



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
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Individual half-yearly report for the 1st half of 2019 according to the Financial Supervisory Authority Regulation no. 5/2018

Date of report	August 14th, 2019
Name of the issuing entity	VRANCART S.A.
Registered office	Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county
Telephone/fax no.:	0237-640.800; 0237-641.720
Tax Identification Number:	1454846
Trade Registry registration no.:	J39/239/1991
Subscribed and paid-in share capital:	RON 103.168.355
The regulated market onto which the securities issued are traded	The Bucharest Stock Exchange
Main characteristics of the securities issued by the issuer	Standard category

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

The results achieved by VRANCART S.A. (hereinafter referred to as “the Company”) during the first half of 2019 confirm the company’s ability to generate profit and its financial soundness.

During this period, the net profit recorded amounted to RON 10.181.790.

The interim (simplified, not audited) individual financial statements as at June 30th, 2019 according to the Order of the Ministry of Public Finances no. 2844/2016 for the approval of the Accounting regulations compliant with the International Financial Reporting Standards applicable to trade companies whose securities are admitted to trading on a regulated market are enclosed hereto.

The interim individual financial statements for the 1st half of 2019 have not been revised by an independent external auditor, as this is not a legal or statutory requirement.

1.1. Balance sheet items

<i>(all items are expressed in RON, unless otherwise stated)</i>	June 30th, 2019	December 31st, 2018
Non-current assets	289.231.876	286.873.046
Current assets, out of which:	109.454.943	103.091.061
- <i>Trade receivables</i>	60.982.648	59.884.485
Total assets	398.686.819	389.964.107
Total liabilities, out of which:	197.702.526	189.364.149
- <i>Current liabilities</i>	92.339.563	80.319.701
Equity, out of which:	200.984.293	200.599.958
- <i>Reserves</i>	84.748.797	84.767.377
- <i>Retained earnings</i>	13.067.141	12.664.226

As at June 30th, 2019 and during the period between January 1st – June 30th, 2019, the evolution of the main financial indicators was as follows:

- The Company's non-current assets increased by 0,8% following the investments made during the first half of 2019, both in tangible and intangible assets.
- The Company's current assets increased by 6,2% as at June 30th, 2019 from the year beginning, mainly due to the increase in the Company's inventories and receivables.
- The trade receivables increased during the first six months of 2019 from the year beginning by 1,8% (approx. RON 1 mil.), following the increase in delivered production.
- The total liabilities recorded as at June 30th, 2019 amounted to RON 197.702.526, up by 4,4% from the amount recorded as at January 1st, 2019, mainly due to the recognition therein of the dividends to be paid by the end of 2019.
- The amount of equity as at June 30th, 2019 is RON 200.984.293, up by 0,2% from their amount as at the year beginning, due to the increase of retained earnings by 3%. The reserves remained at a relatively constant level compared to the year beginning.

1.2. The profit and loss account

(all items are expressed in RON, unless otherwise stated)

	June 30 th , 2019	June 30 th , 2018
Operating income, out of which:	157.635.277	145.050.665
<i>Income from turnover</i>	<i>144.436.733</i>	<i>140.577.949</i>
Operating expenses	(143.866.393)	(132.191.819)
Operating profit	13.768.884	12.858.846
Financial income	731	1.000.850
Financial expenses	(3.064.651)	(1.800.195)
Total income	157.636.008	146.051.515
Total expenses	(146.931.044)	(133.992.014)
Gross profit	10.704.964	12.059.501
Net profit	10.181.790	10.919.454

During the first half of 2019, the evolution of the main indicators of the Profit and loss account is as follows.

- The total income during the analysed period amounted to RON 157.636.008, up by 7,9% from the same period of the previous year, due to the turnover increase by 2,7% and the increase of income from the variation of inventories.
- The total expenses for the period amounted to RON 146.931.044, up by 9,7% from the same period of the previous year, due to the increase of operating expenses by 8,8%, as well as of the financial expenses (interests) by 70,2%. The financial expenses recorded a significant increase, mainly due to the increase of interests (ROBOR).
- The Company's operating profit recorded an increase by 7,1% following the turnover increase, but the net profit recorded a reduction by 6,8% due to the impact of interest expenses which recorded an increase by 70,2%.

1.3. Cash flows

(all items are expressed in RON,
unless otherwise stated)

June 30th, 2019 June 30th, 2018

	June 30 th , 2019	June 30 th , 2018
<i>Cash flows from the operating activity</i>		
Collections from the operating activity	170.949.167	163.920.132
Payments from the operating activity	(162.207.873)	(143.071.688)
Net cash flows from operating activities	8.741.294	20.848.444
<i>Cash flows from the investment activity</i>		
Collections from the investment activity	123	723.226
Payments from the investment activity	(14.634.959)	(17.784.375)
Net cash flows from investment activities	(14.634.836)	(17.061.149)
<i>Cash flows from the financing activity</i>		
Collections from the financing activity	18.149.416	13.511.404
Payments from the financing activity	(12.169.961)	(15.541.223)
Net cash flows from financing activities	5.979.455	(2.029.819)
Balance as at the beginning of the period	2.064.372	1.901.568
Balance as at the end of the period	2.150.285	3.659.044

The balance of cash and cash equivalents recorded as at June 30th, 2019 is positive, respectively of RON 2.150.285.

2. Analysis of the activities of VRANCART S.A.

2.1. Presentation and analysis of the trends, elements, events or uncertainty factors that affect or might affect the issuer's liquidity, compared to the same period of the previous year

The Company's management considers that the results achieved as at June 30th, 2019 are in accordance with its expectations and correlated with the company's development strategy. The control mechanisms and actions implemented provide the maintenance of the company's financial balance.

2.2. Presentation and analysis of the effects of all current or anticipated capital expenditures onto the issuer's financial situation (stating the purpose and financing sources of these expenditures) compared to the same period of the previous year

The investment expenses made by the Company during the first six months of 2019 amounted to RON 12.549.716, compared to RON 12.619.875, during the first half of the previous year. The main investments concerned upgrades and endowments of the corrugated cardboard machine, corrugated cardboard converting machines, upgrades of the tissue paper machine and endowments for the waste paper collection centres.

The Company will continue to implement the investment projects for the period between 2019 – 2020, approved by the General Meeting of the Shareholders held in April 2019, both from the company’s own financing sources and from attracted sources (bank loans).

The Company believes that the investments made will have favourable effects onto the Company’s financial situation within a relatively short period.

The economic and financial indicators as at June 30th, 2019 were as follows:

Indicator’s name	M.U.	June 30 th , 2019	June 30 th , 2018
Overall liquidity	Ratio	1,19	1,17
Immediate liquidity	Ratio	0,70	0,75
Stock turnover	rot/year	7	9
Debt recovery	days	74	65
Reimbursement of trade liabilities	days	26	32
Operation profitability	%	9,3	8,9
Gross profit ratio	%	7,2	8,4

The overall and immediate liquidity indicators did not record any major changes as at June 30th, 2019 compared to June 30th, 2018. The immediate liquidity indicator recorded a slight decrease due to the increase of the inventory of production in progress, for the purpose of providing the raw material required for the production units existing in Adjud and also in Calimanesti and Ungheni.

The gross profit rate decreased as at June 30th, 2019 compared to the same period of the previous year, due to the increase of financial expenses (interests) by 70%.

The other indicators did not suffer significant changes as at June 30th, 2019 compared to the same period of the previous year.

2.3. Presentation and analysis of the events, transactions, economic changes that affect to a significant extent the income from the main activity. Specification of the extent to which the income was affected by each of the elements identified. Comparison to the corresponding period of the previous year.

The company VRANCART S.A. has no events or transactions that might affect to a significant extent its main activity to report.

3. Changes affecting the issuer’s capital and management

3.1. Description of the circumstances when the issuer was unable to meet its financial obligations during the analysed period

The company VRANCART S.A. was not in any situation unable to meet its financial obligations during the analysed period. The company does not have any outstanding liabilities to the public budgets or to its private partners.

3.2. Description of any changes related to the rights of the holders of securities issued by the issuer

The company VRANCART S.A. does not have any changes to report in relation to the rights of the holders of securities issued.

4. Major transactions

On April 24th, 2019, the Ordinary General Meeting of the Shareholders approved the individual and consolidated financial statements as at December 31st, 2018 and the Revenues and Expenses Budget of VRANCART S.A. for the financial year 2019, along with the investment plan for the period between 2019-2020.

Through the decision no. 4/24.04.2019, the Ordinary General Meeting of the Shareholders approved the distribution of an amount of RON 9.800.993 from the available net profit for **dividends** (namely a gross amount of a dividend of RON 0,0095/share), the payment date being set for October 22nd, 2019.

CIUCIOI Ionel-Marian
Chairman of the Board of Directors

ARSENE Vasilica-Monica
Financial Manager