



To,

**The Financial Supervisory Authority  
The Bucharest Stock Exchange**

**Regular report according to the ASF Regulation no. 5/2018**

<b>Date of report:</b>	<b>February 26<sup>th</sup>, 2021</b>
<b>Name of the issuing entity:</b>	<b>VRANCART S.A.</b>
<b>Registered office:</b>	<b>Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County</b>
<b>Telephone/fax no.:</b>	<b>0237-640.800 / 0237-641.720</b>
<b>Tax Identification Number:</b>	<b>1454846</b>
<b>Trade Registry registration no.:</b>	<b>J39/239/1991</b>
<b>Subscribed and paid-in share capital:</b>	<b>103.168.354,70 lei</b>
<b>The regulated trading market:</b>	<b>The Bucharest Stock Exchange</b>

**Major events to report:**

The company VRANCART S.A. Adjud informs its shareholders and investors of the fact that the (individual and consolidated) preliminary annual financial statements, not audited, for the financial year 2020, drawn up in accordance with the International Financial Reporting Standards (IFRS) (the Order of the Public Finance Ministry no. 881/2012 and the Order of the Public Finance Ministry no. 2844/2016 as subsequently amended and completed), with the provisions of Law no. 24/2017 and of the ASF Regulation no. 5/2018, may be consulted at the company's headquarters in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County or at the website [www.vrancart.ro](http://www.vrancart.ro), starting from February 26<sup>th</sup>, 2021, from 06<sup>00</sup> PM.

We enclose hereto the (individual and consolidated) preliminary annual financial statements, not audited, for the financial year ended on December 31<sup>st</sup>, 2020, according to IFRS.

**Chairman of the Board of Administrators,  
CIUCIOI IONEL-MARIAN**



*Translation for information purposes only*

# **VRANCART S.A. CONSOLIDATED PRELIMINARY FINANCIAL RESULTS**

for the financial year ended on  
December 31<sup>st</sup>, 2020

Note:

The preliminary financial results presented in this document are consolidated results, being reported in accordance with the *Public Finance Ministry Order no. 2844/2016* as subsequently amended, which is in compliance with the *International Financial Reporting Standards (IFRS)* adopted by the European Union.

The consolidated preliminary financial results are not audited, this process being ongoing.

As a result, the final and audited consolidated financial statements for 2020 may differ from these.

The functional and presentation currency is the Romanian leu (RON).



## Consolidated statement of financial position *(not audited)*

*Preliminary data as of December 31<sup>st</sup>, 2020*

*(all the amounts are expressed in RON, unless otherwise stated)*

	December 31 <sup>st</sup> , 2020	December 31 <sup>st</sup> , 2019
<b>ASSETS</b>		
Tangible assets	315.908.406	318.233.960
Intangible assets	6.862.717	7.717.493
Financial assets	41.194	35.293
Goodwill	8.526.391	8.526.391
<b>Total non-current assets</b>	<b>331.338.708</b>	<b>334.513.137</b>
Inventories	53.013.513	59.833.767
Trade receivables	71.841.836	72.238.293
Prepaid expenses	870.819	869.447
Cash and cash equivalents	5.558.078	2.485.165
Receivables related to current profit tax	-	339.999
Other receivables	1.212.397	473.401
<b>Total current assets</b>	<b>132.496.643</b>	<b>136.240.072</b>
<b>TOTAL ASSETS</b>	<b>463.835.351</b>	<b>470.753.209</b>
<b>EQUITY</b>		
Share capital	103.168.355	103.168.355
Reserves	115.123.309	111.517.107
Retained earnings	8.162.697	10.211.840
<b>Total equity</b>	<b>226.454.361</b>	<b>224.897.302</b>
<b>LIABILITIES</b>		
Long-term loans	52.667.656	46.168.826
Long-term leasing debts	10.531.057	8.438.653
Long-term loans from bond issues	37.627.000	37.942.100
Advance income	13.270.814	15.569.283
Long-term provisions	476.677	372.440
Debts related to deferred profit tax	6.691.984	6.956.128
Other long-term liabilities	667.983	307.900
<b>Total long-term liabilities</b>	<b>121.933.171</b>	<b>115.755.330</b>
Short-term trade liabilities	39.683.654	37.564.636
Short-term loans	57.809.040	75.327.882
Short-term leasing debts	4.005.938	4.035.213
Short-term deferred income	2.307.124	2.735.415
Debts related to current profit tax	966.800	-
Other liabilities	10.675.263	10.437.431
<b>Total current liabilities</b>	<b>115.447.819</b>	<b>130.100.577</b>
<b>TOTAL LIABILITIES</b>	<b>237.380.990</b>	<b>245.855.907</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>463.835.351</b>	<b>470.753.209</b>

Ciucioi Ionel-Marian  
General Manager

Arsene Vasilica-Monica  
Financial Manager



## Consolidated statement of comprehensive income *(not audited)*

*Preliminary data as of December 31<sup>st</sup>, 2020*

*(all the amounts are expressed in RON, unless otherwise stated)*

	2020	2019
Income from turnover	348.771.639	362.000.902
Other income	5.382.634	3.938.285
Variation in stocks of finished products and work in progress	(7.569.998)	15.219.705
Expenses related to raw materials and consumables	(161.404.382)	(183.234.053)
Expenses related to commodities	(12.929.903)	(26.232.934)
Third party expenses	(27.928.854)	(27.879.290)
Personnel-related expenses	(71.963.147)	(72.400.901)
Expenses related to the amortisation and depreciation of assets	(34.834.216)	(29.693.232)
Other expenses	(12.823.907)	(10.176.578)
<b>Operating profit from the current activity</b>	<b>24.699.866</b>	<b>31.541.904</b>
Financial income	925	1.709
Financial expenses	(6.062.153)	(7.098.653)
<b>Profit before taxation</b>	<b>18.638.638</b>	<b>24.444.960</b>
Profit tax expense	(2.540.843)	(1.234.759)
<b>Profit for the year</b>	<b>16.097.795</b>	<b>23.210.201</b>
<b>Other comprehensive income items</b>		
Increases in the reserve from the revaluation of tangible assets, net of deferred tax	-	11.878.496
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>16.097.795</b>	<b>35.088.697</b>
<b>Earnings per share</b>		
Profit/(loss) attributable to ordinary shareholders	16.097.795	23.210.201
Weighted average number of ordinary shares	1.031.683.547	1.031.683.547
<b>Base earnings per share (RON/share)</b>	<b>0,016</b>	<b>0,023</b>

**Ciucioi Ionel-Marian**  
General Manager

**Arsene Vasilica-Monica**  
Financial Manager



## Consolidated statement of cash flows *(not audited)*

*Preliminary data as of December 31<sup>st</sup>, 2020*

*(all the amounts are expressed in RON, unless otherwise stated)*

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activity</b>		
Collections from customers	400.037.149	413.662.850
Payments to suppliers	(230.364.017)	(273.627.372)
Payments to employees	(46.401.229)	(45.592.583)
Payments to the state budget	(55.125.576)	(57.340.504)
Profit tax paid	(2.171.302)	(1.590.547)
<b>Net cash flows from operating activities</b>	<b>65.975.025</b>	<b>35.511.844</b>
<b>Cash flows from investment activities</b>		
Payments for the purchase of tangible and intangible assets	(39.342.622)	(34.561.091)
Collections from the sale of tangible assets	10.282.717	186.315
Interests collected	400	268
<b>Net cash flows from investment activities</b>	<b>(29.059.505)</b>	<b>(34.374.508)</b>
<b>Cash flows from financing activities</b>		
Collections from loans	18.582.999	35.078.786
Leasing payments	(5.068.315)	(3.437.670)
Interests paid and loans reimbursed	(35.695.646)	(23.125.321)
Dividends paid	(11.661.645)	(9.603.862)
<b>Net cash flows from financing activities</b>	<b>(33.842.607)</b>	<b>(1.088.067)</b>
	<b>3.072.913</b>	<b>49.269</b>
<b>Net increase/(reduction) of cash and cash equivalents</b>		
<b>Cash and cash equivalents at the financial year beginning</b>	<b>2.485.165</b>	<b>2.435.896</b>
<b>Cash and cash equivalents at the financial year end</b>	<b>5.558.076</b>	<b>2.485.165</b>

**Ciucioi Ionel-Marian**  
General Manager

**Arsene Vasilica-Monica**  
Financial Manager



## Explanatory notes

### *Consolidated preliminary financial results as of December 31<sup>st</sup>, 2020 (not audited)*

#### Reporting entity

Vrancart Group (“the Group”) comprises the company Vrancart S.A., having the registered office in Adjud, 17<sup>th</sup> Ecaterina Teodoroiu Street, Vrancea County and its subsidiaries Rom Paper S.R.L. (“the Subsidiary no. 1”), headquartered in Brasov, 30<sup>th</sup> Cristianului Road, Brasov County, Vrancart Recycling S.R.L. (“the Subsidiary no. 2”), headquartered in Adjud, 17<sup>th</sup> Ecaterina Teodoroiu Street, Vrancea County and Ecorep Group S.A. (“the Subsidiary no. 3”), headquartered in Adjud, 17<sup>th</sup> Ecaterina Teodoroiu Street, Vrancea County.

The consolidated financial statements of the Group for the year 2020 consist of the financial statements of Vrancart S.A. and its Subsidiaries, which together form the Group.

Subsidiary	Field of activity	Shareholding as of December 31 <sup>st</sup> , 2020	Shareholding as of December 31 <sup>st</sup> , 2019
Rom Paper S.R.L.	Production of napkins and tissue paper products	100%	100%
Vrancart Recycling S.R.L.	Treatment and disposal of non-hazardous waste	100%	-
Ecorep Group S.A.	Business service support activities n.c.a.	99.60%	-

The group operates in the field of collection and recycling of non-hazardous waste, in the paper and corrugated cardboard industry, and of the hygienic-sanitary paper.

#### VRANCART

Vrancart S.A. (“the Company”) is a joint stock company operating in Romania in accordance with the provisions of Companies Law 31/1990.

The company has its registered office in Adjud, 17<sup>th</sup> Ecaterina Teodoroiu Street, Vrancea County and has working points open in the localities: Bucharest, Calimanesti (Valcea County), Ungheni (Mures County) and collection points in Bucharest, Iasi, Focsani, Bacau, Ploiesti, Botosani, Sibiu, Constanta, Arad, Brasov, Pitesti, Timisoara, Cluj-Napoca, Baia Mare, Craiova, Targu Mures, Braila and Calimanesti.

The main activity of the Company is the production and marketing of the following products:

- corrugated cardboard type II, III, V, corrugated cardboard with microwave
- corrugated cardboard boxes
- corrugated cardboard papers
- tissue papers in different assortments



The shares of the Company are listed on the Bucharest Stock Exchange Share, Standard category, with the VNC indicative, starting with July 15<sup>th</sup>, 2005.

As of December 31<sup>st</sup>, 2020, 75% of the Company is owned by SIF Banat - Crişana S.A., 17% by Paval Holding S.R.L. and 8% by other shareholders.

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

## **ROM PAPER**

Rom Paper SRL (“the Subsidiary no. 1”) was founded in 2002 and is a private company with Romanian capital, which produces napkins, folded towels, toilet paper, professional rolls, cosmetic towels and boxed napkins. The products are sold in 7 countries, both in Romania and abroad, through chain stores (hypermarkets, supermarkets, cash and carry), but also through distributors.

On January 20<sup>th</sup>, 2017, the acquisition process of the majority stake (70%) of Rom Paper SRL by Vrancart SA was completed.

As of December 31<sup>st</sup>, 2020, the Group owns 100% of the shares of Rom Paper SRL, as a result of the acquisition in 2017 and 2018 and the remaining 30% (15% + 15%) of the shares of Rom Paper SRL.

## **VRANCART RECYCLING**

Vrancart Recycling SRL (“the Subsidiary no. 2”) was founded in 2020, in August, and is a private company with Romanian capital, with sole partner. The main activity of this branch is the treatment and disposal of non-hazardous waste. The company is at the beginning of its activity and has a number of 9 employees as of December 31<sup>st</sup>, 2020.

## **ECOREP GROUP**

Ecorep Group SA (“the Subsidiary no. 3”) was founded in 2020, in November, and is a private company with Romanian capital. The main activity of this subsidiary is the provision of support service activities related to the implementation of the obligations regarding the extended liability of the producer for environmental targets. The company is at the beginning of its activity and it is in process of being authorized by the Ministry of Environment.

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

The evolution of the Romanian economy and implicitly of the VRANCART Group of companies (hereinafter referred to as “the Group”) in 2020 was marked by uncertainties and the crisis caused by the “Covid-19” pandemic.

Thus, although the Group's activity was strongly affected by the health crisis, the preliminary results of the financial year ended December 31<sup>st</sup>, 2020 confirm the Company's ability to generate profit and its financial soundness.



In the financial year ended December 31<sup>st</sup>, 2020, the Group continued to maintain and develop its activity in all three business lines in which it operates (cardboard paper, corrugated packaging and toilet paper), which led to achieving a turnover according to the estimates from the Revenue and Expenditure Budget, but by 4% below the level of the previous year.

The Group's profitability in 2020 was strongly influenced by the crisis generated by the "Covid-19" virus, leading to negative effects both within the Group, such as temporary interruptions of activity, higher staff security costs, supply difficulties and logistics, as well as in its market, such as the strong decrease of the demand for some products (especially during March - June), negative evolution of the sale prices, difficulties regarding the identification and contacting of new clients.

However, the Group's gross profit in 2020 was achieved in accordance with the expectations forecast by the Revenue and Expenditure Budget, but by 24% below the level of the previous year.

The results obtained by the Group during this difficult period, such as maintaining profitability and good financial indicators, reducing indebtedness and high liquidity, confirm the company's ability to react quickly to adverse changes in the market and to take necessary measures to protect the interests of shareholders and employees.

#### Overall evaluation of the Group:

<b>a) gross book result</b>	<b>RON 18,639 thousand</b>
<b>b) turnover</b>	<b>RON 348,772 thousand</b>
<b>c) export</b>	<b>RON 59,958 thousand</b>
<b>d) operating costs</b>	<b>RON 321,884 thousand</b>

#### e) % of the market held

2020	Tissue paper	- 14%
	Paperboards	- 16%
	Corrugated cardboard	- 15%

<b>f) liquidity at the year-end</b>	<b>RON 5,558 thousand</b>
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**Ciucioi Ionel-Marian**  
General Manager

**Arsene Vasilica-Monica**  
Financial Manager