



VRANCART S.A.
625100 Adjud-Vrancea, România, Str. Ecaterina Teodoroiu 17
RO 1454846, J39/239/1991
Capital social subscris și vărsat 103.168.354,70 RON
RO54 RNCB 0268 0087 9340 0001 - BCR Adjud
RO95 RZBR 0000 0600 0094 5306 - Raiffeisen Bank Adjud
T: 0237 64 08 00, F: 0237 64 17 20
office@vrancart.com, www.vrancart.ro



To,

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

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

Date of report:	February 28th, 2020
Name of the issuing entity:	VRANCART S.A.
Registered office:	Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County
Telephone/fax no.:	0237-640.800 / 0237-641.720
Tax Identification Number:	1454846
Trade Registry registration no.:	J39/239/1991
Subscribed and paid-in share capital:	103.168.354,70 lei
The regulated trading market:	The Bucharest Stock Exchange

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 2019, 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, starting from February 28th, 2020, from 06⁰⁰ PM.

We enclose hereto the (individual and consolidated) preliminary annual financial statements, not audited, for the financial year ended on December 31st, 2019, according to IFRS.

Chairman of the Board of Administrators,
Ionel-Marian CIUCIŢI



Translation for information purposes only



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VRANCART S.A. CONSOLIDATED PRELIMINARY FINANCIAL RESULTS

for the financial year ended on
December 31st, 2019

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 2019 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 31st, 2019

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

	December 31 st , 2019	December 31 st , 2018
ASSETS		
Tangible assets	318.262.411	284.802.972
Intangible assets	7.791.601	8.052.663
Financial assets	34.990	34.756
Goodwill	8.526.391	8.526.391
Total non-current assets	334.615.393	301.416.782
Inventories	60.047.106	48.922.412
Trade receivables	72.537.709	68.673.849
Prepaid expenses	869.447	880.606
Cash and cash equivalents	2.485.468	2.435.896
Receivables related to current profit tax	112.029	102.001
Other receivables	492.246	765.937
Total current assets	136.544.005	121.780.701
TOTAL ASSETS	471.159.398	423.197.483
EQUITY		
Share capital	103.168.355	103.168.355
Reserves	112.871.415	86.396.421
Retained earnings	10.165.157	12.949.042
Total equity	226.204.927	202.513.818
LIABILITIES		
Long-term loans	55.241.333	52.434.084
Long-term loans from bond issues	37.942.100	37.887.400
Long-term deferred income	15.569.283	18.304.694
Long-term provisions	372.440	372.440
Debts related to deferred profit tax	6.258.620	5.143.692
Other long-term liabilities	307.900	362.600
Total long-term liabilities	115.691.676	114.504.910
Short-term trade liabilities	37.623.347	38.611.249
Short-term loans	66.787.082	53.202.034
Short-term deferred income	2.735.415	2.740.289
Debts related to current profit tax	866.917	7.928
Other liabilities	21.250.034	11.617.255
Total current liabilities	129.262.795	106.178.755
TOTAL LIABILITIES	244.954.471	220.683.665
TOTAL EQUITY AND LIABILITIES	471.159.398	423.197.483

Ciucioi Ionel-Marian
General Manager

Arsene Vasilica-Monica
Financial Manager

Consolidated statement of comprehensive income *(not audited)*

Preliminary data as of December 31st, 2019

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

	2019	2018
Income from turnover	357.972.673	355.414.633
Other income	3.928.583	3.698.375
Variation in finished products inventories and production in progress	15.210.404	4.027.368
Expenses related to raw materials and consumables	(183.154.054)	(180.295.883)
Expenses related to commodities	(26.297.321)	(19.669.707)
Third party expenses	(27.875.014)	(25.258.111)
Personnel-related expenses	(72.400.901)	(67.863.714)
Expenses related to the amortisation and depreciation of assets	(29.693.232)	(25.675.940)
Other expenses	(6.148.933)	(20.909.263)
Operating profit from the current activity	31.542.205	23.467.758
Financial income	210.991	1.115.264
Financial expenses	(7.330.310)	(6.803.610)
Profit before taxation	24.422.886	17.779.412
Profit tax expense	(146.487)	(960.844)
Profit for the year	24.276.399	16.818.568
Other comprehensive income items		
Increases in the reserve from the revaluation of tangible assets, net of deferred tax	11.878.496	-
Transfer of the revaluation reserve to retained earnings following the cassation of tangible assets	(23.979)	(306.235)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	36.130.916	16.512.333
Earnings per share		
Profit/(loss) attributable to ordinary shareholders	24.276.399	16.818.568
Weighted average number of ordinary shares	1.031.683.547	1.031.683.547
Base earnings per share (RON/share)	0,024	0,016

Ciucioi Ionel-Marian
General Manager

Arsene Vasilica-Monica
Financial Manager

Consolidated statement of cash flows *(not audited)*

Preliminary data as of December 31st, 2019

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

	2019	2018
Cash flows from operating activity		
Collections from customers	413.662.849	404.327.883
Payments to suppliers	(275.041.171)	(270.709.827)
Payments to employees	(45.592.583)	(43.440.660)
Payments to the state budget	(57.340.504)	(50.716.673)
Profit tax paid	(1.590.547)	(1.731.783)
Net cash flows from operating activities	34.098.044	37.728.940
Cash flows from investment activities		
Payments for the purchase of tangible and intangible assets	(36.584.659)	(47.608.374)
Payments made for the acquisition of Rom Paper SRL	-	(5.074.273)
Letters of credit for the purchase of tangible assets	-	(530.871)
Collections from the sale of tangible assets	186.315	1.518.567
Interests collected	268	33.481
Net cash flows from investment activities	(36.398.076)	(51.661.470)
Cash flows from financing activities		
Collections from loans	35.078.786	50.202.137
Interests paid and loans reimbursed	(23.125.321)	(25.893.772)
Dividends paid	(9.603.862)	(11.159.080)
Net cash flows from financing activities	2.349.603	13.149.285
	49.571	(783.245)
Net increase/(reduction) of cash and cash equivalents		
Cash and cash equivalents at the financial year beginning	2.435.896	3.219.141
Cash and cash equivalents at the financial year end	2.485.467	2.435.896

Ciucioi Ionel-Marian
General Manager

Arsene Vasilica-Monica
Financial Manager

Explanatory notes

Consolidated preliminary financial results as of December 31st, 2019 (not audited)

Reporting entity

Vrancart Group ("the Group") comprises the company Vrancart S.A., having the registered office in Adjud, 17th Ecaterina Teodoroiu Street, Vrancea County and its subsidiary Rom Paper S.R.L. ("the Subsidiary"), based in Cristian, DN73B, Brasov county.

The consolidated financial statements of the Group for the year 2019 consist of the financial statements of Vrancart S.A. and its subsidiary, which together form the Group.

Subsidiary	Field of activity	Shareholding as of December 31 st , 2019	Shareholding as of December 31 st , 2018
Rom Paper S.R.L.	Production of napkins and tissue paper products	100%	100%

The Group operates in the paper, tissue paper and corrugated cardboard industry.

In the financial year ended December 31, 2019 the Group continued to develop its activity in all three lines of business in which it operates (cardboard paper, tissue paper and corrugated cardboard packaging), which led to a turnover increase by 1% and an operating profit increase by over 30%.

The parent company recorded on December 31st, 2018 a net loss from the sale of the tangible assets of 7,393 thousand lei (evidenced within the "other expenses" line), which consisted in the disposal of economically inefficient production facilities, part of them being replaced with new, modern and high productivity equipment.

Starting with 2019, the Group has applied the provisions of IFRS 16 analyzing all the contracts for the rental of the machines, as well as the spaces held for collecting the wastepaper and logistical warehouses for the delivery of the finished product, recognizing in the tangible assets the right of use, together with the related debts, of about 11,680 thousands of lei.

It is worth mentioning that in the second half of 2019, the production from Calimanesti was stopped for large investments (modernization of production spaces and relocation of the corrugated cardboard production unit from Adjud, where a new production unit was installed).

Major investments were also carried out at the Subsidiary Rom Paper S.R.L., where a new production space was purchased, the activity being partially relocated during 2019.

Increased efficiency and labour productivity made it possible to increase the benefits granted to the Group's employees, contributing to maintaining and increasing the technical expertise, thus increasing the productivity per employee.

The process of modernization and growth of production capacities will continue in 2020, important investment projects being planned, which will strengthen the Group's position on the market and its ability to generate profit.

Overall evaluation of the Group:

a) gross book result	RON 24,423 thousand
b) turnover	RON 357,973 thousand
c) export	RON 53,867 thousand
d) operating costs	RON 345,569 thousand

e) % of the market held

2019	Tissue paper	- 11%
	Paperboards	- 17%
	Corrugated cardboard	- 17%

f) liquidity at the year-end **RON 2,435 thousand**

Ciucioi Ionel-Marian
General Manager

Arsene Vasilica-Monica
Financial Manager