

*Translation for information purposes only*

**VRANCART S.A.**

**Interim individual financial statements  
(simplified, not audited)  
as at March 31<sup>st</sup>, 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

VRANCART S.A.

## Individual statement of financial position

as at March 31<sup>st</sup>, 2020

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

	March 31 <sup>st</sup> , 2020	December 31 <sup>st</sup> , 2019
<b>ASSETS</b>		
Tangible assets	278.426.132	282.772.387
Intangible assets	1.326.095	1.404.918
Goodwill	3.380.811	3.380.811
Financial assets	28.866.728	28.866.728
<b>Total non-current assets</b>	<b>311.999.766</b>	<b>316.424.844</b>
Inventories	44.502.822	52.797.252
Trade receivables	74.036.675	65.265.430
Prepaid expenses	1.063.150	802.431
Cash and cash equivalents	1.765.570	2.149.202
Current income tax claims	-	6.070
Other receivables	274.922	343.920
<b>Total current assets</b>	<b>121.643.139</b>	<b>121.364.305</b>
<b>TOTAL ASSETS</b>	<b>433.642.905</b>	<b>437.789.149</b>
<b>EQUITY</b>		
Share capital	103.168.355	103.168.355
Reserves	109.088.377	108.655.307
Retained earnings	14.444.317	12.876.888
<b>Total equity</b>	<b>226.701.049</b>	<b>224.700.550</b>
<b>LIABILITIES</b>		
Long-term loans	42.448.755	46.168.826
Long-term loans from bond issues	37.942.100	37.942.100
Long-term leasing debts	7.271.500	8.438.653
Deferred income	12.525.630	13.141.728
Long-term provisions	372.440	372.440
Debts related to deferred profit tax	4.971.879	5.083.427
Other long-term liabilities	307.900	307.900
<b>Total long-term liabilities</b>	<b>105.840.204</b>	<b>111.455.074</b>
Short-term trade liabilities	25.832.708	26.176.054
Short-term loans	54.295.239	59.132.674
Short-term leasing debts	3.886.123	4.035.213
Deferred income	2.516.494	2.531.041
Debts related to current profit tax	403.521	-
Other liabilities	14.167.567	9.758.543
<b>Total current liabilities</b>	<b>101.101.652</b>	<b>101.633.525</b>
<b>TOTAL LIABILITIES</b>	<b>206.941.856</b>	<b>213.088.599</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>433.642.905</b>	<b>437.789.149</b>

**CIUCIOI Ionel-Marian**  
Chairman of the Board of Administrators

**ARSENE Vasilica-Monica**  
Financial Manager

## **Notes to the statement of financial position as at March 31<sup>st</sup>, 2020**

The amount of equity as at March 31<sup>st</sup>, 2020 was RON 226.701.049, up by 1% from the amount recorded as at the beginning of the year, due to the profit achieved during the 1<sup>st</sup> quarter.

The amount of the Company's current assets increased by 0,2% during the analysed period, due to the increase of trade receivables by 13% during the 1<sup>st</sup> quarter. The amount of current assets as at March 31<sup>st</sup>, 2020 is RON 121.643.139.

The total liabilities recorded as at March 31<sup>st</sup>, 2020 amount to RON 206.941.855, down by 3% compared to the value registered on January 1<sup>st</sup>, 2020, due to the repayment of loans for financing investments and credit lines for the current activity. The increase of the item "Other debts" was mainly due to the registration of VAT payable in the amount of RON 4.6 million. It was paid by the date of presentation of these financial statements.

# Individual statement of comprehensive income

as at March 31<sup>st</sup>, 2020

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

	March 31 <sup>st</sup> , 2020	March 31 <sup>st</sup> , 2019
Income from turnover	75.686.997	74.211.758
Other income	669.592	684.736
Variation of finished products inventories and production in progress	(2.944.858)	3.391.488
Expenses related to raw materials and consumables		
Expenses related to commodities	(35.009.436)	(41.676.639)
Third party expenses	(3.181.197)	(1.000.445)
Personnel-related expenses	(5.730.331)	(5.473.522)
Expenses related to amortisation and impairment of assets	(15.283.141)	(15.139.748)
Other expenses	(7.760.566)	(5.834.383)
<b>Operating result</b>	<b>3.557.924</b>	<b>6.651.849</b>
Financial income	383	354
Financial expenses	(1.550.854)	(1.611.329)
<b>Profit before taxation</b>	<b>2.007.454</b>	<b>5.040.874</b>
Profit tax expenses	(203.023)	(627.724)
<b>Net profit</b>	<b>1.804.431</b>	<b>4.413.150</b>
<b>Other comprehensive income items</b>		
Increases in the reserve from the revaluation of tangible assets, net of deferred tax	-	-
Transfer of the revaluation reserve to retained earnings following the cassation of tangible assets	(96.050)	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1.708.381</b>	<b>4.413.150</b>

**CIUCIOI Ionel-Marian**  
Chairman of the Board of Administrators

**ARSENE Vasilica-Monica**  
Financial Manager

## Notes to the statement of comprehensive income for the 1<sup>st</sup> quarter of 2020, compared to the 1<sup>st</sup> quarter of 2019

Although the turnover during the period increased by 2%, the total operating income was RON 73,411,730, down by 6% compared to the same period last year, due to the variation of the stocks of finished products and the production in progress.

The operating expenses for the period amounted to RON 69.853.806, down by 2% from the same period of the previous year. The most significant decrease was registered by the expenses with raw materials and consumables of 16%, while more important increases were registered by the expenses with the amortization of fixed assets (RON 1.9 million, respectively 33%). This increase is due to the commissioning (depreciation) of the investments made at the production bases in Adjud and Calimanesti (new production halls and new or modernized equipment).

The operating profit for the period amounted to RON 3.557.924, down by 47% from the amount recorded during the same period of the previous year.

Compared to the same period last year, the decrease is due to:

- o Temporary closure of the working point in Calimanesti, Valcea for expansion and modernization (a new production hall was built and the cardboard machine was changed).
- o Decrease in orders for corrugated packaging following the onset of the health crisis and the measures imposed by the state of emergency (starting with March 16<sup>th</sup>, 2020).
- o Decreased demand for cardboard paper due to overproduction on the European market.

### Economic and financial indicators as at March 31<sup>st</sup>, 2020 (in accordance with Appendix no. 13 to the Financial Supervisory Authority Regulation no. 5/2018)

Indicator's name	Calculation modality	M.U.	March 31 <sup>st</sup> , 2020
<b>Current liquidity indicator</b>	Current assets/Current liabilities	ratio	1,20
<b>Indebtedness degree indicator</b>	Borrowed capital/Equity x 100	%	64,33*
	Borrowed capital/Employed capital x 100	%	39,15*
<b>Debts-customers turnover</b>	Average customers balance/Turnover x 90	days	81,71
<b>Non-current assets turnover</b>	Turnover/Non-current assets	ratio	0,24

\* Borrowed capital includes credit lines, short and long-term bank loans, long-term trade loans, liabilities under short and long-term financial leasing agreements, as well as loans from bond issues.

VRANCART S.A.

## Summarized statement of changes in equity (not audited)

as at March 31<sup>st</sup>, 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
<b>Balance as at January 1<sup>st</sup>, 2020</b>	<b>103.168.355</b>	<b>55.669.818</b>	<b>52.985.489</b>	<b>12.876.888</b>	<b>224.700.550</b>
<b>Total comprehensive income for the period</b>					
Net profit/loss for the period	-	-	-	1.804.431	<b>1.804.431</b>
<b>Other comprehensive income items</b>					
Distribution from retained earnings	-	-	-	-	-
Other changes	-	-	513.752	(429.102)	<b>180.700</b>
Changes in the reserve from the revaluation of tangible assets, net of deferred tax	-	15.368	-	-	<b>15.368</b>
Transfer of the revaluation reserve to retained earnings following the sale of tangible assets	-	(96.050)	-	96.050	-
<b>Total other comprehensive income items</b>	-	<b>(80.682)</b>	<b>513.752</b>	<b>(237.002)</b>	<b>196.068</b>
<b>Total comprehensive income for the period</b>	-	<b>(80.682)</b>	<b>513.752</b>	<b>1.567.429</b>	<b>2.000.499</b>
<b>Balance as at March 31<sup>st</sup>, 2020</b>	<b>103.168.355</b>	<b>55.589.136</b>	<b>53.499.241</b>	<b>14.444.317</b>	<b>226.701.049</b>

## Notes to the interim individual financial statements

*(simplified, not audited)*

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### The entity reporting

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

The company is based in Adjud, 17<sup>th</sup> Ecaterina Teodoroiu Street, Vrancea county.

The company has work points opened in the following localities: București, Calimanesti, Ungheni, Iași, Focșani, Ploiești, Botoșani, Sibiu, Constanța, Arad, Brașov, Pitești, Timișoara, Bacău, Cluj, Craiova, Baia Mare, Târgu Mures and Braila.

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

- single-wall, double-wall and double-double wall corrugated cardboard, corrugated cardboard with micro-flutes;
- corrugated cardboard boxes of various formats, die-cut and printed;
- 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 15<sup>th</sup>, 2005 and the company posts its financial statements on the website [www.vrancart.ro](http://www.vrancart.ro).

As at March 31<sup>st</sup>, 2020, the Company is held in a percentage of 75% by SIF Banat - Crișana S.A. and in a percentage of 25% by other shareholders. The records 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 31<sup>st</sup>, 2020 were drawn up in accordance with IAS 34 Interim Financial Statements.

The simplified interim individual 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 individual financial statements, drawn up as at December 31<sup>st</sup>, 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 31<sup>st</sup>, 2019.

The simplified interim individual financial statements for the 1<sup>st</sup> quarter of 2020 have not been audited and revised by an external auditor.

### 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 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:

<b>Currency</b>	<b>March 31<sup>st</sup>, 2020</b>	<b>December 31<sup>st</sup>, 2019</b>	<b>Variation</b>
Euro (EUR)	4,8254	4,7793	+0,96%
American dollars (USD)	4,3983	4,2608	+3,23%

### **Other notes**

The company had a negative cash flow of RON 383.632 during the 1<sup>st</sup> quarter of 2020 and it does not have any outstanding debts 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 drafting the financial statements is justified.

### **Subsequent events**

On **April 28<sup>th</sup>, 2020**, the Ordinary General Meeting of the Shareholders approved the individual and consolidated financial statements as at December 31<sup>st</sup>, 2019 and the Revenues and Expenses Budget of VRANCART S.A. for the financial year 2020, along with the investments plan for the period 2020.

Through the decision no. 4/April 28<sup>th</sup>, 2020, the Ordinary General Meeting of the Shareholders approved the distribution from the net profit of the financial year 2019 of the amount of RON 11.967.530 for **dividends** (namely dividends with a gross amount of RON 0,0116 /share), the payment date being set for October 23<sup>rd</sup>, 2020.

On March 16<sup>th</sup>, 2020, a state of emergency was declared in Romania as a result of the health crisis generated by Covid19. Similar measures have been put in place in the European Union and most countries around the world.

These measures to limit the movement of goods and persons have affected and continue to affect the economic activity both at European and local level and implicitly the activity of Vrancart SA.

The company constantly monitors the situation and has taken the necessary measures regarding the protection of employees but also in order to continue the activity. Some business segments have been temporarily restricted, and some staff work from home or are unemployed.

At this moment the total impact of this crisis is not known / cannot be reasonably estimated, but the executive management is confident that the company has the necessary resources to overcome this situation well, and to continue its activity on the basis of efficiency and profitability.

### **Management's statement**

According to our best information available, we confirm that the simplified interim individual financial statements for the period ended on March 31<sup>st</sup>, 2020, drawn up in accordance with the International Financial Reporting Standards, provide a fair and accurate view of the Company's assets, liabilities, financial position and of its income and expenses, as provided by the applicable accounting standards, and that the statement of its operating performances and the information presented in this report provide 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**  
Chairman of the Board of Administrators

**ARSENE Vasilica-Monica**  
Financial Manager