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# REPORT OF THE BOARD OF ADMINISTRATORS

FOR THE FINANCIAL YEAR 2021

Name of the issuing entity:	VRANCART S.A.
Registered office:	Adjud, 17 Ec. Teodoroiu Street, Vrancea
Telephone/fax no.:	0237-640.800/0237-641.720
Tax Identification Number:	1454846
Trade Registry registration number:	J39/239/1991
Subscribed and paid-in share capital:	RON 103.168.355
Unpaid share capital:	RON 17.194.726
The regulated market onto which the securities issued are traded:	the Bucharest Stock Exchange



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

### 1.1.1. General information

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

#### General presentation

Trade company name	„VRANCART”
Type of company	Joint stock trade company
Address	17 Ecaterina Teodoroiu Street, Adjud, Vrancea county, 625100
Telephone/fax no.	0237.640.800 / 0237.641.720
Registered with the Trade Registry under no.:	J39/239/1991
Tax code	1454846
Tax Identification Number	RO1454846
Paid-in share capital	RON 103.168.355
Unpaid share capital	RON 17.194.726
Nominal share value	RON 0,10/share
Number of shares	1.031.683.547

The company has its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county, and has working points opened in the following localities: Bucharest, Călimănești (Vâlcea county), Ungheni (Mureș county) and waste paper collection points in: Bucharest, Iași, Focșani, Bacău, Ploiești, Botoșani, Sibiu, Constanța, Arad, Brașov, Pitești, Timișoara, Cluj, Baia Mare, Craiova, Târgu Mureș, Brăila, Călimănești and Piatra Neamț.

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

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

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

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

In the context of the situation generated by the COVID-19 virus, the Company made its own assessment regarding the effects that it may have on the activity carried out, analysing the uncertainties and risks that the Company is exposed to in the following period. The major areas



that were analysed and on which measures were taken in order to reduce the impact on the Company's activity were: employees, analysis of the demand for products and services, contracts to be met, supply, financial commitments, the effect of announced or expected fiscal measures; valuation of future earnings.

Although the economic effects of the COVID-19 pandemic cannot be fully estimated, the Company considers that the very good financial situation, the access to financing and the markets where it operates are a solid basis for ensuring business continuity and limiting the negative effects of the COVID-19 pandemic crisis.

#### General evaluation items:

a) gross book result		RON 11.537 thousand
b) turnover		RON 387.017 thousand
c) operating costs		RON 386.796 thousand
d) liquidity at the year-end		RON 1.537 thousand
e) % of the market held (internal estimates)		
<u>2021</u>	Tissue paper	- 10 %
	Paperboards	- 16 %
	Corrugated cardboard	- 17 %

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

The main production activities of „VRANCART” are organised by three different lines of business managed based on their own budgets, component parts of the general budget of the Company, that manufacture products for three different markets, namely:

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

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

Lines of business	M.U.	2021	2020	2019
The paperboards mill	to	88.255	75.592	88.941
The corrugated cardboard and packaging mill	to	69.627	60.292	62.563
The tissue paper mill	to	20.164	17.416	18.131

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

Lines of business	M.U.	2021	2020	2019
The paperboards mill	%	12%	12%	11%
The corrugated cardboard and packaging mill	%	65%	66%	65%



The tissue paper mill	%	17%	15%	18%
Other activities	%	6%	7%	6%

The investments made in 2021, by groups of fixed assets, were:

Investments made	Value (RON)
Buildings and building improvements	1.652.220
Technological equipment	14.477.509
Apparatus and working installations	482.517
Means of transport and other fixed assets	1.395.707
Intangible assets	380.356
<b>TOTAL</b>	<b>18.388.309</b>

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

The main raw material used by the production mills of “VRANCART” is waste paper. It is purchased by means of the company’s own collection centres or directly from generators.

The evolution of waste paper collection during the past 3 years is presented below:

Waste paper purchase	M.U.	2021	2020	2019
Waste paper purchases through the collection centres	to	82.484	81.497	90.390
	% out of total	57%	66%	65%
Direct purchase (Adjud)	to	62.100	41.333	48.353
	% out of total	43%	34%	35%
<b>Total purchases</b>	<b>To</b>	<b>144.584</b>	<b>122.830</b>	<b>138.743</b>
	%	100%	100%	100%

### 1.1.4. Evaluation of the sales activity

The evolution of delivery of the products of „VRANCART” by each market segment in the past 3 years is presented in the table below:

Lines of business	M.U.	2021	2020	2019
The paperboards mill	to	23.384	22.538	19.137
The corrugated cardboard and packaging mill	to	69.243	60.363	62.759
The tissue paper mill	to	18.822	17.037	18.469



## The state of competition

In each market segment, there are several manufacturers of products similar to those produced by „VRANCART”.

**A. On the paperboards market in Romania** there were four competitors in 2021. The production capacities of the paper production plants based on the public statements of the producers are as follows:

Producer	Annual production capacity (to/year)
Ambro Suceava (Rossmann Group)	155.000
DS Smith, Zărnești	200.000
Vrancart Adjud	100.000
Romwelle (“CCH”), Turnu Severin	80.000
<b>Total</b>	<b>535.000</b>

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

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

### Market share evolution for paperboards

Producers	2021	2020	2019
Vrancart Adjud	16%	16%	17%
Other producers	84%	84%	83%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: VRANCART estimates

**B. On the corrugated cardboard and corrugated cardboard packaging market**, in 2021 there were 9 competitors, out of which 5 have two mills each (Vrancart, Dunapack, DS Smith, Rossmann and Rondocarton).

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

The estimated production capacity of the 15 corrugated cardboard mills amounts to over 750 thousand tons per year. The consumption in 2021 was of 456 thousand tons (61% of the total production capacity), recording an increase of approx. 18% in tons compared to the previous year.



### Corrugated cardboard producers in 2021 in Romania:

No.	Producer's name	Production capacity (to/year) VNC estimate
1	Rondocarton (2 Mills)	160,000
2	Rossmann (2 Mills)	120,000
3	Vrancart (2 Mills)	120,000
4	Dunapack (2 Mills)	120,000
5	DS Smith Group (2 Mills)	80,000
6	VPK Salonta	60,000
8	Thimm Sura Mica	60,000
9	Europa Expres Iași	30,000
<b>TOTAL</b>		<b>750.000</b>

Source: VRANCART estimates

### Market share evolution for Corrugated cardboard and corrugated cardboard packaging:

Producers	2021	2020	2019
Vrancart Adjud	17%	15%	17%
Other producers	83%	85%	83%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: VRANCART estimates

**C. On the tissue paper market**, with a market share of 10% in 2021 (taking into account only the domestic production), „VRANCART” remains one of the major tissue paper manufacturers in Romania.

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

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

At the end of 2020, Vrancart purchased, through bid, the tissue paper production machine from Petrocart and it will be put into operation in 2022.

Also, during the next period, new production capacities will appear on the market. MG TEC Industry Dej will build with a state aid a new mill of large consumption tissue paper products, where it will invest over EUR 80 million, in two new production lines. The equipment will be put into operation in 2022 (Source: <https://www.tissueworldmagazine.com>).

### Market share evolution for Tissue paper

Producers	2021	2020	2019
Vrancart Adjud	10%	9%	11%
Other producers	90%	91%	89%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>





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

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

The average number of employees in 2021 was 1098 employees, out of which:

- 159 higher education graduates
- 472 high school graduates
- 311 vocational schools graduates
- 156 middle school graduates

Out of the total number of employees, 195 are trade union members (there is only one trade union within the Company).

The labour force fluctuation index in 2021 was 26% (the number of employees that left the Company/ average number of employees x 100).

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

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

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

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

**VRANCART S.A.** has implemented an integrated quality-environment-health management and labour security system which was re-certified in August 2021 by Lloyd's Register England, Bucharest Agency.

The impact of the Company's activity onto the environment is constantly monitored through the implementation of the Environmental Management System and implicitly through the compliance with the laws in force and the **INTEGRATED ENVIRONMENT AUTHORISATION no. 1/18.03.2015, which was revised on April 14<sup>th</sup>, 2020**. According to the legislation in force, the INTEGRATED ENVIRONMENTAL AUTHORISATION is valid only with an annual endorsement.

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

#### **ENVIRONMENTAL FACTOR: AIR**

The following emissions result from the activity of VRANCART S.A.:

- hot air emissions (after the moist air from drying paper goes through absorption hoods) that are evacuated through exhaust chimneys at high altitude);



- emissions from the combustion gases from the process steam generating boilers (Bosch and CTAT – hot reserves), the 3 process steam generators and the production waste co-incineration plant, which are removed through chimneys at high altitude;
- emissions resulting from the manufacturing processes – spread dust emissions due to the handling of auxiliary solid materials and the processing of tissue paper;
- noise resulting from the operation of the burning and production plants.

In reference to the greenhouse gas emissions, according to Order no. 1256/June 12<sup>th</sup>, 2020, the Greenhouse gas emissions authorisation no. 145 was issued on July 6<sup>th</sup>, 2021 for the period 2021-2030. The CO<sub>2</sub> emissions allowance was obtained free of charge, for the period 2021-2025, called “stage IV”.

According to the requirements of the Integrated Environmental Authorisation, we carried out the following:

- determinations for the ambient environment in the production halls were carried out by the Vrancea Directorate of Public Health;
- determinations of the noise level at the limit of the location were carried out by ICEMENERG Bucharest (a laboratory accredited according to ISO 17025).

The results proved that the values measured are below the maximum limits allowed, as established by the applicable legislation in the field.

In 2021, we carried out measurements of the pollutants discharged by fixed sources, in accordance with the Integrated Environmental Authorisation, with ICEMENERG Bucharest (a laboratory accredited according to ISO 17025); the results were below the maximum limits allowed, imposed through the abovementioned authorisation.

We believe that VRANCART’s activity has an **insignificant impact onto the air environmental factor**, and the level of emissions into the air comply with the provisions of:

- the Government Decision no. 1218/2006 as supplemented by the Government Decision no. 1/2012 and the Government Decision no. 355/2007 for the establishing of the minimum labour health and security requirements for the provision of the workers’ protection against the risks related to the presence of chemical substances;
- the Government Decision no. 493/2006 on the minimum labour health and security requirements related to the workers’ exposure to the risks generated by noise;
- the Government Decision no. 1091/2006 on minimum labour health and security requirements at the work place;
- the Government Decision no. 1048/2006 on minimum security and health requirements for the use of the personal protective equipment by workers at the workplace.
- Order no. 462/1993 of the Ministry of Waters, Forests and Environmental protection for the approval of the technical conditions related to environmental protection and the Methodological norms on the determination of the emissions of air pollutants produced by stationary sources;
- Law no. 104/2011 on air quality, as amended as supplemented by the Government Decision no. 336/2015 and the Government Decision no. 806/2016;



- Law no. 278/2013 on industrial emissions, as amended as supplemented by the Government Emergency Ordinance no. 101/2017.

#### **ENVIRONMENTAL FACTOR: WATER**

VRANCART S.A. holds the “**Water Management Permit no. 1/04.02.2008**”, revised on November 4<sup>th</sup>, 2013, valid until February 4<sup>th</sup>, 2017. In June 2017, the Water Management Permit was renewed under no. 160/17.07.2017, valid until July 17<sup>th</sup>, 2022.

In 2020, the wastewater discharged from Vrancart’s wastewater treatment plant into Siret river were within the limits imposed by the revised Water Management Permit, according to the current monitoring and the determinations carried out by ALS GLOBAL Ltd, Ploiești (a laboratory accredited according to ISO 17025).

The “Plan for the Prevention and Control of Accidental Pollution” is revised on a yearly basis according to Order no. 278/1997 of the Minister of Water, Forests and Environmental Protection which approves the framework methodology for the preparation of the plans for the prevention and control of accidental pollution; this plan is submitted to the Vrancea Water Management System and to the Bacău Water Basin Administration.

#### **ENVIRONMENTAL FACTOR: SOIL**

Since one of the sources of soil pollution is represented by the faulty management of waste, within the environmental management system, clear rules were established to provide the compliance with the legal provisions on waste.

The manufacturing wastes and the sludge from the wastewater treatment plant are stored in the temporary waste storage facility and are co-incinerated in our own plant and the resulting process steam is used for dewatering sludge, with the purpose to optimise its burning.

The ash resulting from the co-incineration of our own technological wastes is a non-hazardous waste. Since the start-up of the waste co-incineration boiler in 2008, the resulting ash was deposited in several concrete pools. The obligation related to the adequate arrangement and the final closing is in accordance with the provisions of Order no. 757/2004.

According to the requirements on the protection of soil imposed by the “Integrated Environmental Permit”, in October 2021, ALS GLOBAL Ltd Ploiesti (a laboratory accredited according to ISO 17025) made determinations of the concentrations of pollutants. The results showed that the measured values are below the maximum limits allowed.

The Vrancea Environmental Guard, the Vrancea Environmental Protection Agency, the Siret Bacău Water Basin Administration and the Vrancea Water Management System performed controls. The findings were recorded in the control reports – the quality indicators of the clarified water did not exceed the limits imposed through the regulatory deeds, according to the information presented in the **Water environmental factor**, without any violations of the legislation in force.



### 1.1.7. Evaluation of the research and development activity

The company is involved as a partner in various research and development projects. In 2019, “Gheorghe Asachi” Technical University in Iasi submitted a project for financing with the programme: PN-III-CERC-CO-PED-2016 with the name „Novel materials with optical properties for anti-counterfeiting paper” (OptiPaper). The project objective is to manufacture paper for money production, so as not to allow its counterfeiting and it will be carried out over a period of 2 years. The project was approved in November 2020 and the project implementation period is 2020 – 2022. The project value amounts to RON 600.000 and it is financed from the state budget.

### 1.1.8. Evaluation of the Company’s activity on risk management

The Company’s risk management policies are defined so as to provide the identification and analysis of the risks that the Company is facing, to establish the appropriate limits and controls, as well as to monitor the risks and to meet the limits established. The risk management policies and systems are regularly revised to reflect the changes occurred in the market conditions and in the Company’s activities. Through its management and training standards and procedures, the Company aims to develop an orderly and constructive control environment, where all the employees understand their roles and obligations.

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

- credit risk;
- liquidity risk;
- market risk.

**Credit risk** is the risk that the Company incurs a financial loss following its partners’ failure to meet their contractual obligations. The maximum exposure to credit risk was:

<b>Book value</b>	<b>December 31<sup>st</sup>, 2021</b>	<b>December 31<sup>st</sup>, 2020</b>
Trade receivables and other receivables	86.933.035	65.652.312
Cash and cash equivalents	1.536.938	4.332.741
<b>Total</b>	<b>88.469.973</b>	<b>69.985.053</b>

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

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



December 31 <sup>st</sup> , 2021	Book value	Contractual cash flows	less than 1 year	1 - 5 years	over 5 years
Bank loans*	102.393.993	109.434.808	58.230.322	51.204.486	-
Debts under leasing contracts	23.632.509	23.632.509	5.864.025	17.768.484	-
Trade liabilities and other liabilities	71.004.028	71.004.028	70.258.299	745.729	-
<b>Total</b>	<b>197.030.530</b>	<b>204.071.345</b>	<b>134.352.646</b>	<b>69.718.699</b>	<b>-</b>

December 31 <sup>st</sup> , 2020	Book value	Contractual cash flows	less than 1 year	1 - 5 years	over 5 years
Bank loans*	93.939.741	101.385.530	53.615.503	46.666.461	1.103.566
Debts under leasing contracts	14.536.995	14.658.402	6.149.713	8.508.689	-
Trade liabilities and other liabilities	38.207.610	38.207.610	37.107.933	1.099.677	-
<b>Total</b>	<b>146.684.346</b>	<b>154.251.542</b>	<b>96.873.149</b>	<b>56.274.826</b>	<b>1.103.566</b>

\*Out of the total bank loans amounting to RON 25 million as at December 31<sup>st</sup>, 2021 (respectively RON 33 million as at December 31<sup>st</sup>, 2020) a percentage of 24% in 2021 (35% in 2020) is represented by credit lines which are renewed on an annual basis. The Company considers that it will be able to renew these facilities during the next period as well.

VRANCART's management considers that it is taking all the measures necessary to support the sustainability and development of the Company's business, under the current conditions, through:

- the constant monitoring of liquidity;
- the performance of short-term forecasts on net liquidity;
- the monitoring of the cash inflows and outflows (on a daily basis), the evaluation of the effects onto the debtors, of the limited access to financing and of the economic environment in Romania and in the European area.

**Market risk.** The objective of managing this risk is to maintain the exposures related to the exchange rate, the interest rate and the price of equity instruments within acceptable limits and at the same time to optimize the return on investment.

#### 1.1.9. Prospects for the Company's business

In 2022, the Company will continue its development process through the implementation of large investments that will lead to the optimization and increase of the production capacity, as well as to the diversification of its product portfolio. Although their implementation will require great investment efforts and discontinuations of the production flow (for the replacement/upgrade of equipment), the Company expects its results will be at the same level as in the previous year.



### 1.1.10. Operating permits and certifications

During the previous years, VRANCART implemented an integrated Quality – Environment – Labour Health and Security system, certified by Lloyd's Register England, Bucharest Branch. The ISO certification takes into account several aspects of the Company's business, from environmental protection to personnel protection and security, to the technical availability of the machines and plants involved in the production processes and proves the management's interest for the constant improvement of the Company's environmental situation, health and security.

The certificates are valid for three years, with annual surveillance audits, in order to check the compliance with the requirements of the ISO standards.

In 2020, the company made the transition from the management system, existing and certified at VRANCART SA, to the requirements of the ISO 45001: 2018 standard - regarding occupational health and safety, and integrated it with the quality and environment management systems, and it recertified the ISO management systems.

In August 2021, the audit for the recertification of the three ISO management systems - quality, environment, labour health and security – took place, due to the expiration of the three years validity period. During the audit it was found that the processes are well kept under control. The system has a good level of compliance with the reference standards, which is why the recertification was obtained. The validity of the ISO management system certificates is:

- a) the Certificate for the approval of the Quality Management System no. 10385683/19.08.2021, according to SR EN ISO 9001: 2015 – valid until 13.09.2024;
- b) the Certificate for the approval of the Environmental Management System no. 10385687/19.08.2021, according to SR EN ISO 14001:2015 – valid until 13.09.2024;
- c) the Certificate for the approval of the Labour Health and Security Management System no. 10385685/19.08.2021, according to SR EN ISO 45001:2018 – valid until 13.09.2024.

Since 2014, Vrancart also holds an FSC certification for its Chain of Custody Management System for the recovery, processing and delivery of products obtained from recycled, mixed and virgin materials in accordance with the standards FSC-STD-40-004/FSC-STD-40-007. The certificate is issued by TUV SUD, valid from October 14<sup>th</sup>, 2019, revised on October 15<sup>th</sup>, 2019 and valid until October 14<sup>th</sup>, 2024 with annual surveillance audits.

During the audit performed in 2021, the good level of compliance with the standards chosen as reference was found.

„VRANCART” operates in accordance with the provisions of:

- **THE INTEGRATED ENVIRONMENTAL PERMIT no. 1/March 18<sup>th</sup>, 2015**, that was revised on **April 14<sup>th</sup>, 2020** and is valid with an annual endorsement.
- **THE WATER MANAGEMENT AUTHORISATION no. 1/February 4<sup>th</sup>, 2008**, revised on November 4<sup>th</sup>, 2013, valid until November 4<sup>th</sup>, 2017. In 2015, it was revised under no. 190/July 28<sup>th</sup>, 2015. In June 2017, the Water Management Authorisation was renewed under no. 160/July 17<sup>th</sup>, 2017, valid until July 17<sup>th</sup>, 2022 and the indicators' value remained in accordance with NTPA 001/2005.



The **general objectives** of the ISO and FSC management systems were included in the policies on quality, environment, labour health and security. Specific project objectives were established in order to reach the general objectives.

The ISO, FSC certificates and the related policies are available on the website [www.vrancart.ro](http://www.vrancart.ro).

## 2. THE COMPANY'S TANGIBLE ASSETS

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

"Vrancart" S.A. Adjud is headquartered in Adjud municipality, Vrancea county, where the following production capacities operate:

a) *The corrugated cardboard machine*, with the existing production capacity of 80.000 tons/year;

b) *The paperboards machine*, with a production capacity of 100.000 tons/year, considering that the machine operates with raw materials consisting of 100% waste paper;

*The tissue paper machine*, with a production capacity of 25.500 tons/year;

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

The re-evaluations are made by specialised assessors, members of ANEVAR (the National Association of Authorised Assessors in Romania). The last re-evaluation of the Company's patrimony was made as at December 31<sup>st</sup>, 2019. The re-evaluations of tangible assets are made with sufficient regularity, so that the book value does not differ substantially from the value that would be determined using the fair value as at the balance sheet date.

The company has production facilities in Jiblea locality, Valcea county, where a machine for corrugated cardboard production and corrugated cardboard boxes converting (production) operates, as well as in Ungheni, Mures county, where the company holds a mill for corrugated cardboard converting (production of boxes).

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

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

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

–	Constructions	30-60 years
–	Equipment	2-16 years



- Means of transport 4-8 years
- Furniture and other tangible assets 4-10 years

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

The degree of wear in the records as at December 31<sup>st</sup>, 2021 is as follows:

*(all values stated in thousand RON)*

Degree of wear	Cost or re-evaluated value	Amortisation and depreciation	Wear
Buildings and special constructions	79.537	21.892	28%
Equipment and other fixed assets	375.355	207.581	55%

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

A part of the Company's tangible assets are mortgaged or pledged to guarantee the loans granted by banks. The net book value of these pledged or mortgaged assets was RON 150.074 thousand as at December 31<sup>st</sup>, 2021 (December 31<sup>st</sup>, 2020: RON 161.456 thousand). The net book value of the assets purchased through financial leasing was RON 88 thousand as at December 31<sup>st</sup>, 2021 (December 31<sup>st</sup>, 2020: RON 102 thousand).

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

### 3.1. Specification of the markets in Romania and in other countries where the securities issued by the Company are traded

The shares of "VRANCART" SA are listed at the Bucharest Stock Exchange, Standard category, with the indicative VNC, starting from July 15<sup>th</sup>, 2005.

The shareholding structure as at December 31<sup>st</sup>, 2021 is as follows:

- SIF Banat-Crişana - 75,06 %
- Paval Holding - 17,10%
- Legal entities - 3,02 %
- Natural persons - 4,82 %

### 3.2. Description of the Company's policy on dividends

The Company's policy on dividends is established by the Ordinary General Meeting of the Shareholders. Through the Decision no. 4 dated April 27<sup>th</sup>, 2021, the Ordinary General Meeting of the Shareholders decided to distribute dividends from the net profit of the financial year ended on December 31<sup>st</sup>, 2020 in the amount of RON 10.007.331, respectively a gross amount of a dividend of RON 0,0097/share.





Year	Net profit	Legal reserve	Dividends	Development fund*	Loss coverage	Other purposes
2019	22.892.856	1.224.900	11.967.530	9.700.426	-	-
2020	18.533.610	1.038.331	10.007.331	6.307.703	-	1.180.245
2021	9.868.525	576.826	**	1.444.268	-	**

\* These amounts represent tax facilities that the Company benefited of from the exemption of the tax related to reinvested profit (art. 22 of the applicable Tax Code).

\*\*The distribution of the Company's profit for 2020 falls under the competence of the Ordinary General Meeting of the Shareholders and will be established during the meeting to be held in April 2022.

### 3.3. Description of any activities of the trade company to redeem its own shares

From its establishing, „VRANCART” S.A. Adjud has not purchased or held at any time its own shares.

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

The company **Rom Paper SRL, Brasov (Branch 1)** was acquired in January 2017. The acquisition contract provided the acquisition in three stages, namely 70% (in January 2017), 15% (in June 2017) and 15% (in June 2018). The acquisition contract was completed, so that as at December 31<sup>st</sup>, 2021, the Company holds 100% of the shares. The main activity of the company is represented by the production and sale of tissue paper products.

**Vrancart Recycling S.R.L. (Branch 2)** was established in August 2020 and it is a Romanian privately-owned company, having a sole shareholder. The main activity of this branch consists of the treatment and disposal of non-hazardous waste. The company is at the beginning of its activity and had a number of 45 employees as at the end of 2021. The parent-Company holds 100% of the shares as at December 31<sup>st</sup>, 2021.

**Ecorep Group SA (Branch 3)** was established in November 2020 and it is a Romanian privately-owned company. The main activity of this branch consists of the provision of services regarding the implementation of the obligations related to the producer's extended liability for environmental targets. The company is at the beginning of its activity. The number of employees as at December 31<sup>st</sup>, 2021 is 19. The parent-Company holds 99,6% of the shares as at December 31<sup>st</sup>, 2021.

### 3.5. If the Company issued any bonds and/or other debt securities, presentation of the modality in which it fulfils its obligations towards the holders of such securities

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



## 4. THE COMPANY'S MANAGEMENT

### 4.1. The Company's Administrators

a) Presentation of the list of the company's administrators and of the following information for each administrator (surname, name, age, qualification, professional experience, position and the accumulated service) as at December 31<sup>st</sup>, 2021:

1. Ciucioi Ionel-Marian - 44 years old, economist,  
Chairman of the Board of Administrators and General Manager for 8 years
2. Drăgoi Bogdan Alexandru - 42 years old, economist,  
Member of the Board of Administrators for 6 years
3. Mihailov Sergiu - 42 years old, economist,  
Member of the Board of Administrators for 4 years
4. Fercu Adrian - 45 years old, economist,  
Member of the Board of Administrators of „Vrancart” since April 28<sup>th</sup>, 2020
5. El Lakis Rachid - 25 years old, economist,  
Member of the Board of Administrators of „Vrancart” since April 27<sup>th</sup>, 2021.

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

Not applicable.

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

The administrators' participation in the Company's capital as at December 31<sup>st</sup>, 2021:

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

d) Remuneration policy

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

e) The list of persons affiliated to the company

The parties will be deemed to be affiliated if one of the parties has the possibility to control either directly or indirectly, or to significantly influence the other party by holding or on the basis of contractual, family or other rights, such as defined in IAS 24 “Related party disclosures”.

The persons who are part of the Board of Administrators and the Steering Board, as well as SIF Banat Crișana, which is the main shareholder, together with the other companies controlled by it are considered affiliated parties.

### 4.2. The Company's executive management

a) The executive management of "Vrancart" S.A. Adjud as at December 31<sup>st</sup>, 2021 was provided by Ec. Ciucioi Ionel-Marian, as General Manager and Chairman of the Board of Administrators.



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

- Not applicable.

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

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

#### **4.3. Potential disputes or administrative procedures**

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

- Not applicable.

### **5. CORPORATE GOVERNANCE**

#### **5.1. The compliance with the Code of Corporate Governance (CGC) of the Bucharest Stock Exchange**

The Board of Administrators decided on the voluntary conformation with the Code of Corporate Governance (CGC) of the Bucharest Stock Exchange, a decision that was ratified by the General Meeting of the Shareholders of August 10<sup>th</sup>, 2011 and on this occasion the Corporate Governance Regulation of „VRANCART” S.A. Adjud was approved.

„VRANCART” S.A. Adjud, as an issuer listed in the standard category of the Bucharest Stock Exchange, considers the compliance with the corporate governance principles of the Corporate Governance Code of the Bucharest Stock Exchange. The shares of “VRANCART” S.A. are listed and traded starting from July 15<sup>th</sup>, 2005, at the Bucharest Stock Exchange, standard category, having the symbol VNC.

The activity related to keeping the shareholders' registry was and is being performed by S.C. „Depozitarul Central” S.A. in accordance with the agreement no. 7270/March 7<sup>th</sup>, 2017.

Still, at the Company level there are documents and rules specific to corporate governance that are available in the Company's “Articles of incorporation”, the Organisation and Operation Regulation, internal regulations and decisions, where the functions, competences and responsibilities of the Board of Administrators and of the executive management are described.

Information on the corporate governance policy of „VRANCART” is disseminated on the Company's website, respectively [www.vrancart.ro](http://www.vrancart.ro):

- The list of members of the Board of Administrators and of the members of the executive management;

- The updated articles of incorporation.

The new Code of Corporate Governance of the Bucharest Stock Exchange was adopted in September 2015; it replaces the old code and it comprises a set of principles and



recommendations for the companies admitted to trading, for the purpose of creating an internationally attractive capital market, and our company acceded to this code. Although the new code does not expressly provide any more the existence of the “Apply or Explain” statement, this mechanism is still maintained, as it is an element that strengthens the shareholders’ and stakeholders’ trust in the issuers, and clear, accurate and up-to-date information on the compliance with the rules of corporate governance of the listed companies is transmitted in the capital market through this mechanism.

The new Code of Corporate Governance of the Bucharest Stock Exchange includes 34 recommendations that must be met, structured by 4 sections, out of which, on the date of its implementation, our company complies with 24 provisions. In reference to the provisions that our company does not comply with, entirely and partially, the Company’s management took the necessary steps in order to comply with all the recommendations, and the subsequent progresses that our company records in terms of the compliance with the Code of Corporate Governance will be reported to the capital market.

## **5.2. The Company’s management**

### **The Board of Administrators**

„VRANCART” is managed by a Board of Administrators formed of 5 members, elected by the General Meeting of the Shareholders for a period of 4 years, with the possibility of being re-elected.

The Board of Administrators has decision-making competences on the Company’s management during the period between the general meetings, except for the decisions that the law or the Company’s articles of incorporation provide exclusively for the General Meeting of the Shareholders. The Board of Administrators elects a chairman from among its members. The chairman also holds the position of General Manager and provides the actual management of the Company.

In the current mandate of the Board of Administrators, elected by the General Meeting of the Shareholders of April 27<sup>th</sup>, 2018, the General Meeting of the Shareholders of April 28<sup>th</sup>, 2020 and the General Meeting of the Shareholders of April 28<sup>th</sup>, 2021, the structure of the Board of Administrators provides a balance between the executive and non-executive members, with a ratio of 1/5. The election of the members of the Board of Administrators through the shareholders’ vote in the General Meetings of the Shareholders of April 27<sup>th</sup>, 2018, April 28<sup>th</sup>, 2020 and April 27<sup>th</sup>, 2021 was based on a transparent procedure, by making public the contents of the candidacy file and the criteria to meet in order to hold the position of administrator in a trade company. The mandate of the members of the Board of Administrators is of 4 years, according to the statutory provisions.

According to the provisions of Law no. 31/1990, the General Meeting of the Shareholders approves the policy for the remuneration of the administrators and of the executive management members on an annual basis. According to the statutory provisions, the Board of Administrators meets at least every three months in order to monitor the performance of the Company’s activity.



„VRANCART” complies with the rules regarding the behaviour and the obligations to report on the transactions with the shares issued by the Company, made on their own behalf by the administrators and other natural persons involved and these rules are complied with by the persons in question, in accordance with the regulations of the Financial Supervisory Authority and the specific rules are available in the Regulation of Corporate Governance of “VRANCART” that became effective in 2011.

The list of persons that have access to privileged information is constantly updated, and this situation is sent to the Financial Supervisory Authority. The obligation to give notification on the transactions made by the initiated persons is both personal and of the intermediaries and the information is disseminated through the website of the Bucharest Stock Exchange.

### **The activity of the Board of Administrators in 2021**

In 2021, the Board of Administrators of “VRANCART” S.A. Adjud gathered 18 times in accordance with the statutory provisions and the administrators’ attendance in the meetings was in accordance with the legal provisions.

The chairman of the Board of Administrators chaired all the meetings held in 2021. As a result of the meetings, 48 management decisions on the Company’s current activity were adopted.

### **5.3. Respecting the shareholders’ rights**

„VRANCART” S.A. respects the shareholders’ rights, providing their equal treatment. For the General Meeting of the Shareholders held in 2021, namely on April 27<sup>th</sup>, 2021, in a dedicated section of the Company’s website [www.vrancart.ro](http://www.vrancart.ro) – “For Shareholders”, the details on the conduct of the meeting were published: the notice to attend the General Meeting of the Shareholders, the materials related to the agenda, as well as any other information on the topics on the agenda; the forms for exercising the vote by special proxy and the form for vote by correspondence; the procedures for attendance and vote providing the orderly and effective performance of the works of the General Meeting of the Shareholders and granting the right to every shareholder to express freely its opinion on the issues under debate; on the decisions made within the General Meeting of the Shareholders and on the result of the vote.

For the financial year 2021, the information on the financial schedule, current reports, quarterly, half-yearly and annual reports were posted on the website by the deadline.

Within „VRANCART” there are two people specialised in the field of relations with investors and for the time being this activity does not require the existence of a specialised compartment within the Company.

### **5.4. Communication transparency**

„VRANCART” S.A. gives particular importance to communication transparency, taking into consideration the provision of a continuous and regular reporting, that includes all the important aspects of the Company’s business, the performances recorded, etc.

Also, through the Company’s website, the Company is presented both in terms of the activities carried out and in what concerns its relation with the shareholders and investors. Information of



interest to the shareholders and investors and also the current and regular reports on the Company's business is disseminated in the "For shareholders" section in Romanian and English.

### **5.5. Financial reporting**

The financial statements for 2021 were drawn up in accordance with the Order of the Minister of Finances no. 2844 from 2016, for the approval of the Accounting regulations compliant with the International Financial Reporting Standards (OMFP 2844/2016) and provide a fair and accurate view of the statement of assets, liabilities, financial position and of the profit and loss account of „VRANCART”.

According to the legal provisions, the financial and accounting statements were audited by BDO Audit S.R.L. – an independent financial auditing company, appointed by the General Meeting of the Shareholders dated April 24<sup>th</sup>, 2021 for a period of three years.

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

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

An Internal Audit Compartment operates within „VRANCART” and it audits on a regular basis the Company's activities in order to provide relevant information on the performance of these activities, it makes recommendations for the improvement of the activities, of the procedures and of the controls performed. The internal audit activity is carried out on the basis of the Company's yearly audit plan that is approved by the Audit Committee established in accordance with the provisions of principle 13 of the Code of Corporate Governance.

Within the Board of Administrators of “VRANCART” there is an Audit Committee that examines regularly the efficiency of the financial reporting, of internal control, of internal audit and of the risk management system adopted by the Company. The Audit Committee is formed exclusively of non-executive administrators.

### **5.7. Conflict of interests and transactions with stakeholders**

For the proper identification and resolution of the conflict of interests situations, providing that all the investments and sales of securities are made only for the shareholders' interests and not for any other reasons, the Board of Administrators adopted within its Corporate Governance Regulation a standard procedure for the resolution of such potential circumstances. In case of a conflict of interests between the Company's interest and the personal interest of a decision maker (member of the Board of Administrators) or decision-making employee (member of the



executive management), the solution is the withdrawal of the person in question from that decision-making process.

The internal regulations impose the prohibition for the employees to engage in affiliated transactions that are in breach of the Financial Supervisory Authority regulations.

When a conflict of interests occurs among the administrators, they inform the Board of Administrators of this issue and refrain from the debates and the vote on those issues, in accordance with the relevant legal provisions; these situations are recorded in the minutes of the meeting of the Board of Administrators.

### **5.8. The corporate information regime**

The standard procedure on the internal circuit and the disclosure to third parties of the documents and information on the issuer, that might influence the evolution of the market price of the securities issued by it, was regulated through the Corporate Governance Regulation.

The persons assigned with attributions in this field draw up on a regular basis notices on the implications of the normative provisions on the management of privileged information (as defined in art. 114 of Law no. 24/2017) in “VRANCART” as well as in what concerns the obligations of the initiated persons. The notice is subject to the analysis and approval by the Board of Administrators.

### **5.9. Social responsibility**

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

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

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

“VRANCART” S.A. will draft a separate report on information related to the non-financial statement and the aspects related to diversity, in accordance with the provisions of chapter 7 of Order no. 2844/2016. The separate report concluded for 2021 will be made available to the public on the Company’s website [www.vrancart.ro](http://www.vrancart.ro), until June 30<sup>th</sup>, 2022.



## 6. FINANCIAL AND ACCOUNTING STATEMENTS

The individual financial statements are drawn up by the Company in accordance with the requirements of the Order of the Ministry of Finances no. 2844 of 2016, for the approval of the accounting regulations compliant with the International Financial Reporting Standards (OMFP 2844/2016). The International Financial Reporting Standards (IFRS) are the standards adopted according to the procedure provided by the (EC) Regulation no. 1.606/2012 of the European Parliament and of the Council dated July 19<sup>th</sup>, 2002 on the application of the International Accounting Standards.

The individual financial statements are presented in accordance with the requirements of IAS 1 “Submission of the financial statements”.

The Company adopted a presentation based on liquidity within the statement of financial position and a presentation of the revenues and expenditures according to their nature within the statement of comprehensive income, considering that these presentation methods provide information that is credible and more relevant than the information that would have been submitted based on other methods allowed by IAS 1.

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

Indicator's name	M.U.	December 31 <sup>st</sup> , 2021	December 31 <sup>st</sup> , 2020	December 31 <sup>st</sup> , 2019
Overall liquidity	Ratio	1.11	1.20	1.19
Immediate liquidity	Ratio	0.67	0.75	0.67
Stock turnover	Rot/year	7	7	6
Debt recovery	Days	78	81	78
Reimbursement of trade liabilities	Days	58	33	31
Operating profitability	%	4%	9%	10%
Gross profit ratio	%	3%	7%	8%





## 6.1. Statement of financial position for the past 3 years

(RON)	December 31 <sup>st</sup> , 2021	December 31 <sup>st</sup> , 2020	December 31 <sup>st</sup> , 2019
<b>ASSETS</b>			
Tangible assets	300.076.409	285.408.521	282.772.387
Intangible assets	1.379.680	1.446.228	1.404.918
Goodwill	3.380.811	3.380.811	3.380.811
Financial assets	45.566.328	29.966.328	28.866.728
<b>Total non-current assets</b>	<b>350.403.228</b>	<b>320.201.888</b>	<b>316.424.844</b>
Inventories	58.601.760	42.055.540	52.797.252
Trade receivables	84.112.306	64.666.084	65.265.430
Prepaid expenses	517.486	761.374	802.431
Receivables related to current profit tax	212.055	-	6.070
Other receivables	2.820.729	986.228	343.920
Cash and cash equivalents	1.536.938	4.332.741	2.149.202
<b>Total current assets</b>	<b>147.801.274</b>	<b>112.801.967</b>	<b>121.364.305</b>
<b>TOTAL ASSETS</b>	<b>498.204.502</b>	<b>433.003.855</b>	<b>437.789.149</b>
<b>EQUITY</b>			
Share capital	120.363.081	103.168.355	103.168.355
Reserves	116.569.364	115.711.008	108.655.307
Retained earnings	10.586.064	12.387.267	12.876.888
<b>Total equity</b>	<b>247.518.509</b>	<b>231.266.630</b>	<b>224.700.550</b>
<b>LIABILITIES</b>			
Long-term loans from bond issues	37.949.400	37.627.000	37.942.100
Long-term bank loans	47.751.510	43.766.905	46.168.826
Long-term liabilities under leasing contracts	17.768.484	10.525.739	8.438.653
Deferred income	9.034.757	10.627.998	13.141.728
Long-term debts to employees	422.307	453.855	331.832
Debts related to deferred profit tax	4.145.628	4.275.495	5.083.427
Other long-term liabilities	323.422	645.822	348.508
<b>Total long-term liabilities</b>	<b>117.395.508</b>	<b>107.922.814</b>	<b>111.455.074</b>
Short-term trade liabilities	61.919.951	26.573.457	26.176.054
Short-term loans	54.642.483	50.172.836	59.132.674
Short-term liabilities under leasing contracts	5.864.025	4.011.256	4.035.213
Deferred income	2.012.878	2.522.385	2.531.041
Debts to employees	4.394.786	4.904.713	4.645.092
Debts related to current profit tax	-	960.442	-
Other liabilities	4.456.362	4.669.322	5.113.451
<b>Total current liabilities</b>	<b>133.290.485</b>	<b>93.814.411</b>	<b>101.633.525</b>
<b>TOTAL LIABILITIES</b>	<b>250.685.993</b>	<b>201.737.225</b>	<b>213.088.599</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>498.204.502</b>	<b>433.003.855</b>	<b>437.789.149</b>



## 6.2. Statement of comprehensive income for the past 3 years

(RON)	2021	2020	2019
Income from turnover	387.017.600	286.476.932	300.788.776
Other income	6.929.773	5.120.006	3.469.300
Variation of finished products inventories and production in progress	8.574.789	(7.948.362)	14.059.496
Expenses related to raw materials and consumables	(229.269.419)	(124.223.310)	(160.518.413)
Expenses related to commodities	(13.055.876)	(7.497.067)	(6.745.963)
Third party expenses	(34.634.513)	(21.789.796)	(21.861.116)
Personnel-related expenses	(70.630.381)	(61.989.022)	(63.398.441)
Expenses related to amortisation and impairment of tangible assets	(32.086.789)	(31.795.560)	(26.784.329)
Other expenses	(7.118.725)	(10.165.789)	(8.403.992)
<b>Operating result</b>	<b>15.726.459</b>	<b>26.188.032</b>	<b>30.605.318</b>
Financial income	421.247	821	1.661
Financial expenses	(4.611.181)	(5.422.241)	(6.390.366)
<b>Profit (loss) before taxation</b>	<b>11.536.525</b>	<b>20.766.612</b>	<b>24.216.613</b>
Profit tax expense	(1.688.000)	(2.233.002)	(1.323.757)
<b>Profit (loss) for the year</b>	<b>9.868.525</b>	<b>18.533.610</b>	<b>22.892.856</b>
<b>Other comprehensive income items</b>			
Changes in the reserve from the revaluation of tangible assets, net of deferred tax	(804.041)	-	11.008.730
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>9.064.484</b>	<b>18.533.610</b>	<b>33.901.586</b>



### 6.3. Statement of cash flows for the past 3 years

(RON)	2021	2020	2019
<b>Cash flows from operating activities</b>			
Amounts collected from customers	433.426.416	331.173.886	345.047.452
Payments to suppliers	(284.373.262)	(172.027.266)	(220.294.555)
Payments to employees	(49.029.042)	(40.879.964)	(40.570.656)
Payments to the state budget	(54.727.134)	(48.247.992)	(51.716.432)
Profit tax paid	(2.813.694)	(2.074.422)	(1.590.547)
<b>Net cash flows from operating activities</b>	<b>42.483.284</b>	<b>67.944.242</b>	<b>30.875.262</b>
<b>Cash flows from investment activities</b>			
Payments for the purchase of tangible and intangible assets	(34.883.285)	(32.718.920)	(28.732.757)
Payments for the purchase of financial assets	(15.600.000)	(1.099.600)	-
Amounts collected from the sale of tangible assets	364.446	1.578.635	186.315
Interests collected	896	296	220
<b>Net cash flow from investment activities</b>	<b>(50.117.943)</b>	<b>(32.239.589)</b>	<b>(28.546.222)</b>
<b>Net cash flows from financing activities</b>			
Collections from loans	32.691.079	13.548.248	30.491.156
Share capital increase	16.736.768	-	-
Payments for leasing	(4.660.190)	(5.069.270)	(3.437.669)
Interests paid and loans reimbursed	(30.091.339)	(30.338.447)	(19.693.835)
Dividends paid	(9.837.462)	(11.661.645)	(9.603.862)
<b>Net cash flows from financing activities</b>	<b>4.838.856</b>	<b>(33.521.114)</b>	<b>(2.244.210)</b>
<b>Net increase/ (Reduction) of cash and cash equivalents</b>	<b>(2.795.803)</b>	<b>2.183.539</b>	<b>84.830</b>
<b>Cash and cash equivalents at the financial year beginning</b>	<b>4.332.741</b>	<b>2.149.202</b>	<b>2.064.372</b>
<b>Cash and cash equivalents at the financial year end</b>	<b>1.536.938</b>	<b>4.332.741</b>	<b>2.149.202</b>



## 7. MAJOR EVENTS TO REPORT AFTER THE FINANCIAL YEAR END

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

The administrators' report was approved by the Board of Administrators of Vrancart SA.

### SIGNATURES

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

**Ciucioi Ionel-Marian**

Chairman of the Board of Administrators

**Arsene Vasilica-Monica**

Financial Manager