

Translation for information purposes only

VRANCART S.A.

**Interim individual financial statements
(simplified, not audited)
as at September 30th, 2020**

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

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Vrancart S.A.

Individual statement of financial position

as at September 30th, 2020

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

	September 30 th , 2020	December 31 st , 2019
ASSETS		
Tangible assets	273.564.557	282.772.387
Intangible assets	1.277.811	1.404.918
Goodwill	3.380.811	3.380.811
Financial assets	29.866.728	28.866.728
Total non-current assets	308.089.907	316.424.844
Inventories	39.720.911	52.797.252
Trade receivables	66.060.719	65.265.430
Prepaid expenses	698.104	802.431
Cash and cash equivalents	2.282.896	2.149.202
Current income tax claims	-	6.070
Other receivables	730.093	343.920
Total current assets	109.492.723	121.364.305
TOTAL ASSETS	417.582.630	437.789.149
EQUITY		
Share capital	103.168.355	103.168.355
Reserves	108.376.097	108.655.307
Retained earnings	11.432.630	12.876.888
Total equity	222.977.082	224.700.550
LIABILITIES		
Long-term loans	35.974.246	46.168.826
Long-term loans from bond issues	37.942.100	37.942.100
Long-term leasing debts	8.540.386	8.438.653
Deferred income	11.550.822	13.141.728
Long-term provisions	354.654	372.440
Debts related to deferred profit tax	4.141.702	5.083.427
Other long-term liabilities	307.900	307.900
Total long-term liabilities	98.811.810	111.455.074
Short-term trade liabilities	23.799.524	26.176.054
Short-term loans	43.524.594	59.132.674
Short-term leasing debts	3.616.995	4.035.213
Deferred income	2.230.133	2.531.041
Debts related to current profit tax	1.095.597	-
Other liabilities	21.526.895	9.758.543
Total current liabilities	95.793.738	101.633.525
TOTAL LIABILITIES	194.605.548	213.088.599
TOTAL EQUITY AND LIABILITIES	417.582.630	437.789.149

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager

Vrancart S.A.

Individual statement of comprehensive income

as at September 30th, 2020

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

	September 30 th , 2020	September 30 th , 2019
Income from turnover	207.896.689	225.333.749
Income from the sale of goods	10.437.587	6.980.185
Other income	2.118.181	2.790.578
Variation of finished product inventories and production in progress	(4.024.494)	9.581.610
Expenses related to raw materials and consumables	(91.635.785)	(121.017.924)
Expenses related to commodities	(6.343.465)	(5.213.867)
Third party expenses	(15.489.196)	(16.373.497)
Personnel-related expenses	(43.312.554)	(47.215.995)
Expenses related to amortisation and impairment of assets	(20.570.283)	(17.912.897)
Other expenses	(13.100.836)	(8.747.269)
Operating result	15.538.257	21.224.488
Financial income	755	1.216
Financial expenses	(4.162.253)	(4.574.158)
Profit / (Loss) before taxation	11.376.759	16.651.546
Profit tax income / (expense)	(1.283.737)	(1.211.715)
Profit / (Loss) for the year	10.093.022	15.439.831
Other comprehensive income items		
Increases in the reserve from the revaluation of tangible assets, net of deferred tax	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	10.093.022	15.439.831

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General Manager

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Vrancart S.A.

Individual statement of changes in equity

as at September 30th, 2020

(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, 2020	103.168.355	55.669.818	52.985.489	12.876.888	224.700.550
Comprehensive income for the period					
Net profit/loss for the period	-	-	-	10.093.022	10.093.022
Other comprehensive income items					
Distribution from retained earnings	-	-	513.752	(12.481.282)	(11.967.530)
Other changes	-	-	-	-	-
Changes in the reserve from the revaluation of tangible assets, net of deferred tax	-	151.040	-	-	151.040
Transfer of the revaluation reserve to retained earnings following the cassation/sale of tangible assets	-	(944.002)	-	944.002	-
Total other comprehensive income items	-	(792.962)	513.752	(11.537.280)	(11.816.490)
Total comprehensive income for the period	-	(792.962)	513.752	(1.444.258)	(1.723.468)
Balance as at September 30th, 2020	103.168.355	54.876.856	53.499.241	11.432.630	222.977.082

CIUCIOI Ionel-Marian
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Financial Manager

Vrancart S.A.

Individual statement of cash flows

as at September 30th, 2020

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

	September 30 th , 2020	September 30 th , 2019
Cash flows from operating activities		
Collections from customers	237.498.655	254.603.122
Payments to suppliers	(130.018.526)	(162.395.735)
Payments to employees	(26.729.983)	(29.782.471)
Payments to the state budget	(36.448.666)	(39.521.941)
Profit tax paid	(972.755)	(636.503)
Net cash flows from operating activities	43.328.725	22.266.472
Cash flows from investment activities		
Payments for the purchase of assets	(14.578.063)	(22.501.282)
Payments for the purchase of financial assets	(1.000.000)	-
Collections from the sale of tangible assets	1.573.638	141.500
Interests collected	230	164
Net cash flows from investment activities	(14.004.195)	(22.359.618)
Cash flows from financing activities		
Collections from loans	9.383.507	21.026.981
Interests paid and loans reimbursed	(38.574.342)	(20.534.320)
Net cash flows from financing activities	(29.190.835)	492.661
	133.695	399.515
Net increase/(reduction) of cash and cash equivalents		
	2.149.202	2.064.372
Cash and cash equivalents at the financial year beginning		
	2.282.896	2.463.887

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager

Notes to the interim individual financial statements

as at September 30th, 2020

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 at September 30th, 2020, 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 six months ended on September 30th, 2020 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, 2019.

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, 2019.

The interim individual financial statements for the first 9 months of 2020 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.

Vrancart S.A.

Notes to the interim individual financial statements

as at June 30th, 2020

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	September 30 th , 2020	December 31 st , 2019	Variation
Euro (EUR)	4,8698	4,7793	+1,9%
American dollars (USD)	4,1617	4,2608	-2,3%

Other notes

The Company recorded as at September 30th, 2020 a positive cash balance of RON 2.282.896, and does not have any outstanding liabilities to the public budgets or to 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 October 22nd, 2020, dividends in the amount of 11,661,645 lei were paid to shareholders, according to legal regulations, based on the Decision on the distribution of dividends, approved by the Ordinary General Meeting of Shareholders in April 2020.

Management's statement

According to our best information available, we confirm that the simplified interim individual financial statements as at September 30th, 2020 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 six months of the financial year and of their impact onto the simplified interim financial statements.

CIUCIOI Ionel-Marian
General Manager

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Financial Manager