

*Translation for information purposes only*

**VRANCART S.A.**

**Interim consolidated financial statements  
(simplified, not audited)  
as of March 31<sup>st</sup>, 2021**

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

Vrancart S.A.

## Consolidated statement of financial position

as of March 31<sup>st</sup>, 2021

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

	March 31 <sup>st</sup> , 2021	December 31 <sup>st</sup> , 2020
<b>ASSETS</b>		
Tangible assets	313.653.680	315.908.406
Intangible assets	6.430.431	6.788.609
Financial assets	39.594	41.094
Goodwill	8.526.391	8.526.391
<b>Total non-current assets</b>	<b>328.650.096</b>	<b>331.264.500</b>
Inventories	48.139.242	53.013.513
Trade receivables	79.219.383	71.841.836
Prepaid expenses	1.362.054	870.819
Cash and cash equivalents	4.286.129	5.558.078
Receivables related to current profit tax	-	-
Other receivables	884.765	1.212.397
<b>Total current assets</b>	<b>133.891.485</b>	<b>132.496.643</b>
<b>TOTAL ASSETS</b>	<b>462.541.581</b>	<b>463.761.143</b>
<b>EQUITY</b>		
Share capital	103.168.355	103.168.355
Reserves	114.922.446	114.957.240
Retained earnings	14.486.471	9.652.131
Total equity - Parent company	<b>232.577.272</b>	<b>227.777.726</b>
Not controlling interests	299	281
<b>Total equity</b>	<b>232.577.571</b>	<b>227.778.007</b>
<b>LIABILITIES</b>		
Long-term loans	40.394.051	43.766.905
Long-term leasing debts	10.517.098	10.570.722
Long-term loans from bond issues	37.627.000	37.627.000
Deferred income	12.753.927	12.851.179
Long-term debts to employees	453.855	453.855
Debts related to deferred profit tax	4.995.029	5.503.412
Other long-term liabilities	645.822	645.822
<b>Total long-term liabilities</b>	<b>107.386.782</b>	<b>111.418.895</b>
Short-term trade liabilities	35.510.129	39.683.654
Short-term loans	67.327.259	66.709.792
Short-term leasing debts	4.011.656	4.011.256
Deferred income	2.179.740	2.726.759
Debts to employees	6.009.315	5.411.426
Debts related to current profit tax	1.434.464	966.800
Other liabilities	6.104.665	5.054.554
<b>Total current liabilities</b>	<b>122.577.228</b>	<b>124.564.241</b>
<b>TOTAL LIABILITIES</b>	<b>229.964.010</b>	<b>235.983.136</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>462.541.581</b>	<b>463.761.143</b>

CIUCIOI Ionel-Marian  
General Manager

ARSENE Vasilica-Monica  
Financial Manager

Vrancart S.A.

## Consolidated statement of financial position

as of March 31<sup>st</sup>, 2021

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

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### Notes to the consolidated statement of financial position as of March 31<sup>st</sup>, 2021

The value of equity on March 31<sup>st</sup>, 2021 is 232,577,571 lei, increasing by 2.1% compared to their value at the beginning of the year, as a result of the profit made in the first quarter.

The volume of the Company's current assets increased by 1.1% in the analyzed period, due to the increase of trade receivables by 10% in the first quarter, as a result of the increase in the value of sales. The value of current assets as of March 31<sup>st</sup>, 2021 is 133,881,485 lei.

The total debts registered on March 31<sup>st</sup>, 2021 are in the amount of 229,964,010 lei, decreasing by 2.6% compared to the value registered on January 1<sup>st</sup>, 2021, due to the repayment of the rates related to loans for financing investments and the decrease of short-term commercial debts by 10 % in the analyzed period.

Vrancart S.A.

## Consolidated statement of comprehensive income

as of March 31<sup>st</sup>, 2021

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

	March 31 <sup>st</sup> , 2021	March 31 <sup>st</sup> , 2020
Income from turnover	100.117.423	92.955.207
Other income	670.409	730.846
Variation in finished product inventories and production in progress	(4.832.041)	(2.975.281)
Expenses related to raw materials and consumables	(46.172.122)	(42.166.057)
Expenses related to commodities	(2.624.529)	(6.626.160)
Third party expenses	(7.452.721)	(7.428.743)
Personnel-related expenses	(19.107.116)	(17.530.780)
Expenses related to amortisation and impairment of assets	(8.863.931)	(8.577.197)
Other expenses	(5.019.987)	(3.685.786)
<b>Operating result</b>	<b>6.715.385</b>	<b>4.696.049</b>
Financial income	91	405
Financial expenses	(867.620)	(1.749.133)
<b>Profit before taxation</b>	<b>5.847.856</b>	<b>2.947.321</b>
Profit tax income/(expense)	(314.218)	158.903
<b>Profit for the year</b>	<b>5.533.638</b>	<b>3.106.224</b>
<b>Other comprehensive income items</b>		
Increases in the reserve from the revaluation of tangible assets, net of deferred tax	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>5.533.638</b>	<b>3.106.224</b>

CIUCIOI Ionel-Marian  
General Manager

ARSENE Vasilica-Monica  
Financial Manager

## Notes to the interim consolidated financial statements

(simplified, not audited)

### Notes to the statement of comprehensive income in the first quarter of 2021, compared to the first quarter of 2020

Operating revenues during the period were 95,955,791 lei, increasing by 5.8% compared to the same period last year, due to the increase in turnover by 7.7% in the analyzed period.

The operational expenses related to the period amounted to 89,240,406 lei, increasing by 3.8% compared to the same period of the previous year. A significant increase is registered by the expenses with raw materials and consumables of 9.5%, which also have a significant share in total operational costs.

Under these conditions, the operational profit of the period was 6,715,385 lei, increasing by 43% compared to the one realized in the same period of the previous year. The net profit for the first quarter of 2021 was 5,533,638 lei, 78% higher than the level recorded in the same period of 2020.

### Economic and financial indicators at Group level, as of March 31<sup>st</sup>, 2021 (in accordance with Annex no. 13 to ASF Regulation no. 5/2018)

Indicator's name	Calculation method	M.U.	Result
<b>Current liquidity</b>	Current assets / Current liabilities	Ratio	1,09
<b>Indebtedness</b>	Borrowed capital /Equity <sup>x</sup> 100	%	68,74*
	Borrowed capital/Employed capital <sup>x</sup> 100	%	40,74*
<b>Debts rotation rate - customers</b>	Customers average balance/Turnover <sup>x</sup> 90	Days	71,21
<b>Rotation rate of fixed assets</b>	Turnover/Fixed assets	Ratio	0,30

\* Borrowed capital includes lines of credit, short-term and long-term bank loans and borrowings, long-term commercial loans, short-term and long-term debt leases, bond issuance loans.

**Notes to the interim consolidated financial statements***(simplified, not audited)***The entity reporting**

The Vrancart Group (“the Group”) includes the company Vrancart S.A., having its registered office in Adjud, 17<sup>th</sup> Ecaterina Teodoroiu Street, Vrancea County, and its branches Rom Paper S.R.L. („the 1<sup>st</sup> Branch”), based in Brasov, 30<sup>th</sup> Cristianului Road, Brasov County, Vrancart Recycling S.R.L. („the 2<sup>nd</sup> Branch”), based in Adjud, 17<sup>th</sup> Ecaterina Teodoroiu Street, Vrancea County and Ecorep Group S.A. (“the 3<sup>rd</sup> Branch”), based in Adjud, 17<sup>th</sup> Ecaterina Teodoroiu Street, Vrancea County.

The interim consolidated financial statements of the Group for the first three months of 2021 are formed of the financial statements of Vrancart S.A. and of its Branches, together forming the Group.

<b>Branch</b>	<b>Field of activity</b>	<b>Shareholding as of March 31<sup>st</sup>, 2021</b>	<b>Shareholding as of December 31<sup>st</sup>, 2020</b>
Rom Paper S.R.L.	Production of napkins and tissue paper products	<b>100%</b>	<b>100%</b>
Vrancart Recycling S.R.L.	Treatment and disposal of non-hazardous waste	<b>100 %</b>	<b>100%</b>
Ecorep Group S.A.	Business support service activities n.c.a.	<b>100 %</b>	<b>100%</b>

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

**VRANCART S.A.**

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

The company is based in Adjud, 17<sup>th</sup> Ecaterina Teodoroiu Street, Vrancea County, working points in Bucharest, Calimanesti, Ungheni and collecting working points in: Bucharest, Iasi, Focsani, Ploiesti, Botosani, Sibiu, Constanta, Arad, Brasov, Pitesti, Timisoara, Bacau, Cluj, Craiova, Baia Mare, Targu Mures and Braila.

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

- corrugated cardboard
- packaging and other corrugated cardboard

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## Notes to the interim consolidated financial statements

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- paperboards
- tissue papers in various assortments.

The company's shares are listed to the Bucharest Stock Exchange, Standard category, with the indicative VNC, starting from July 15<sup>th</sup>, 2005. The Group posts its consolidated financial statements on the website [www.vrancart.ro](http://www.vrancart.ro).

As of March 31<sup>st</sup>, 2021, the Company is owned 75% by SIF Banat – Crişana S.A., 17 % by Paval Holding S.R.L. and 8% by other shareholders.

### **ROM PAPER S.R.L.**

Rom Paper S.R.L. (the 1<sup>st</sup> Branch") was founded in 2002 and is a private company with Romanian capital, which produces tablecloths, folded towels, toilet paper, professional rolls, cosmetic towels and boxed towels. 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 Company acquired the majority stake (70%) of shares of Rom Paper S.R.L.

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

### **VRANCART RECYCLING S.R.L.**

Vrancart Recycling SRL ("the 2<sup>nd</sup> Branch") was founded in 2020, in August, and is a private company with Romanian capital, with sole associate. The main activity of this Branch is the treatment and disposal of non-hazardous waste.

The company has just started its activity.

### **ECOREP GROUP S.A.**

Ecorep Group S.A. ("the 3<sup>rd</sup> Branch") was founded in 2020, in November, and is a private company with Romanian capital. The main activity of this subsidiary is the provision of services regarding the implementation of the obligations regarding the extended liability of the producer for the environmental targets.

The company is at the beginning of its activity and is being authorized by the Ministry of Environment.

## **Accounting principles, policies and methods**

The simplified interim consolidated financial statements for the first three months ended on March 31<sup>st</sup>, 2021 were drawn up in accordance with IAS 34 Interim Financial Statements.

The simplified interim consolidated financial statements do not include all the information and elements presented in the annual report and shall be read together with the Company's annual financial statements, drawn up as at December 31<sup>st</sup>, 2020.

## Notes to the interim consolidated financial statements

(simplified, not audited)

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The accounting policies and the evaluation methods used for the preparation of the simplified interim consolidated financial statements are in accordance with those used for the preparation of the Company's annual financial statements for the year ended on December 31<sup>st</sup>, 2020.

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

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

The interim consolidated financial statements for the first three months of 2021 have not been revised by an external financial auditor, as this is not a legal requirement.

### Transactions in foreign currencies

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

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

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

Currency	March 31 <sup>st</sup> , 2021	December 31 <sup>st</sup> , 2020	Variation
Euro (EUR)	4.9251	4.8694	+1,14%
American dollars (USD)	4.1969	3.9660	+5,82%

### Other notes

The Company's management has established its medium and long-term strategy, and the estimates predict increases in sales and decreases in costs due to the efficient use of resources, which will lead to an increase in operating profit.

The Group recorded as of March 31<sup>st</sup>, 2021 a positive cash balance of RON 4.286.129 and does not have any outstanding liabilities to the public budgets or to its private partners.

Based on these analyzes, the management considers that the Group will be able to continue its activity in the foreseeable future, but not limited to the next 12 months and, therefore, the application of the business continuity principle in the preparation of the consolidated financial statements is justified.



## Notes to the interim consolidated financial statements

(simplified, not audited)

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### Subsequent events

On April 27<sup>th</sup>, 2021, the Ordinary General Meeting of Shareholders approved the individual and consolidated financial statements as of December 31<sup>st</sup>, 2020 and the Revenue and Expenditure Budget of VRANCART SA for the financial year 2021, together with the Investment Plan for 2021.

By decision no. 4 / April 27<sup>th</sup>, 2021, The Ordinary General Meeting of Shareholders approved the distribution from the net disposable profit related to the financial year 2020 of an amount of 10,007,331 lei for dividends (respectively a gross dividend of 0.0097 lei / share), the payment date being set at August 31<sup>st</sup>, 2021.

### Management's statement

According to our best information available, we confirm that the simplified interim consolidated financial statements as of March 31<sup>st</sup>, 2021 and for the period then ended, drawn up in accordance with the International Financial Reporting Standards, provide a fair and accurate view of the Group's position and financial performances, as provided by the applicable accounting standards, and that the information presented in this report provides a fair and accurate view of the main events that took place during the first three months of the financial year and of their impact onto the simplified interim consolidated financial statements.

**CIUCIOI Ionel-Marian**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager