, in which it obtained an absolute EBITDA 19% higher than in the second quarter and 57% above that recorded in the first quarter. At the percentage level, EBITDA in the third quarter was 12.5%.

Compared to the same period of the previous year, the net result recorded was RON -7.5 mil. (vs. RON +8,9 mil.). The main causes that negatively impacted the result for 9 months were related to the increase in the minimum wage in the economy, the price increases for raw materials and tariffs for services and utilities, the cost of amortization, but also the still high cost of financing, as well as the application of the minimum tax on turnover. All this eroded our profitability margin in the first 9 months.



The current liquidity was 0.95 (vs. 1.42), being influenced by the reimbursement of the loan from bond issues by the deadline (March 15th, 2024), as well as short term loan drawn for financing the RON 29 million PNRR grant, which we estimate to repay by the end of the year, once the subsidy related to the 20MWh photovoltaic park is collected.

The (simplified, unaudited) interim individual financial statements as of September 30th, 2024, in accordance with the Order of the Minister of Public Finance No. 2844/2016 for the approval of the Accounting Regulations compliant to the International Financial Reporting Standards, applicable to trade companies whose securities are admitted to trading on a regulated market are attached to this report.

The interim individual financial statements for the third quarter of 2024 have not been reviewed by an independent external auditor, as this is not a legal or statutory requirement.

1.1. Balance sheet items

<i>(all items in RON, unless otherwise stated)</i>	September 30th, 2024	December 31st, 2023
Non-current assets	523,768,144	464,830,509
Current assets, out of which:	192,335,034	168,699,328
- <i>Trade receivables</i>	88,978,866	67,913,133
Total assets	716,103,178	633,529,837
Total liabilities, out of which:	328,059,826	270,002,131
<i>Current liabilities</i>	202,102,513	158,463,201
Equity, out of which:	388,043,352	363,527,706
- <i>Reserves</i>	178,914,329	179,304,246
- <i>Retained earnings</i>	8,117,448	15,101,795

As of September 30th, 2024 and during the period January 1st – September 30th, 2024, the evolution of the main financial indicators was as follows:

- The Company's non-current assets increased by 13% as a result of tangible assets increase by RON 51.340.992.
- The Company's current assets increased by 14% as of September 30th, 2024 compared to the beginning of the year, mainly due to the increase in trade receivables with 31%, generated by an increased activity level in the third quarter.
- The trade receivables increased by RON 21.065.733 in the first nine months of 2024 compared to the beginning of the year, following the increase in the sales volume, and granting longer collection terms in order to stimulate sales.
- The total liabilities recorded as of September 30th, 2024 amount to RON 328.059.826, up by 22% compared to the amount recorded as at January 1st, 2024, mainly due to the financing of the additional working capital, by using short-term credit lines, but also long-term loans for financing the investment projects approved by the General Shareholders' Assembly in April 2024 and previously.
- The amount of equity as at March 31st, 2024 is RON 358.537.898, down by 1% compared to the beginning of the year, as a result of the loss recorded in the 1st quarter. The Company's



reserves remained at a constant level from the beginning of the year.

1.2. The individual statement of comprehensive income

<i>(all items in RON, unless otherwise stated)</i>	September 30 th , 2024	September 30 th , 2023
Operating income, out of which:	301,488,433	342,097,256
<i>Sales Income from customers agreements</i>	295,591,958	321,181,850
Operating expenses	(301,288,357)	(324,763,593)
Operating result	200,076	17,333,663
EBITDA	31,678,362	44,940,564
<i>EBITDA (%)</i>	11%	14%
Financial income	1,277,112	838,938
Financial expenses	(7,412,388)	(8,563,484)
Total income	302,765,545	342,936,194
Total expenses	(308,700,745)	(333,327,077)
Gross profit/loss	(5,935,200)	9,609,117
Net profit/loss	(7,528,238)	8,884,117

The Company's performance in the first nine months of 2024 was influenced by the raw materials price increase of and utility tariffs increase, generated by the trends in the international market and which were also observed in the local market, the tariffs of services provided by third parties, as well as the impact of the implementation of the new minimum wages on the economy starting from 01.10.2023, and 01.07.2024 respectively and the minimum turnover tax.

Also, during the 9 months of 2024, the Company faced a series of one-off expenses of RON 3 million as a result of the restructuring of unprofitable activities on top of the minimum turnover tax in the absolute amount of RON 2 million, which means that from these two components alone the result would have been higher by RON 5 million.

The results obtained during this period, which are reflected in negative profitability, but balanced financial indicators, confirm the resilience of the Company to adverse changes in the market.

In the first three quarters of 2024, the main indicators of the Individual Statement of Comprehensive Income are as follows:

- The total income during the period under review was RON 302,765,545, down by 12% compared to the same period of the previous year, due to the decrease in sales prices offered by the Company in the attempt to maintain the level of production and sales. However, if we analyze only at the level of the third quarter, the year 2024 was better than 2023 by 7% in terms of third party's sales of finished products.
- The total expenses of the period amounted to RON 308,700,745, down by 7% compared to the same period of the previous year, utilities cost recorded a 34% decrease following the positive impact of optimised acquisitions.
- The Company's operating profit recorded an erosion because of the previously listed effects,



which particularly affected the first 2 quarters of the year, and which the management was able to identify and start to remedy from the 3rd quarter, when the first positive results were obtained, the net profit of this quarter being RON 1 million.

1.3. Cash flows

<i>(all items in RON, unless otherwise stated)</i>	September 30 th , 2024	September 30 th , 2023
<i>Cash flows from operating activities</i>		
Proceeds from operating activities	321,374,797	394,098,760
Payments for operating activities	(289,049,401)	(328,475,740)
Net cash flows from operating activities	32,325,396	65,623,020
<i>Cash flows from investment activities</i>		
Proceeds from investment activities	3,322,780	2,366,272
Payments for investment activities	(99,757,292)	(45,453,511)
Net cash flows from investment activities	(96,434,512)	(43,087,239)
<i>Cash flows from financing activities</i>		
Proceeds from financing activities	149,171,072	48,894,047
Payments for financing activities	(83,603,145)	(56,309,407)
Net cash flows from financing activities	65,567,927	(7,415,360)
Cash flows as at the beginning of the period	2,088,021	1,288,888
Cash flows as at the end of the period	3,546,832	16,409,309

The balance of cash and cash equivalents recorded as of September 30th, 2024 is positive, respectively RON 3.546.832. During this period, the Company was able to manage its cash flows effectively and paid all the amounts owed entirely and on time, also financing its investment activity from operating activities and by accessing bank loans.

2. Analysis of the activity of the company VRANCART SA

2.1. Presentation and analysis of trends, elements, events or uncertainty factors that affect or could affect the liquidity of the issuer, compared to the same period from last year

The Company's management assesses the results obtained on September 30, 2024 as unsatisfactory, as being lower than the previous year, being affected by the negative developments in prices and tariffs, increasing, for raw materials and utilities, as well as the evolution of the minimum wage in the economy, the introduction of the minimum turnover tax and the one-off elements necessary to adapt the business to the new market conditions. The implemented control mechanisms and levers ensure the preservation of the company's financial balance, while the company's development strategy is correlated and adapted to market requirements and its development needs.



2.2. Presentation and analysis of the effects on the financial situation of the issuer of all capital expenditures, current or anticipated (specifying the purpose and sources of financing of these expenditures) compared to the same period last year

The value of the investments made by the Company in the first nine months of 2024 was RON 86,072,733, compared to the value of RON 29,157,549 from the same period of the previous year. Significant investments were made in the 20MWh photovoltaic park, as well as upgrades and equipment to existing production machinery. They have benefited from adequate funding, including a non-reimbursable component that is expected to be collected by the end of the year.

The company will continue to implement the investment projects related to the year 2024, projects that were approved by the General Meeting of Shareholders in April 2024, the funding sources being both own sources and attracted sources (bank loans for investments).

The Company expects that the investments made during the year 2024 will significantly positively impact on the financial situation of the Company in the medium and long term, starting from 01.01.2025.

The economic and financial indicators on September 30, 2024 are presented as follows:

Indicator's name	Calculation Formula	UM	September 30 th , 2024	September 30 th , 2023
Current liquidity ratio	Current assets/Current liabilities	ratio	0.95	1.42
Quick liquidity ratio	(Current assets - Inventories)/ Current liabilities	ratio	0.63	0.88
Inventory turnover	Turnover/Inventories/period no. days*360	rot/yr	6	7
Days Receivables	Receivables/Turnover*period no. days	days	81	65
Days Payables	Short-term trade payables/ Turnover*period no. days	days	51	34
Operating profitability	Operating profit/Turnover	%	0	5
Gross profit rate	Gross profit/Turnover	%	-2	3
Indebtedness ratio	Borrowed capital/Equity x 100	%	118	39
	Borrowed capital/Employed capital x 100	%	54	28
Non-current assets turnover	Turnover/Fixed assets	ratio	0.6	0.7

General and immediate liquidity registered a decrease on September 30, 2024 compared to September 30, 2023, as a result of the investments made, partially covered by long-term bank loans as shown above.

The trade receivables collection period increased due to higher sales in the third quarter by 17% compared to the first quarter and by 9% compared to the second quarter. The number of credit days obtained from suppliers was negotiated better, at an average of 51 days, and the speed of inventory turnover recorded a slight decline due to lower sales in the first two quarters.

The profitability of the operating activity decreased in the first 9 months of 2024 compared to the same period of the previous year. The gross profit rate decreased as of September 30, 2024 compared to the same period in 2023, as a result of the increase in the cost of production and the decrease in selling prices. However, if we analyse only at the level of the third quarter, in 2024 a net accounting profit of RON 908 thousand was obtained (RON 1.6 million without one-off expenses), better than RON 343 thousand in 2023.



2.3. Presentation and analysis of events, transactions, economic changes that significantly affect the income from the core activity. Specifying the extent to which revenues were affected by each element identified. Comparison with the corresponding period last year.

The company VRANCART SA has no events and transactions to report that could significantly affect the income from the core activity.

3. Changes affecting the issuer's capital and administration

3.1. Description of the cases in which the issuer was unable to meet its financial obligations during the period analysed

The company VRANCART SA was not in any situation unable to meet its financial obligations during the period analysed. The company does not register outstanding debts to public budgets and to its commercial partners.

3.2. Description of any change in the rights of holders of securities issued by the issuer

The company VRANCART SA has no changes to report regarding the rights of the holders of issued securities.

4. Significant Transactions

On April 29, 2024, the Ordinary General Meeting of Shareholders approved the individual and consolidated financial statements as of December 31, 2023, the Income and Expenditure Budget of VRANCART SA for the financial year 2024, together with the Investment Plan for the year 2024.

On July 4, 2024, the increase of the share capital was completed, currently all the legal procedures for registering the new value of the share capital with the competent authorities have been completed. A number of 318,899,098 ordinary registered shares were subscribed, with a nominal value of RON 0.1/share, for a total value of RON 31,956,862.07, of which RON 31,889,909.80 represents the total nominal value, and RON 66,952.27 is the issuance premium.

CIUCIOI Ionel-Marian

Chairman of the Board of Directors

COMAN Gabriela

Financial Manager

VRANCART SA

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

AS OF SEPTEMBER 30th, 2024

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

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Vrancart SA
Individual statement of financial position
as of September 30th, 2024
(all amounts in RON, unless otherwise stated)

	September 30th, 2024	December 31st, 2023
ASSETS		
Tangible assets	415,971,574	364,630,582
Prepayments for tangible assets	12,867,349	19,706,483
Intangible assets	684,451	775,019
Goodwill	3,380,811	3,380,811
Financial assets	62,587,328	62,587,328
Other non-current assets	28,276,631	13,750,286
Total non-current assets	523,768,144	464,830,509
Inventories	64,352,593	66,810,661
Trade receivables	88,978,866	67,913,133
Prepaid expenses	1,308,139	972,024
Current profit tax receivable	-	835,908
Other receivables	14,534,042	10,353,820
Cash and cash equivalents	3,546,832	2,088,021
Assets held for sale	19,725,761	19,725,761
Total current assets	192,335,034	168,699,328
TOTAL ASSETS	716,103,178	633,529,837
EQUITY		
Share capital	201,011,575	169,121,665
Premiums related to capital	842,449	775,497
Revaluation reserves	103,936,472	104,393,341
Legal reserves	13,345,280	13,345,280
Other reserves	60,790,128	60,790,128
Retained earnings	8,117,448	15,101,795
Total equity	388,043,352	363,527,706
LIABILITIES		
Long-term loans	90,981,143	67,826,778
Long-term leasing liabilities	13,667,481	21,333,018
Subsidies	7,737,690	8,761,341
Long-term debts to employees	444,379	444,379
Deferred profit tax liabilities	12,686,563	13,160,453
Provisions	440,057	12,961
Total long-term liabilities	125,957,313	111,538,930

Vrancart SA
Individual statement of financial position
as of September 30th, 2024
(all amounts in RON, unless otherwise stated)

	September 30th, 2024	December 31st, 2023
Short-term trade payables	55,461,246	32,527,381
Short-term loans	125,487,622	62,541,116
Short-term bond loans	-	38,250,000
Short-term leasing liabilities	7,916,244	9,300,908
Subsidies	1,360,293	1,361,714
Short-term debts to employees	5,283,442	5,979,709
Current profit tax liabilities	703,577	-
Other short-term liabilities	5,890,089	8,502,373
Total current liabilities	202,102,513	158,463,201
TOTAL LIABILITIES	328,059,826	270,002,131
TOTAL EQUITY AND LIABILITIES	716,103,178	633,529,837

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

General Manager
Nicu Ciprian Fedor

Financial Manager
Gabriela Coman

Vrancart SA
Individual statement of comprehensive income
as of September 30th, 2024
(all amounts in RON, unless otherwise stated)

	September 30th, 2024	September 30th, 2023
Sales income from customers agreements	295,591,958	321,181,850
Income from operating subsidiaries	5,421,175	11,333,371
Other income	7,906,786	6,814,241
Production Inventory's Changes	(7,431,486)	2,767,794
Raw materials and consumables expenses	(113,467,201)	(104,916,031)
Utility expenses: electricity, water, gas	(41,506,307)	(62,842,512)
Cost of goods sold	(9,770,146)	(12,039,899)
Third-party expenses	(25,507,034)	(29,224,724)
Labor expenses	(72,835,413)	(76,109,536)
Other expenses	(6,723,970)	(12,023,990)
EBITDA	31,678,362	44,940,564
Expenses related to amortisation and depreciation of assets	(31,478,286)	(27,606,901)
Operating result	200,076	17,333,663
Financial income	1,277,112	838,938
Financial expenses	(7,412,388)	(8,563,484)
Profit before taxation	(5,935,200)	9,609,117
Corporate income tax expense	(1,593,038)	(725,000)
Profit for the year	(7,528,238)	8,884,117
Other comprehensive income items		
Changes in the reserve from revaluation of tangible assets, net of deferred tax	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(7,528,238)	8,884,117

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

General Manager
Nicu Ciprian Fedor

Financial Manager
Gabriela Coman

Vrancart SA
Statement of changes in equity
as of September 30th, 2024
(all amounts in RON, unless otherwise stated)

	Share capital	Revaluation reserves	Premiums	Legal reserves	Other reserves	Retained earnings	Total equity
Balance as of January 1st, 2023	120,338,551	106,393,534	664,564	13,037,107	55,469,278	24,754,468	320,657,501
Comprehensive income for the period							
Net profit/loss for the period	-	-	-	-	-	5,629,023	5,629,023
Changes in the reserve from revaluation of tangible assets, net of deferred tax	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	5,629,023	5,629,023
Share capital increase	48,783,114	-	-	-	-	-	48,783,114
Dividends	-	-	-	-	-	(12,033,855)	(12,033,855)
Distribution of legal reserves and other reserves	-	-	110,933	308,173	5,320,850	(5,248,034)	491,923
Transfer of the revaluation reserve to retained earnings following the sale/ decommissioning of tangible assets	-	(2,000,193)	-	-	-	2,000,193	-
Balance as of December 31st, 2023	169,121,665	104,393,341	775,497	13,345,280	60,790,128	15,101,795	363,527,706
Balance as of January 1st, 2024	169,121,665	104,393,341	775,497	13,345,280	60,790,128	15,101,795	363,527,706
Comprehensive income for the period							
Net profit/loss for the period	-	-	-	-	-	(7,528,238)	(7,528,238)
Changes in the reserve from revaluation of tangible assets, net of deferred tax	-	87,022	-	-	-	-	87,022
Total comprehensive income	-	87,022	-	-	-	(7,528,238)	(7,441,216)
Share capital increase	31,889,910	-	66,952	-	-	-	31,956,862
Dividends	-	-	-	-	-	-	-
Distribution of legal reserves and other reserves	-	-	-	-	-	-	-
Transfer of the revaluation reserve to retained earnings following the sale/ decommissioning of tangible assets	-	(543,891)	-	-	-	543,891	-
Balance as of September 30th, 2024	201,011,575	103,936,472	842,449	13,345,280	60,790,128	8,117,448	388,043,352

Vrancart SA
Individual statement of financial position
as of September 30th, 2024
(all amounts in RON, unless otherwise stated)

Vrancart SA
Individual statement of cash flows
as of September 30th, 2024
(all amounts in RON, unless otherwise stated)

DIRECT METHOD

	September 30th, 2024	September 30th, 2023
Cash flows from operating activities		
Cash receipts from customers	321,374,797	394,098,760
Cash paid to suppliers	(204,391,138)	(223,347,014)
Cash paid to employees	(46,658,079)	(52,239,623)
Cash paid to the state budget	(37,559,764)	(50,776,530)
Corporate Income Tax paid	(440,420)	(2,112,573)
Net cash flows from operating activities	32,325,396	65,623,020
Cash flows from investment activities		
Cash paid for the purchase of tangible and intangible assets	(85,257,292)	(26,753,511)
Loans granted to affiliates	(14,500,000)	(18,700,000)
Proceeds from the sale of tangible assets	2,052,904	1,643,382
Interest collected	1,269,876	722,890
Cash flows from investment activities	(96,434,512)	(43,087,239)
Cash flows from financing activities		
Proceeds from loans	117,214,163	-
Capital increase	31,956,910	48,894,047
Loans repaid	(31,356,662)	(43,524,808)
Bonds repaid	(38,250,000)	-
Payments for leasing	(7,895,388)	(8,020,930)
Interest paid	(6,101,095)	(4,763,669)
Net cash flows from financing activities	65,567,927	(7,415,360)
Net increase/(reduction) of cash and cash equivalents	1,458,811	15,120,421
Cash and cash equivalents as at the financial year beginning	2,088,021	1,288,888
Cash and cash equivalents as at the financial year end	3,546,832	16,409,309

General Manager
Nicu Ciprian Fedor

Financial Manager
Gabriela Coman

The reporting entity

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

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

The Company has working points opened in the following localities: Bucharest, Pantelimon, Chiajna, Călimănești, Iași, Ploiești, Sibiu, Brașov, Pitești, Timișoara, Bacău, Cluj, Sântana de Mureș.

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

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

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

As of September 30th, 2024, the Company is owned 76% by LION Capital S.A., 17% by Pavăl Holding SRL and 7% by other shareholders.

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

Accounting principles, policies and methods

The simplified interim individual financial statements for the first nine months ended on September 30th, 2024 have been prepared in accordance with IAS 34 Interim Financial Statements.

The simplified interim financial statements do not include all the information and items disclosed in the annual report and should be read with the Company's annual financial statements drawn up as at December 31st, 2023.

The accounting policies and valuation methods used in the preparation of the simplified interim financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended on December 31st, 2023.

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

The functional and presentation currency

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

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

Vrancart SA**Notes to the interim individual financial statements****as of September 30th, 2024***(all amounts in RON, unless otherwise stated)*

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

The exchange rates of the main foreign currencies were:

Currency	September 30th, 2024	December 31st, 2023	Variation
Euro (EUR)	4.9756	4.9746	+0.02%
American dollars (USD)	4.4451	4.4958	-1.13%

Other notes

The company recorded a positive cash balance of RON 3,546,832 as of September 30th, 2024 and has no outstanding debts to the public budgets or to its private partners.

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

Management's statement

According to our best information available, we confirm that the simplified interim individual financial statements as of September 30th, 2024 and for the period then ended, drawn up in accordance with the International Financial Reporting Standards, provide a fair and accurate view of the Company's position and financial performances, as provided by the applicable accounting standards, and that the information presented herein provides a fair and accurate view of the main events that took place during the first nine months of the financial year and of their impact onto the simplified interim financial statements.

General Manager
Nicu Ciprian Fedor

Financial Manager
Gabriela Coman



Translation for information purposes only

Consolidated quarterly report as of 30/09/2024
according to the Financial Supervisory Authority Regulation no. 5/2018

Report date	May 15th, 2024
Name of the issuing entity	VRANCART SA
Registered office	Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county
Telephone/fax no.:	0237-640.800; 0237-641.720
Tax Identification Number	1454846
Trade Registry registration no.	J39/239/1991
Subscribed and paid-in share capital	RON 169.121.665
The regulated market onto which the securities issued are traded	the Bucharest Stock Exchange
The main characteristics of securities issued by the issuer	Standard Category

1. The economic and financial situation of VRANCART Group

During the first nine months of 2024, the performance of Vrancart SA ("the Group") was impacted by the lower volumes of sales, as well as by the lower prices in the corrugated cardboard and corrugated cardboard packaging market, which led to lower revenues than in 2023. In the third quarter a 7% increase in sales was observed compared to second quarter, respectively 8% compared to first quarter. This positive trend is expected to continue during fourth quarter.

The demand for specific Group products continued to increase during third quarter, the management is expecting improved results also for the last quarter of 2024. The increase in the minimum wage from October 1st, 2023 and July 1st, 2024 respectively continued to impact personnel-related costs of current year, starting January 1st, 2025 we will have to bear a new increase. Financing costs increased with 27% compared to the same period of the previous year.

EBITDA was RON 36 million (vs. RON 55 million budgeted) in absolute value, and the relative value recorded a level of 10% (vs. 12% budgeted). The Company's management has set the target of maintaining until the end of the year the trend recorded in the third quarter, in which it obtained an absolute EBITDA 12% higher than in the second quarter and 25% above that recorded in the first quarter. At the percentage level, EBITDA in the third quarter was 10%.

Compared to the same period of the previous year, the net result recorded was RON -14.1 mil. (vs. RON +10.1 mil.). The main causes that negatively impacted the result for 9 months were related to the increase in the minimum wage in the economy, the price increases for raw materials and tariffs for services and utilities, the cost of amortization, but also the still high cost of financing, as well as the



application of the minimum tax on turnover. Vrancart Recycling has delayed the commissioning for the new assets by 3 months. All this eroded our profitability margin in the first 9 months.

The current liquidity was 0.88 (vs. 0.96), being influenced by the reimbursement of the loan from bond issues by the deadline (March 15th, 2024), as well as short term loan drawn for financing the RON 29 million PNRR grant, which we estimate to repay by the end of the year, once the subsidy related to the 20MWh photovoltaic park is collected.

With the completion of the ongoing investment projects during this year, the Group will benefit from significant synergies in terms of optimizing production costs and increasing productivity that will lead, starting from Q4 2024, to superior returns than usual, to an expanded portfolio of products, as well as a massive positive impact on the environment.

The (simplified, unaudited) interim consolidated financial statements as at September 30th, 2024, in accordance with the Order of the Minister of Public Finance No. 2844/2016 for the approval of the Accounting Regulations compliant to the International Financial Reporting Standards, applicable to trade companies whose securities are admitted to trading on a regulated market are attached to this report.

The interim consolidated financial statements for the first 3 quarters of 2024 have not been reviewed by an independent external auditor, as this is not a legal or statutory requirement.

1.1. Balance sheet items

<i>(all items in RON, unless otherwise stated)</i>	September 30th, 2024	December 31st, 2023
Non-current assets	655,227,152	589,006,547
Current assets, out of which:	214,579,978	186,005,400
- Trade receivables	97,925,784	74,408,633
Total assets	869,807,130	775,011,947
Total liabilities, out of which:	490,682,910	417,468,712
- Current liabilities	243,603,761	226,566,109
Equity, out of which:	379,124,220	357,543,235
- Reserves	178,760,279	179,217,147
- Retained earnings	(1,486,241)	8,432,683

As of September 30th, 2024 and during the period January 1st – September 30th, 2024, the evolution of the main financial indicators was as follows:

- The Group's non-current assets increased by 11% following the commissioning of some investment projects completed in the first nine months of 2024.
- The amount of the Group's current assets increased by 15% as of September 30th, 2024 compared to the beginning of the year, mainly due to booking the receivable related to the subsidy regarding the compensations for the high electricity costs resulting from the indirect costs of emissions as a result of the EU Emissions Trading Scheme (ETS) at the Parent Company, as well as the investment subsidies received by the subsidiary Vrancart Recycling .
- Trade receivables increased by RON 23,517,151 in the first nine months of 2024 compared to the beginning of the year, because of higher sales volume and granting longer collection



periods in order to stimulate sales.

- The total liabilities recorded as of September 30th, 2024 amounted to RON 490,682,910, up by 18% compared to the amount recorded as of January 1st, 2024, mainly due to the financing of additional working capital, by using short-term credit lines, as well as due to the increase in debt with long-term bank loans, necessary to finance ongoing investments and which will decrease with the state aid received at the end of June and with the grant to be received in the last quarter of 2024.
- The amount of equity as of September 30th, 2024 is RON 379,124,220, up by 6% compared to the beginning of the year, following the increase of the share capital at the parent company. The Group's reserves remained at a relatively constant level compared to the beginning of the year.

1.2. The profit and loss account

<i>(all items in RON, unless otherwise stated)</i>	September 30th, 2024	September 30th, 2023
Operating income, out of which:	376,009,606	413,912,072
<i>Income from turnover</i>	<i>368,459,991</i>	<i>394,914,085</i>
Operating expenses	(377,075,584)	(394,082,646)
Operating profit	(1,065,978)	19,829,426
Financial income	8,888	123,156
Financial expenses	(11,068,187)	(8,736,364)
Total income	376,018,494	414,035,228
Total expenses	(388,143,771)	(402,819,010)
Gross profit	(12,125,277)	11,216,218
Net profit	(14,114,191)	10,098,462

The Group's performance in the first nine months of 2024 was influenced by the volumes of products manufactured and sold in the first part of the period under review, but also by the decreasing sales prices, as costs did not follow this trend. At the same time, salary expenses and third-party expenses recorded increases, naturally leading to a cost-saving policy whose impact will be seen starting from the next quarter.

The Group's management is considering a series of measures to improve profitability in order to bring the Group's financial indicators back on an ascending trend, as expected, to confirm the business sustainability, as well as the Group's resilience to adverse market changes, which it has faced in the past 3 years.

In the first nine months of 2024 compared to the same period of the previous year, the main indicators of the Profit and Loss Account are as follows:

- The total income during the period under review amounted to RON 376,018,494, down by



9% compared to the same period of the previous year, due to the decrease in sold volumes following the reduction of orders.

- The total expenses of the period amounted to RON 388,143,771, down by 4% compared to the same period of the previous year, mainly due to the increase in the prices of raw materials and utility tariffs and personnel expenses because of the minimum wage increases from the end of last year and from 01.07.2024. The minimum turnover tax also had a negative impact on the result on 30.09.2024.
- The Company's operating result is RON -1, 065,978 as a result of the previously listed effects and the net profit registered a sharp decrease during the first nine months of 2024 compared to the same reporting period of the previous year.

1.3. Cash flows

<i>(all items in RON, unless otherwise stated)</i>	September 30th, 2024	September 30th, 2023
<i>Cash flows from operating activities</i>	395,116,010	474,781,178
Proceeds from operating activities	(362,916,780)	(405,780,274)
Payments for operating activities	32,199,230	69,000,904
Net cash flows from operating activities		
<i>Cash flows from investment activities</i>	47,690,078	1,704,238
Proceeds from investment activities	(118,408,842)	(65,359,555)
Payments for investment activities	(70,718,764)	(63,655,317)
Net cash flows from investment activities		
<i>Cash flows from financing activities</i>	168,510,114	70,828,583
Proceeds from financing activities	(128,714,571)	(60,198,094)
Payments for financing activities	39,795,543	10,630,489
Net cash flows from financing activities		
	2,823,520	3,563,830
Cash flows as at the beginning of the period	4,099,529	19,539,906

The balance of cash and cash equivalents recorded on September 30, 2024 is positive, i.e. RON 4,099,529. In the context of a negative profit, the group's cash flow looked very well in each of its 3 components compared to the same period last year, with the Group attracting additional funding sources to meet its investment objectives. During this period, the Vrancart SA Group honored all its due obligations on time.



2. Analysis of the activity of the Group VRANCART SA

2.1. Presentation and analysis of trends, elements, events or uncertainty factors that affect or could affect the liquidity of the issuer, compared to the same period from last year

The Company's management assesses the results obtained on September 30, 2024 as unsatisfactory, as being lower than the previous year, being affected by the negative developments in prices and tariffs, increasing, for raw materials and utilities, as well as the evolution of the minimum wage in the economy, the introduction of the minimum turnover tax and the one-off elements necessary to adapt the business to the new market conditions. The implemented control mechanisms and levers ensure the preservation of the company's financial balance, while the company's development strategy is correlated and adapted to market requirements and its development needs.

2.2. Presentation and analysis of the effects on the financial situation of the issuer of all capital expenditures, current or anticipated (specifying the purpose and sources of financing of these expenditures) compared to the same period last year

The value of the investments made by the Company in the first nine months of 2024 was RON 112,904,555, compared to the value of RON 106,866,075 from the same period of the previous year. Significant investments were made in the 20MWh photovoltaic park, Vrancart Recycling investment project, as well as upgrades and equipment to existing production machinery. They have benefited from adequate funding, both from attracted sources (long-term bank loans for investments) and from own sources.

The Group will continue to implement the investment projects related to the year 2024, projects that were approved by the General Meeting of Shareholders in April 2024 and previously.

The Vrancart SA Group expects that the investments made during the year 2024 will significantly positively impact on the financial situation of the Company in the medium and long term, starting from 01.01.2025.

The economic and financial indicators on September 30, 2024 are presented as follows:

Indicator's name	Calculation Formula	UM	September 30 th , 2024	September 30 th , 2023
Current liquidity ratio	Current assets/Current liabilities	ratio	0.88	0.96
Quick liquidity ratio	(Current assets - Inventories)/ Current liabilities	ratio	0.57	0.62
Inventory turnover	Turnover/Inventories/period no. days*360	rot/yr	6	7
Days Receivables	Receivables/Turnover*period no. days	days	72	59
Days Payables	Short-term trade payables/ Turnover*period no. days	days	44	47
Operating profitability	Operating profit/Turnover	%	0	5
Gross profit rate	Gross profit/Turnover	%	-3	3
Indebtedness ratio	Borrowed capital/Equity x 100	%	88	72
	Borrowed capital/Employed capital x 100	%	47	42
Non-current assets turnover	Turnover/Fixed assets	ratio	0.6	0.7



General and immediate liquidity registered a decrease on September 30, 2024 compared to September 30, 2023, as a result of the investments made, partially covered by long-term bank loans as shown above.

The trade receivables collection period increased due to higher sales in the third quarter by 8% compared to the first quarter and by 7% compared to the second quarter. The number of credit days obtained from suppliers was negotiated better, at an average of 44 days, and the speed of inventory turnover recorded a slight decline due to lower sales in the first two quarters.

The profitability of the operating activity decreased as of September 30th, 2024 compared to the same period of the previous year, mainly as a result of the higher decrease in income than the decrease in expenses and the increase in production costs.

2.3. Presentation and analysis of events, transactions, economic changes that significantly affect the income from the core activity. Specifying the extent to which revenues were affected by each element identified. Comparison with the corresponding period last year.

The VRANCART SA Group has no events and transactions to report that could significantly affect the income from the core activity.

3. Changes affecting the issuer's capital and administration

3.1. Description of the cases in which the issuer was unable to meet its financial obligations during the period analysed

The VRANCART SA Group was not in any situation unable to meet its financial obligations during the period analysed. The company does not register outstanding debts to public budgets and to its commercial partners.

3.2. Description of any change in the rights of holders of securities issued by the issuer

The VRANCART SA Group has no changes to report regarding the rights of the holders of issued securities.

4. Significant Transactions

On April 29, 2024, the Ordinary General Meeting of Shareholders approved the individual and consolidated financial statements as of December 31, 2023, the Income and Expenditure Budget of VRANCART SA for the financial year 2024, together with the Investment Plan for the year 2024.

On July 4, 2024, the increase of the share capital was completed, currently all the legal procedures for registering the new value of the share capital with the competent authorities have been completed. A number of 318,899,098 ordinary registered shares were subscribed, with a nominal value of RON 0.1/share, for a total value of RON 31,956,862.07, of which RON 31,889,909.80 represents the total nominal value, and RON 66,952.27 is the issuance premium.

CIUCIOI Ionel-Marian

Chairman of the Board of Directors

COMAN Gabriela

Financial Manager

VRANCART SA

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

AS OF SEPTEMBER 30th, 2024

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

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Vrancart SA
Consolidated statement of financial position
as of September 30th, 2024
(all amounts in RON, unless otherwise stated)

	September 30 th , 2024	December 31 st , 2023
ASSETS		
Tangible assets	628,231,493	552,107,867
Prepayments for tangible assets	14,876,359	23,363,024
Intangible assets	2,759,905	3,785,076
Other non-current assets	833,004	1,224,189
Goodwill	8,526,391	8,526,391
Total non-current assets	655,227,152	589,006,547
Inventories	75,639,696	76,630,055
Trade receivables	97,925,784	74,408,633
Prepaid expenses	2,629,177	1,054,817
Current profit tax receivable	-	835,908
Other receivables	14,560,031	10,526,706
Cash and cash equivalents	4,099,529	2,823,520
Assets held for sale	19,725,761	19,725,761
Total current assets	214,579,978	186,005,400
TOTAL ASSETS	869,807,130	775,011,947
EQUITY		
Share capital	201,011,575	169,121,665
Premiums related to capital	100,512,269	775,497
Revaluation reserves	842,449	100,969,137
Legal reserves	13,646,880	13,646,880
Other reserves	64,601,130	64,601,130
Retained earnings	(1,486,241)	8,432,683
Total equity – Parent-company	379,128,062	357,546,992
Non-controlling interests	(3,842)	(3,757)
Total equity	379,124,220	357,543,235
LIABILITIES		
Long-term loans	161,603,357	140,955,586
Long-term leasing liabilities	14,925,907	21,977,764
Subsidies	56,242,806	13,137,193
Long-term debts to employees	444,379	444,379
Deferred profit tax liabilities	13,422,643	13,894,851
Provisions	440,057	492,830
Total long-term liabilities	247,079,149	190,902,603

Vrancart SA
Consolidated statement of financial position
as of September 30th, 2024
(all amounts in RON, unless otherwise stated)

	September 30th, 2024	December 31st, 2023
Short-term trade payables	147,179,345	57,577,273
Short-term loans	59,929,862	104,412,448
Short-term leasing liabilities	8,533,482	9,320,959
Short-term loans from bond issues	-	38,250,000
Subsidies	2,050,284	1,361,714
Short-term debts to employees	6,368,330	7,072,857
Current profit tax liabilities	707,893	92,996
Other short-term liabilities	18,834,565	8,477,862
Total current liabilities	243,603,761	226,566,109
TOTAL LIABILITIES	490,682,910	417,468,712
TOTAL EQUITY AND LIABILITIES	869,807,130	775,011,947

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

General Manager
Nicu Ciprian Fedor

Financial Manager
Gabriela Coman

Vrancart SA
Consolidated statement of comprehensive income
as of September 30th, 2024
(all amounts in RON, unless otherwise stated)

	September 30th, 2024	September 30th, 2023
Sales income from customers agreements	368,459,991	394,914,085
Income from operating subsidiaries	5,421,175	11,333,371
Other income	8,747,602	6,185,984
Production Inventory's Changes	(6,619,162)	1,478,632
Raw materials and consumables expenses	(173,685,279)	(175,807,385)
Cost of goods sold	(33,040,577)	(43,069,813)
Third-party expenses	(33,944,795)	(35,871,779)
Labor expenses	(86,632,234)	(88,340,082)
Other expenses	(13,238,858)	(25,946,096)
EBITDA	35,467,863	44,876,917
Expenses related to amortisation and depreciation of assets	(36,533,841)	(25,047,491)
Operating result	(1,065,978)	19,829,426
Financial income	8,888	123,156
Financial expenses	(11,068,187)	(8,736,364)
Profit before taxation	(12,125,277)	11,216,218
Corporate income tax expense	(1,988,914)	(1,117,756)
Profit for the year	(14,114,191)	10,098,462
- of the Parent-company	(84)	1,370
- of non-controlling interests	368,459,991	394,914,085
Other comprehensive income items		
Changes in the reserve from the revaluation of tangible assets, net of deferred tax	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(14,114,191)	10,098,462
- of the Parent-company's shareholders	(14,114,107)	10,097,092
- of non-controlling interests	(84)	1,370

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

General Manager
Nicu Ciprian Fedor

Financial Manager
Gabriela Coman

Vrancart SA
Consolidated statement of changes in equity
as of September 30th, 2024
(all amounts in RON, unless otherwise stated)

	Attributable to the Parent-company's shareholders						Non-controlling interests	Total equity
	Share capital	Revaluation reserves	Premiums related to capital	Legal reserves	Other reserves	Retained earnings		
Balance as of January 1st, 2024	169,121,665	100,969,137	775,497	13,646,880	64,601,130	8,432,683	(3,757)	357,543,235
Comprehensive income for the period								
Net profit/loss for the period	-	-	-	-	-	(14,114,107)	(84)	(14,114,192)
Other comprehensive income items								
Changes in the reserve from revaluation of tangible assets, net of deferred tax	-	87,023	-	-	-	-	-	87,023
Total comprehensive income for the period	-	87,023	-	-	-	(14,114,107)	(84)	(14,027,169)
Distribution of reserves	-	-	-	-	-	3,651,292	-	3,651,292
Transfer of the revaluation reserve to retained earnings following the sale/decommissioning of tangible assets, net of tax	-	(543,891)	-	-	-	543,891	-	-
Transactions with the shareholders								
Dividends	-	-	-	-	-	-	-	-
Share capital increase	31,889,910	-	66,952	-	-	-	-	31,956,862
Total transactions with the shareholders	31,889,910	(543,891)	66,952	-	-	4,195,183	-	35,608,154
Balance as of September 30th, 2024	201,011,575	100,512,269	842,449	13,646,880	64,601,130	(1,486,241)	(3,842)	379,124,220

General Manager
Nicu Ciprian Fedor

Financial Manager
Gabriela Coman

Vrancart SA
Consolidated statement of cash flows
as of September 30th, 2024
(all amounts in RON, unless otherwise stated)

DIRECT METHOD

	September 30th, 2024	September 30th, 2023
Cash flows from operating activities		
Cash receipts from customers	395,116,010	474,781,178
Cash paid to suppliers	(261,725,034)	(281,761,913)
Cash paid to employees	(54,398,011)	(59,284,070)
Cash paid to the state budget	(45,864,563)	(62,192,901)
Corporate Income Tax paid	(929,172)	(2,541,390)
Net cash flows from operating activities	32,199,230	69,000,904
Cash flows from investment activities		
Cash paid for the purchase of tangible and intangible assets	(118,408,842)	(65,359,555)
Proceeds from the sale of tangible assets	2,052,904	1,643,382
Proceeds from investment subsidies	45,635,522	-
Interest collected	1,652	60,856
Net cash flows used in investment activities	(70,718,764)	(63,655,317)
Cash flows from financing activities		
Proceeds from loans	136,553,204	21,934,536
Capital increase	31,956,910	48,894,047
Bonds repaid	(38,250,000)	-
Payments for leasing	(7,895,388)	(8,020,930)
Loans repaid	(72,568,089)	(46,521,827)
Interest paid	(10,001,094)	(5,655,337)
Net cash flows from financing activities	39,795,543	10,630,489
	1,276,009	15,976,076
Net increase/(reduction) of cash and cash equivalents		
Cash and cash equivalents as at the financial year beginning	2,823,520	3,563,830
Cash and cash equivalents as at the financial year end	4,099,529	19,539,906

General Manager
Nicu Ciprian Fedor

Financial Manager
Gabriela Coman

Vrancart SA
Notes to the consolidated financial statements
as of September 30th, 2024
(all amounts in RON, unless otherwise stated)

The reporting entity

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

The consolidated financial statements of the Group for the reporting period ended on September 30th, 2024 are formed of the financial statements of Vrancart SA and of its branches, that together form the Group.

Branch	Field of activity	Shareholding as	
		of September 30th, 2024	Shareholding as of December 31st, 2023
Rom Paper SRL	Production of napkins and tissue paper products	100%	100%
Vrancart Recycling SRL	Treatment and removal of non-hazardous waste	100%	100%
Ecorep Group SA	Business support services n.e.c.	99,6%	99,6%

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

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

VRANCART SA

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

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

The Company has working points opened in the following localities: Bucharest, Pantelimon, Chiajna, Călimăneşti, Iaşi, Ploieşti, Sibiu, Braşov, Piteşti, Timişoara, Bacău, Cluj, Sântana de Mureş.

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

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

The company’s shares are listed on the Bucharest Stock Exchange, Standard category, with the indicative VNC, starting from July 15th, 2005. The Group posts its consolidated financial statements on its website www.vrancart.ro. The record of shares and shareholders is kept according to law by Depozitarul Central SA Bucharest.

Vrancart SA
Notes to the consolidated financial statements
as of September 30th, 2024
(all amounts in RON, unless otherwise stated)

As of September 30th, 2024, the company is owned 76% by LION Capital SA (formerly called SIF Banat – Crişana SA), 17% by Pavăl Holding SRL and 7% by other shareholders.

ROM PAPER SRL

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

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

As of September 30th, 2024, the Group held 100% of the company’s shares, after the acquisition in June 2017 of 15%, respectively in June 2018 of the last tranche of 15% of the shares in Rom Paper SRL.

VRANCART RECYCLING SRL

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

ECOREP GROUP SA

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

The Group performs a wide range of laborious and complex activities in fields such as non-hazardous waste collection and recycling, the paper and corrugated cardboard industry, corrugated cardboard packaging, the production of tissue paper products and equipment for paper and cardboard waste recycling. The overwhelming proportion of paper used in the various production processes is obtained from the recycling of paper and cardboard waste, the Group making an essential contribution to the Romanian circular economy.

Main investments in progress at Group level

At Vrancart S.A. we are building a 20 MW photovoltaic park worth RON 86 million, financed by investment loans, the Company’s own contribution and a grant received under the National Recovery and Resilience Plan, worth RON 29 million. The project is being built on a land plot of 39 ha, that was made viable and greened by the company to give it back to the economic circuit. Another major project is the implementation of a new state-of-the-art ERP system worth EUR 665 thousand financed by a bank loan and by the Company’s own contribution.

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

Accounting principles, policies and methods

The simplified interim consolidated financial statements for the first nine months ended on September 30th, 2024 were drawn up in accordance with IAS 34 Interim Financial Statements.

The simplified interim consolidated financial statements do not include all the information and elements included in the annual report and must be read with the Company's annual financial statements, drawn up as of December 31st, 2023.

The accounting policies and the evaluation methods used for the preparation of the simplified interim consolidated financial statements are consistent with those used for the preparation of the Company's annual financial statements for the year ended on December 31st, 2023.

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

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

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

Transactions in foreign currencies

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

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

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

Currency	September 30th, 2024	December 31st, 2023	Variation
Euro (EUR)	4.9756	4.9746	+0.02%
American dollars (USD)	4.4451	4.4958	-1.13%

Other notes

The Group's management has established its medium and long-term strategy, and the estimates provide sales increases and cost reductions following the effective use of resources, leading to an increase of the operating profit.

As of September 30th, 2024, the Group recorded a positive cash balance of RON 4,099,529 and it does not have any outstanding debts to the public budgets or to its private partners.

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

Based on these analyses, the management considers that the Group will be able to continue its activity in the foreseeable future, but not limited to the following 12 months, therefore, the application of the going concern principle in drafting the consolidated financial statements is justified.

Management's statement

According to our best information available, we confirm that the simplified interim consolidated financial statements as of September 30th, 2024 and for the period then ended, drawn up in accordance with the International Financial Reporting Standards, provide a fair and accurate view of the Company's position and financial performances, as provided by the applicable accounting standards, and that the information presented herein provides a fair and accurate view of the main events that took place during the first three months of the financial year and of their impact onto the simplified consolidated interim financial statements.

General Manager
Nicu Ciprian Fedor

Financial Manager
Gabriela Coman