

Translation for information purposes only

VRANCART S.A.

**Interim individual financial statements
(simplified, not audited)
as of March 31st, 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 market

Vrancart S.A.

Individual statement of comprehensive income

as of March 31st, 2021

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

	March 31 st , 2021	December 31 st , 2020
ASSETS		
Tangible assets	283.280.921	285.408.521
Intangible assets	1.337.412	1.446.228
Goodwill	3.380.811	3.380.811
Financial assets	29.966.328	29.966.328
Total non-current assets	317.965.472	320.201.888
Inventories	38.305.614	42.055.540
Trade receivables	71.893.833	64.666.084
Prepaid expenses	1.167.534	761.374
Cash and cash equivalents	3.444.313	4.332.741
Other receivables	2.722.804	986.228
Total current assets	117.534.097	112.801.967
TOTAL ASSETS	435.499.569	433.003.855
EQUITY		
Share capital	103.168.355	103.168.355
Reserves	115.676.214	115.711.008
Retained earnings	17.678.373	12.387.267
Total equity	236.522.942	231.266.630
LIABILITIES		
Long-term loans	40.394.050	43.766.905
Long-term loans from bond issues	37.627.000	37.627.000
Long-term leasing debts	10.517.098	10.525.739
Deferred income	10.581.839	10.627.998
Long-term debts to employees	453.855	453.855
Debts related to deferred profit tax	3.765.992	4.275.495
Other long-term liabilities	645.822	645.822
Total long-term liabilities	103.985.656	107.922.814
Short-term trade liabilities	25.052.303	26.573.457
Short-term loans	51.169.317	50.172.836
Short-term leasing debts	4.011.656	4.011.256
Deferred income	1.975.367	2.522.385
Debts to employees	5.625.490	4.904.713
Debts related to current profit tax	1.434.464	960.442
Other liabilities	5.722.374	4.669.322
Total current liabilities	94.990.971	93.814.411
TOTAL LIABILITIES	198.976.627	201.737.225
TOTAL EQUITY AND LIABILITIES	435.499.569	433.003.855

Vrancart S.A.

Individual statement of comprehensive income

as of March 31st, 2021

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

Notes to the statement of financial position as of March 31st, 2021

The value of equity on March 31st, 2021 is 236,522,942 lei, increasing by 2.3% 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 4% in the analyzed period, registering an increase of trade receivables by 11% in the first quarter. The value of current assets as of March 31st, 2021 is 117,534,097 lei.

The total debts registered on March 31st, 2021 are in the amount of 198,976,627 lei, decreasing by 1.3% compared to the value registered on January 1st, 2021, due to the repayment of the installments on the loans for financing the investments. Long-term bank loans decreased by 7.7% during the analyzed period.

Vrancart S.A.

Individual statement of comprehensive income

as of March 31st, 2021

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

	March 31 st , 2021	March 31 st , 2020
Income from turnover	83.772.496	75.686.997
Other income	618.881	669.592
Variation of finished product inventories and production in progress	(4.316.002)	(2.944.858)
Expenses related to raw materials and consumables	(36.697.185)	(35.009.436)
Expenses related to commodities	(1.826.480)	(3.181.197)
Third party expenses	(6.103.050)	(5.730.331)
Personnel-related expenses	(16.734.259)	(15.283.141)
Expenses related to amortisation and impairment of assets	(8.118.731)	(7.760.566)
Other expenses	(3.593.887)	(2.889.134)
Operating result	7.001.782	3.557.924
Financial income	63	383
Financial expenses	(697.514)	(1.550.854)
Profit / (Loss) before taxation	6.304.331	2.007.454
Profit tax income / (expense)	(957.898)	(203.023)
Profit / (Loss) for the year	5.346.433	1.804.431
Other comprehensive income items		
Increases in the reserve from the revaluation of tangible assets, net of deferred tax	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	5.346.433	1.708.381

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

The operating revenues during the period were of 80,075,375 lei, increasing by 9% compared to the same period last year, due to the increase of the company's turnover by 11% in the analysed period.

The operational expenses related to the period amounted to 73,073,593 lei, increasing by 5% compared to the same period of the previous year. The increase of the operational expenses is determined especially by the increase of the expenses with raw materials and consumables with the same percentage of 5%, the share of this category of expenses in total operational expenses being over 50%.

Under these conditions, the operational profit of the period was 7,001,782 lei, increasing by 97% compared to the one realized in the same period of the previous year. The net profit for the first quarter of 2021 was 5,346,433 lei, increasing by 196% compared to the level recorded in the same period of 2020.

Summary statement of changes in equity (unaudited)

as of March 31st, 2021

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

	Share capital	Reserves from the revaluation of tangible assets	Other reserves	Retained earnings	Total equity
Balance as at January 1st, 2021	103.168.355	54.712.573	60.998.434	12.387.268	231.266.630
Comprehensive income for the period					
Net result for the period	-	-	-	5.346.433	5.346.433
Changes in the reserve from the revaluation of tangible fixed assets, net of deferred tax	-	-	-	-	-
Total overall result	103.168.355	54.712.573	60.998.434	17.733.701	236.613.063
Dividend distribution	-	-	-	-	-
Distribution of the carried forward result	-	-	-	(96.748)	(96.748)
Transfer of the revaluation reserve to retained earnings following the cassation/sale of tangible assets	-	(34.793)	-	41.420	6.627
Balance as of March 31st, 2021	103.168.355	54.677.780	60.998.434	17.678.373	236.522.942

Individual statement of cash flowsas of March 31st, 2021

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

	March 31 st , 2021	December 31 st , 2020
Cash flows from operating activities		
Collections from customers	87.724.974	331.173.886
Payments to suppliers	(53.628.281)	(172.027.266)
Payments to employees	(11.263.594)	(40.879.964)
Payments to the state budget	(11.728.483)	(48.247.992)
Profit tax paid	(986.752)	(2.074.422)
Net cash flows from operating activities	10.117.864	67.944.242
Cash flows from investment activities		
Payments for the purchase of assets	(6.017.543)	(32.718.920)
Payments for the purchase of financial assets	-	(1.099.600)
Collections from the sale of tangible assets		
Interests collected	259.818	1.578.635
Net cash flows from investment activities	63	296
Cash flows from financing activities		
Collections from loans	1.421.698	13.548.248
Interests paid and loans reimbursed	(4.647.778)	(30.338.447)
Leasing payments	(22.550)	(5.069.270)
Loans to affiliates	(2.000.000)	-
Dividends paid	-	(11.661.645)
Net cash flows from financing activities	(5.248.630)	(33.521.114)
Net increase/(reduction) of cash and cash equivalents	(888.428)	2.183.539
Cash and cash equivalents at the financial year beginning	4.332.741	2.149.202
Cash and cash equivalents at the financial year end	3.444.313	4.332.741

Economic and financial indicators as of March 31st, 2021 (in accordance with Annex no. 13 to ASF Regulation no. 5/2018)

Indicator's name	Calculation method	M.U.	Result
Current liquidity	Current assets / Current liabilities	Ratio	1,24
Indebtedness	Borrowed capital /Equity ^x 100	%	60,76*
	Borrowed capital/Employed capital ^x 100	%	37,80*
Debts rotation rate - customers	Customers average balance/Turnover ^x 90	Days	77,24
Rotation rate of fixed assets	Turnover/Fixed assets	Ratio	0,26

* 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 individual financial statements

(simplified, unaudited)

The entity reporting

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

Vrancart SA operates in the field of collection and recycling of non-hazardous waste, in the tissue paper and corrugated cardboard industry.

The company is based in Adjud, 17th Ecaterina Teodoroiu Street, Vrancea County and has working points opened in Bucharest, Calimanesti (Valcea County), Ungheni (Mures County) and collecting points in: Bucharest, Iași, Focșani, Bacau, Ploiești, Botoșani, Sibiu, Constanța, Arad, Brașov, Pitești, Timișoara, Cluj, Baia Mare, Craiova, Targu Mures, Braila and Calimanesti.

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
- paperboards
- tissue papers in various assortments.

The company’s shares are listed at the Bucharest Stock Exchange, Standard category, with the indicative VNC, starting from July 15th, 2005.

As of March 31st, 2021, the company is owned 75% by SIF Banat – Crișana S.A., 17% by Paval Holding S.R.L. and 8% by other shareholders.

The evidence of shares and shareholders is kept according to law by Depozitarul Central S.A. Bucharest.

Accounting principles, policies and methods

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

The simplified interim financial statements do not include all the information and items presented in the annual report and shall be read together with the Company’s annual financial statements, drawn up as at December 31st, 2020.

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

The interim individual financial statements for the first quarter of 2021 have not been revised by an external financial auditor, as 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.

Notes to the interim individual financial statements

(simplified, unaudited)

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

Other notes

The company had a positive cash flow of 3,444,313 lei in the first quarter of 2021 and has no outstanding debts to public budgets or its private partners.

The Company's management considers that the Company will be able to continue its business in the foreseeable future, therefore the application of the business continuity principle in the preparation of the financial statements is justified.

Subsequent events

On April 27th, 2021, the Ordinary General Meeting of Shareholders approved the individual and consolidated financial statements as of December 31st, 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 27th, 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 31st, 2021.

Management's statement

According to our best information available, we confirm that the simplified interim individual financial statements as at March 31st, 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 Company'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 financial statements.

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager