



**Translation for information purposes only**

**Individual half-yearly report for the first half of 2021  
according to Financial Supervisory Authority Regulation no. 5/2018**

Date of report	August 31 <sup>st</sup> , 2021
Name of the issuing entity	VRANCART
Registered office	Adjud, 17 <sup>th</sup> Ecaterina Teodoroiu Street, Vrancea County
Telephone/Fax no	0237-640.800; 0237-641.720
Tax Identification Number	1454846
Trade Registry Identification no	J39/239/1991
Subscribed and paid-up share capital	103,168,354.70 lei
Regulated market for securities	The Bucharest Stock Exchange
Main characteristics of the issued securities	Standard category

### 1. Economic and financial situation of the Company VRANCART

The results of VRANCART (hereinafter referred to as the "Company") for the first half of 2021 confirm the financial strength of the Company and its ability to generate profit.

During this period the net profit recorded by the Company was 9,101,478 lei.

Attached to this Report are the Interim Individual Financial Statements (simplified, unaudited) as at June 30<sup>th</sup>, 2021, in accordance with the Order of the Minister of Public Finance no. 2844/2016 approving the Accounting Regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market.

The interim individual financial statements for H1 2021 have not been reviewed by an independent external auditor, as this is not a legal or statutory requirement.

## 1.1. Balance Sheet Items

(all items are expressed in lei unless otherwise stated)

	June 30 <sup>th</sup> , 2021	December 31 <sup>st</sup> , 2020
Non-current assets	336,764,181	320,201,888
Current assets, out of which:	124,270,708	112,801,967
- Trade receivables	72,883,489	64,666,084
<b>Total assets</b>	<b>461,034,889</b>	<b>433,003,855</b>
<b>Total liabilities, out of which:</b>	<b>230,761,828</b>	<b>201,737,225</b>
- Current liabilities	130,891,845	93,814,411
<b>Equity, out of which:</b>	<b>230,273,061</b>	<b>231,266,630</b>
- Reserves	115,665,105	115,711,008
- Retained earnings	11,439,601	12,387,267

As at June 30<sup>th</sup>, 2021 and in the period from January 1<sup>st</sup> to June 30<sup>th</sup>, 2021, the evolution of the main financial indicators was as follows:

- Fixed assets of the Company increased by 5% as a result of the increase of the holding in the subsidiary Vrancart Recycling S.R.L. with the amount of 15,600,000 lei,
- The value of the Company's current assets increased by app. 10% as at June 30<sup>th</sup>, 2021 compared to the beginning of the year mainly due to an increase in inventories by 15% and trade receivables by 13% generated by a higher volume of activity,
- Trade receivables increased in the first six months of 2021 compared to the beginning of the year by 8,217,405 lei, as a result of the increase in the volume of sales in the context of the improvement in the average number of collection days,
- The total debts recorded as at June 30<sup>th</sup>, 2021 amount to 230,761,828 lei, an increase of 14% compared to the amount recorded as at January 1<sup>st</sup>, 2021, mainly as a result of the financing of working capital, by drawing on short-term credit lines, but also of the constitution of debt with dividends to be paid according to the General Meeting of Shareholders' resolution of April 2021,
- The value of equity as of June 30<sup>th</sup>, 2021 is 230,273,061 lei, without significant changes compared to the beginning of the year. Reserves remained at a relatively constant level compared to the beginning of the year, the share capital remaining unchanged.

## 1.2. The profit and loss account

(all items are expressed in lei unless otherwise stated)

	June 30 <sup>th</sup> , 2021	June 30 <sup>th</sup> , 2020
Operating income, out of which:	169,358,308	133,606,106
Income from turnover	162,026,636	127,538,726
Operating expenses	(157,532,611)	(126,045,210)
<b>Operating profit</b>	<b>11,825,697</b>	<b>7,560,896</b>
Financial income	134	583
Financial expenses	(1,632,280)	(2,824,166)
<b>Total income</b>	<b>169,358,442</b>	<b>133,606,689</b>
<b>Total expenses</b>	<b>(159,164,891)</b>	<b>(128,869,376)</b>
<b>Gross profit</b>	<b>10,193,551</b>	<b>4,737,313</b>
<b>Net profit</b>	<b>9,101,478</b>	<b>4,235,539</b>

The evolution of the Company in the first half of 2021 was influenced by the increase in raw material prices and utility tariffs generated by international market trends which were also reflected in the local market, as well as by the increase in payroll expenses and services provided by third parties.

The results achieved during this period, reflected in higher profitability and good financial indicators, confirm the Company's resilience to adverse market changes.

In the first half of 2021, the evolution of the main indicators of the profit and loss account is as follows:

- Total revenues in the period under review amounted to 169,358,442 lei, an increase of 27% compared to the same period last year, due to increased production and sales,
- Total expenses for the period amounted to 159,164,891 lei, an increase of 24% compared to the same period of the previous year, while the cost of raw materials increased by 46% due to the impact of rising prices,
- The Company's operating profit increased by 115% as a result of the effects listed above, and net profit grew at the same percentage rate as gross profit during the first six months of 2021 compared to the same reporting period last year.

### 1.3. Cash flows

(all items are expressed in lei unless otherwise stated)

	June 30 <sup>th</sup> , 2021	June 30 <sup>th</sup> , 2020
<i>Cash flows from the operating activity</i>		
Collections from the operating activity	185,709,290	159,952,038
Payments from the operating activity	(170,677,182)	(132,510,289)
<b>Net cash flows from operating activities</b>	<b>15,032,108</b>	<b>27,441,749</b>
<i>Cash flows from the investment activity</i>		
Collections from the investment activity	260,544	3,390
Payments from the investment activity	(30,754,401)	(4,514,004)
<b>Net cash flows from investment activities</b>	<b>(30,493,857)</b>	<b>(4,510,614)</b>
<i>Cash flows from the financing activity</i>		
Collections from the financing activity	29,201,119	777,996
Payments from the financing activity	(16,284,470)	(23,782,311)
<b>Net cash flows from financing activities</b>	<b>12,916,649</b>	<b>(23,004,315)</b>
<b>Balance as at the beginning of the period</b>	<b>4,332,741</b>	<b>2,149,202</b>
<b>Balance as at the end of the period</b>	<b>1,787,641</b>	<b>2,076,022</b>

The balance of cash and cash equivalents recorded as at June 30<sup>th</sup>, 2021 is positive, i.e. 1,787,641 lei. During this period, the Company managed to manage its treasury efficiently, honouring all its due obligations.

## 2. Analysis of VRANCART's activity

### 2.1. Presentation and analysis of trends, elements, events or uncertainty factors affecting or likely to affect the issuer's liquidity compared to the same period last year

The Company's management assesses as positive the results obtained as at June 30<sup>th</sup>, 2021, which are higher than the previous year but affected by the negative developments in prices and tariffs for raw materials and utilities. The implemented control mechanisms and levers ensure the preservation of the Company's financial balance and the Company's development strategy is correlated and adapted to the market requirements and the Company's development needs

### 2.2. Presentation and analysis of the effects on the issuer's financial position of all current and anticipated capital expenditures (specifying the purpose and sources of financing of these expenditures) compared to the same period last year

The value of investments made by the Company in the first six months of 2021 was 13,141,832 lei, compared to 4,609,305 lei in the first half of the previous year. The significant investments consisted of modernization and equipment of the corrugated cardboard machine in Calimanesti, corrugated cardboard converting machines, modernization of the sanitary paper machine in Piatra Neamt and equipment in the collection-recycling centres.

The company will continue to implement the investment projects for 2021, which were approved by the General Meeting of Shareholders in April 2021, the sources of financing being both own sources and attracted sources (bank loans for investments).

The Company expects that the investments made in the first half of the year will favourably impact the Company's financial situation in the medium and long term.

The economic and financial indicators as at June 30<sup>th</sup>, 2021 are as follows:

Indicator name	M.U.	June 30 <sup>th</sup> , 2021	June 30 <sup>th</sup> , 2020
<b>Overall liquidity</b>	Ratio	0.95	1.15
<b>Immediate liquidity</b>	Ratio	0.58	0.71
<b>Stock turnover</b>	Rot/year	7	6
<b>Debt recovery</b>	Days	81	86
<b>Repayment of commercial debts</b>	Days	34	27
<b>Operation profitability</b>	%	7.0	5.9
<b>Gross profit ratio</b>	%	6.1	3.5

Overall and immediate liquidity decreased slightly as at June 30<sup>th</sup>, 2021 compared to June 30<sup>th</sup>, 2020, due to a short-term bridging loan to be repaid during the second half of the year.

The recovery time of receivables has improved, at the same time the number of credit days obtained from suppliers has increased, which has contributed to an improved cash conversion cycle.

The profitability of operating activities and the gross profit rate showed higher values as at June 30<sup>th</sup>, 2021 compared to the same period of the previous year, due to the increase in the volume of production obtained and deliveries of finished products.

### **2.3. Presentation and analysis of events, transactions, economic changes that significantly affect core business revenues. Specify the extent to which revenues have been affected by each item identified. Comparison with the corresponding period last year**

The Company VRANCART has no events and transactions to report that could significantly affect income from core business.

## **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 was not in any situation unable to meet its financial obligations during the period under review. The Company has no outstanding debts to public budgets and to its commercial partners.

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

The Company VRANCART has no changes to report regarding the rights of holders of issued securities.

## **4. Major transactions**

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



By resolution no. 4 dated April 27<sup>th</sup>, 2021 the Ordinary General Meeting of Shareholders approved the distribution for **dividends** from the available net profit for the financial year 2020 of an amount of 10,007,331 lei (i.e. a gross dividend of 0.0097 lei/share), the payment date being set on August 31<sup>st</sup>, 2021.

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

**Vasilica-Monica ARSENE**  
Financial Director

*Translation for information purposes only*

**VRANCART S.A.**

**Interim individual financial statements  
(simplified, not audited)  
as at June 30<sup>th</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 market

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Vrancart SA

## Individual statement of financial position

as at June 30<sup>th</sup>, 2021

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

	June 30 <sup>th</sup> , 2021	December 31 <sup>st</sup> , 2020
<b>ASSETS</b>		
Tangible assets	286,587,611	285,408,521
Intangible assets	1,229,431	1,446,228
Goodwill	3,380,811	3,380,811
Financial assets	45,566,328	29,966,328
<b>Total non-current assets</b>	<b>336,764,181</b>	<b>320,201,888</b>
Inventories	48,357,438	42,055,540
Trade receivables	72,883,489	64,666,084
Prepaid expenses	876,924	761,374
Cash and cash equivalents	1,787,641	4,332,741
Other receivables	365,216	986,228
<b>Total current assets</b>	<b>124,270,708</b>	<b>112,801,967</b>
<b>TOTAL ASSETS</b>	<b>461,034,889</b>	<b>433,003,855</b>
<b>EQUITY</b>		
Share capital	103,168,355	103,168,355
Reserves	115,665,105	115,711,008
Retained earnings	11,439,601	12,387,267
<b>Total equity</b>	<b>230,273,061</b>	<b>231,266,630</b>
<b>LIABILITIES</b>		
Long-term loans	36,589,595	43,766,905
Long-term loans from bond issues	37,627,000	37,627,000
Long-term leasing debts	10,508,804	10,525,739
Deferred income		
Long-term provisions	10,206,032	10,627,998
Debts related to deferred profit tax	453,855	453,855
Other long-term liabilities	3,838,875	4,275,495
<b>Total long-term liabilities</b>	<b>645,822</b>	<b>645,822</b>
Short-term trade liabilities	30,995,276	26,573,457
Short-term loans	74,320,367	50,172,836
Short-term leasing debts	4,011,667	4,011,256
Deferred income	1,847,983	2,522,385
Debts to employees	6,007,693	4,904,713
Debts related to current profit tax	32,576	960,442
Other liabilities	13,676,283	4,669,322
<b>Total current liabilities</b>	<b>130,891,845</b>	<b>93,814,411</b>
<b>TOTAL LIABILITIES</b>	<b>230,761,828</b>	<b>201,737,225</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>461,034,889</b>	<b>433,003,855</b>

CIUCIOI Ionel-Marian

General Manager

ARSENE Vasilica-Monica

Financial Manager

Vrancart SA

## Individual statement of comprehensive income

as at June 30<sup>th</sup>, 2021

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

	June 30 <sup>th</sup> , 2021	June 30 <sup>th</sup> , 2020
Income from turnover	162,026,636	127,538,726
Income from the sale of goods	5,933,146	9,319,667
Other income	1,172,772	1,463,119
Variation of finished product inventories and production in progress	225,755	(4,715,406)
Expenses related to raw materials and consumables	(86,483,576)	(59,117,998)
Expenses related to commodities	(3,032,986)	(5,761,794)
Third party expenses	(13,536,931)	(10,423,641)
Personnel-related expenses	(34,229,946)	(27,697,097)
Expenses related to amortisation and impairment of assets	(14,065,924)	(13,706,815)
Other expenses	(6,183,249)	(9,337,866)
<b>Operating result</b>	<b>11,825,697</b>	<b>7,560,895</b>
Financial income	134	583
Financial expenses	(1,632,280)	(2,824,166)
<b>Profit / (Loss) before taxation</b>	<b>10,193,551</b>	<b>4,737,312</b>
Profit tax income / (expense)	(1,092,073)	(501,773)
<b>Profit / (Loss) for the year</b>	<b>9,101,478</b>	<b>4,235,539</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>9,101,478</b>	<b>4,235,539</b>

**CIUCIOI Ionel-Marian**

General Manager

**ARSENE Vasilica-Monica**

Financial Manager

Vrancart SA

## Individual statement of changes in equity

as at June 30<sup>th</sup>, 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
<b>Balance as at January 1<sup>st</sup>, 2021</b>	<b>103,168,355</b>	<b>54,712,573</b>	<b>60,998,434</b>	<b>12,387,268</b>	<b>231,266,630</b>
<b>Comprehensive income for the period</b>					
Net profit/loss for the period	-	-	-	9,101,478	<b>9,101,478</b>
<b>Other comprehensive income items</b>					
Distribution from retained earnings	-	-	-	(10,008,141)	<b>(10,008,141)</b>
Other changes	-	-	810	(96,612)	<b>(95,802)</b>
Changes in the reserve from the revaluation of tangible assets, net of deferred tax	-	8,896	-	-	<b>8,896</b>
Transfer of the revaluation reserve to retained earnings following the cassation/sale of tangible assets	-	(55,608)	-	55,608	-
<b>Total other comprehensive income items</b>	<b>-</b>	<b>(46,712)</b>	<b>810</b>	<b>(10,049,145)</b>	<b>(10,095,047)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(46,712)</b>	<b>810</b>	<b>(947,667)</b>	<b>(993,569)</b>
<b>Balance as at June 30<sup>th</sup>, 2021</b>	<b>103,168,355</b>	<b>54,665,861</b>	<b>60,999,244</b>	<b>11,439,601</b>	<b>230,273,061</b>

**CIUCIOI Ionel-Marian**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager

Vrancart SA

## Individual statement of cash flows

as at June 30<sup>th</sup>, 2021

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

	<b>June 30<sup>th</sup>, 2021</b>	<b>June 30<sup>th</sup>, 2020</b>
<b>Cash flows from operating activities</b>		
Collections from customers	185,709,290	159,952,038
Payments to suppliers	(120,373,680)	(89,008,976)
Payments to employees	(22,939,322)	(18,007,187)
Payments to the state budget	(24,916,674)	(25,084,535)
Profit tax paid	(2,447,526)	(409,591)
<b>Net cash flows from operating activities</b>	<b>15,032,108</b>	<b>27,441,749</b>
<b>Cash flows from investment activities</b>		
Payments for the purchase of assets	(15,154,401)	(4,514,004)
Payments for the purchase of financial assets	(15,600,000)	-
Collections from the sale of tangible assets	260,412	3,200
Interests collected	132	190
<b>Net cash flows from investment activities</b>	<b>(30,493,857)</b>	<b>(4,510,614)</b>
<b>Cash flows from financing activities</b>		
Collections from loans	29,201,119	777,996
Interests paid and loans reimbursed	(16,284,470)	(23,782,311)
<b>Net cash flows from financing activities</b>	<b>12,916,649</b>	<b>(23,004,315)</b>
	<b>(2,545,100)</b>	<b>(73,180)</b>
<b>Net increase/(reduction) of cash and cash equivalents</b>		
	<b>4,332,741</b>	<b>2,149,202</b>
<b>Cash and cash equivalents at the financial year beginning</b>		
	<b>1,787,641</b>	<b>2,076,022</b>

**CIUCIOI Ionel-Marian**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager

## **The entity reporting**

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

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

The Company has working points opened in Bucuresti, Calimanesti, Ungheni, 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 board type II, III, V, corrugated board with micro corrugations,
- corrugated board packaging,
- papers for corrugated board manufacture,
- tissue papers in various grades.

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 publishes its financial statements on [www.vrancart.ro](http://www.vrancart.ro).

As at 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.

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 June 30<sup>th</sup>, 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 31<sup>st</sup>, 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 31<sup>st</sup>, 2020.

The interim individual financial statements for H1 2021 have not been reviewed by an external financial auditor.

## **Transactions in foreign currencies**

The operations expressed in foreign currencies are recorded in lei 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.

## Note la situațiile financiare individuale interimare

La 30 iunie 2021

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

<b>Currency</b>	<b>June 30<sup>th</sup>, 2021</b>	<b>December 31<sup>st</sup>, 2020</b>	<b>Variation</b>
Euro (EUR)	4.9267	4.8694	1.2%
American dollars (USD)	4.1425	3.9660	4.5%

### Other notes

The Company recorded as at June 30<sup>th</sup>, 2021 a positive cash balance of lei 1,787,641, 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 April 27<sup>th</sup>, 2021 the Ordinary General Meeting of Shareholders approved the individual and consolidated financial statements as at December 31<sup>st</sup>, 2020 and the Income and Expenditure Budget of VRANCART for the financial year 2021, together with the Investment Plan for 2021.

By resolution no. 4 dated April 27<sup>th</sup>, 2021 the Ordinary General Meeting of Shareholders approved the distribution from the available net profit for the financial year 2020 of an amount of lei 10,007,331 for dividends (i.e. a gross dividend of lei 0.0097/share), the payment date being set on August 31<sup>st</sup>, 2021.

### Management's statement

Based on the best information available, we confirm that the consolidated interim individual financial statements as at and for the period ended June 30<sup>th</sup>, 2021, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the Company's financial position and performance as required by applicable accounting standards, and that the information presented in this report gives a true and fair view of the principal events that occurred during the first six months of the financial year and their impact on the consolidated interim financial statements.

**CIUCIOI Ionel-Marian**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager



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**Consolidated half-yearly report for the first half of 2021  
according to Financial Supervisory Authority Regulation no. 5/2018**

Date of report	August 31 <sup>st</sup> , 2021
Name of the issuing entity	VRANCART
Registered office	Adjud, 17 <sup>th</sup> Ecaterina Teodoroiu Street, Vrancea County
Telephone/Fax no	0237-640.800; 0237-641.720
Tax Identification Number	1454846
Trade Registry Identification no	J39/239/1991
Subscribed and paid-up share capital	103,168,354.70 lei
Regulated market for securities	The Bucharest Stock Exchange
Main characteristics of the issued securities	Standard category

### 1. Economic and financial situation of VRANCART Group

The results of the VRANCART group of companies (hereinafter referred to as the "Group") for the first half of 2021 confirm its ability to generate profit and its financial strength.

During this period the net profit recorded by the Group was 8,781,813 lei.

Attached to this Report are the Interim Consolidated Financial Statements (simplified, unaudited) as at June 30<sup>th</sup>, 2021, in accordance with the Order of the Minister of Public Finance No. 2844/2016 approving the Accounting Regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market.

The interim consolidated financial statements for H1 2021 have not been reviewed 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 lei unless otherwise stated)</i>	<b>June 30<sup>th</sup>, 2021</b>	<b>December 31<sup>st</sup>, 2020</b>
Non-current assets	333,288,865	331,264,500
Current assets, out of which::	159,643,456	132,496,643
- Trade receivables	81,615,134	71,841,836
<b>Total assets</b>	<b>492,932,321</b>	<b>463,761,143</b>
<b>Total liabilities, out of which:</b>	<b>267,111,482</b>	<b>235,983,136</b>
- Current liabilities	154,766,390	124,564,241
<b>Equity, out of which::</b>	<b>225,820,839</b>	<b>227,778,007</b>
- Reserves	114,911,337	114,957,240
- Retained earnings	7,740,847	9,652,131

As at June 30<sup>th</sup>, 2021 and in the period from January 1<sup>st</sup> to June 30<sup>th</sup>, 2021, the evolution of the main financial indicators was as follows:

- The Group's non-current assets increased by 1% as a result of investments in tangible assets in the first half of 2021,
- The value of the Group's current assets increased by 20% at June 30<sup>th</sup>, 2021 compared to the beginning of the year mainly as a result of an 11% increase in inventories and a 14% increase in trade receivables generated by higher business volume,
- Trade receivables increased in the first six months of 2021 compared to the beginning of the year by 9,772,298 lei as a result of the increase in the volume of sales in the context of the improvement in the average number of collection days,
- The total debts recorded as of June 30<sup>th</sup>, 2021 are in the amount of 267,111,482 lei, an increase of 13% compared to the amount recorded as of January 1<sup>st</sup>, 2021, mainly as a result of the financing of working capital, by drawing on short-term credit lines, but also of the constitution of the debt with dividends to be paid according to the General Meeting of Shareholders' resolution of April 2021,
- The value of equity as of June 30<sup>th</sup>, 2021 is 225,820,839 lei, without significant changes compared to the beginning of the year. Reserves remained at a relatively constant level compared to the beginning of the year, the share capital remaining unchanged.



## 1.2 The profit and loss account

<i>(all items are expressed in lei unless otherwise stated)</i>	<b>June 30<sup>th</sup>, 2021</b>	<b>June 30<sup>th</sup>, 2020</b>
Operating income, out of which:	202,872,242	164,408,239
Income from turnover	201,929,986	166,993,402
Operating expenses	(191,756,661)	(157,230,132)
<b>Operating profit</b>	<b>11,115,581</b>	<b>7,178,107</b>
Financial income	164	634
Financial expenses	(1,931,357)	(3,165,048)
<b>Total income</b>	<b>202,872,406</b>	<b>164,408,873</b>
<b>Total expenses</b>	<b>(193,688,018)</b>	<b>(160,395,180)</b>
<b>Gross profit</b>	<b>9,184,388</b>	<b>4,013,693</b>
<b>Net profit</b>	<b>8,781,813</b>	<b>4,464,012</b>

The Group's evolution in the first half of 2021 was influenced by the increase in raw material prices and utility tariffs generated by international market trends and also reflected in the local market, as well as by the increase in payroll expenses and services provided by third parties.

The results achieved during this period, reflected in higher profitability and good financial indicators, confirm the Group's resilience to adverse market changes.

In the first half of 2021 compared to the same period last year, the main indicators of the Profit and Loss Account are as follows:

- Total revenues in the period under review amounted to 202,872,406 lei, an increase of 23 % compared to the same period last year due to increased production and sales,
- Total expenses for the period amounted to 193,688,018 lei, an increase of 21 % compared to the same period of the previous year while the cost of raw materials increased by 43 % due to the impact of rising prices,
- The net profit for the period was 8,781,813 lei, an increase of 97 % compared to the same period last year as a result of the effects listed above. These results are in line with management expectations and estimates.



### 1.3 Cash flows

*(all items are expressed in lei unless otherwise stated)*

	June 30 <sup>th</sup> , 2021	June 30 <sup>th</sup> , 2020
<i>Cash flows from the operating activity</i>		
Collections from the operating activity	222,511,210	201,854,252
Payments from the operating activity	(205,505,677)	(168,516,080)
<b>Net cash flows from operating activities</b>	<b>17,005,533</b>	<b>33,338,172</b>
<i>Cash flows from the investment activity</i>		
Collections from the investment activity	162	3.441
Payments from the investment activity	(20,380,719)	(6,303,599)
<b>Net cash flows from investment activities</b>	<b>(20,380,557)</b>	<b>(6,300,158)</b>
<i>Cash flows from the financing activity</i>		
Collections from the financing activity	30,941,869	795,293
Payments from the financing activity	(16,001,453)	(27,928,697)
<b>Net cash flows from financing activities</b>	<b>14,940,415</b>	<b>(27,133,404)</b>
<b>Balance as at the beginning of the period</b>	<b>5,558,078</b>	<b>2,485,185</b>
<b>Balance as at the end of the period</b>	<b>17,123,469</b>	<b>2,389,775</b>

The balance of cash and cash equivalents recorded as at June 30<sup>th</sup>, 2021 is positive, i.e. 17,123,469 lei. The Group does not record any outstanding debts to public budgets or to its private partners. During this period, the Group has managed to manage its treasury efficiently, honouring all its due obligations.

## 2. Analysis of VRANCART Group's activity

### 2.1. Presentation and analysis of trends, elements, events or uncertainty factors affecting or likely to affect the issuer's liquidity compared to the same period last year

The Group's management assesses as positive the results achieved as at June 30<sup>th</sup>, 2021, which are higher than the previous year but affected by the negative developments in the rising prices and tariffs for raw materials and utilities. The control mechanisms and levers in place ensure that the Group's financial balance is maintained and the Group's development strategy is in line with and adapted to market requirements and the company's development needs.

### 2.2. Presentation and analysis of the effects on the issuer's financial position of all current and anticipated capital expenditures (specifying the purpose and sources of financing of these expenditures) compared to the same period last year

The Group's investment expenditure in the first six months of 2021 amounted to 15,220,432 lei, compared to 5,797,878 lei in the first half of the previous year. The main investments concerned upgrades to the corrugated board paper machine, corrugated board converting and tissue paper converting machines, upgrades to the sanitary paper machine and equipment in the waste collection centres.



The Group will continue to implement the investment projects for 2021, which were approved by the General Meeting of Shareholders in April 2021, the sources of financing being both own sources and attracted sources (bank loans for investments).

The Group believes that the effects of the investments made will have a favourable impact on the Group's financial situation in the medium and long term.

The economic and financial indicators at Group level are as follows:

Indicator name	M.U.	June 30 <sup>th</sup> , 2021	June 30 <sup>th</sup> , 2020
Overall liquidity	Ratio	1.03	1.13
Immediate liquidity	Ratio	0.65	0.66
Stock turnover	Rot/year	6.8	6.7
Debt recovery	Days	73	71
Repayment of commercial debts	Days	39	33
Operation profitability	%	5.5	4.3
Gross profit ratio	%	4.5	2.4

Overall and immediate liquidity decreased slightly at June 30<sup>th</sup>, 2021 compared to June 30<sup>th</sup>, 2020, due to a short-term bridge loan to be repaid during the second half of the year.

The receivables recovery period increased, at the same time the number of days of credit obtained from suppliers increased, which contributed to an improved cash conversion cycle.

Profitability of operating activities as well as gross profit rate showed higher values as at June 30<sup>th</sup>, 2021 compared to the same period of the previous year, due to the increase in the volume of production obtained and deliveries of finished products.

### **2.3. Presentation and analysis of events, transactions, economic changes that significantly affect core business revenues. Specify the extent to which revenues have been affected by each item identified. Comparison with the corresponding period last year.**

The VRANCART Group has no events and transactions to report that could significantly affect income from core business.

## **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 VRANCART Group was not in any situation unable to meet its financial obligations during the period under review. The Group has no outstanding debts to public budgets and 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 has no changes to report regarding the rights of holders of issued securities.



#### **4. Major transactions**

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

By resolution no. 4 dated April 27<sup>th</sup>, 2021 the Ordinary General Meeting of Shareholders approved the distribution for dividends from the available net profit for the financial year 2020 of an amount of 10,007,331 lei (i.e. a gross dividend of 0.0097 lei/share), the payment date being set on August 31<sup>st</sup>, 2021.

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

**Vasilica-Monica ARSENE**  
Financial Director

*Translation for information purposes only*

**VRANCART S.A.**

**Interim consolidated financial statements  
(simplified, not audited)  
as at June 30<sup>th</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 market

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Vrancart SA

## Consolidated statement of financial position

as at June 30<sup>th</sup>, 2021

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

	June 30 <sup>th</sup> , 2021	December 31 <sup>st</sup> , 2020
<b>ASSETS</b>		
Tangible assets	318,651,050	315,908,406
Intangible assets	6,071,830	6,788,609
Financial assets	39,594	41,094
Goodwill	8,526,391	8,526,391
<b>Total non-current assets</b>	<b>333,288,865</b>	<b>331,264,500</b>
Inventories	59,109,989	53,013,513
Trade receivables	81,615,134	71,841,836
Prepaid expenses	1,053,626	870,819
Cash and cash equivalents	17,123,469	5,558,078
Other receivables	742,238	1,212,397
<b>Total current assets</b>	<b>159,643,456</b>	<b>132,496,643</b>
<b>TOTAL ASSETS</b>	<b>492,932,321</b>	<b>463,761,143</b>
<b>EQUITY</b>		
Share capital	103,168,355	103,168,355
Reserves	114,911,337	114,957,240
Retained earnings	7,740,847	9,652,131
<b>Total equity – parent company</b>	<b>225,820,539</b>	<b>227,777,726</b>
Non-controlling interest	300	281
<b>Total equity</b>	<b>225,820,839</b>	<b>227,778,007</b>
<b>LIABILITIES</b>		
Long-term loans	45,762,277	43,766,905
Long-term lease debts	10,508,804	10,570,722
Long-term bond loans	37,627,000	37,627,000
Deferred income	12,327,027	12,851,179
Long-term debts to employees	453,855	453,855
Debts related to deferred profit tax	5,020,307	5,503,412
Other long-term debts	645,822	645,822
<b>Total long-term liabilities</b>	<b>112,345,092</b>	<b>111,418,895</b>
Short-term trade debts	44,018,932	39,683,654
Short-term loans	81,959,511	66,709,792
Short-term leasing debts	4,011,667	4,011,256
Deferred income	2,052,357	2,726,759
Debts to employees	6,458,974	5,411,426
Debts related to current profit tax	34,348	966,800
Other liabilities	16,230,601	5,054,554
<b>Total current liabilities</b>	<b>154,766,390</b>	<b>124,564,241</b>
<b>TOTAL LIABILITIES</b>	<b>267,111,482</b>	<b>235,983,136</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>492,932,321</b>	<b>463,761,143</b>

**CIUCIOI Ionel-Marian**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager

Vrancart SA

## Consolidated statement of comprehensive income

as at June 30<sup>th</sup>, 2021

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

	June 30 <sup>th</sup> , 2021	June 30 <sup>th</sup> , 2020
Income from turnover	201,929,986	166,993,402
Other income	1,276,268	1,541,691
Variation of finished product inventories and production in progress	(334,012)	(4,126,854)
Expenses related to raw materials and consumables	(106,784,807)	(74,452,026)
Expenses related to commodities	(4,561,239)	(9,756,701)
Third party expenses	(16,084,706)	(13,649,486)
Personnel-related expenses	(39,568,939)	(32,439,329)
Expenses related to amortisation and impairment of assets	(17,650,008)	(17,096,839)
Other expenses	(7,106,962)	(9,835,751)
<b>Operating result</b>	<b>11,115,581</b>	<b>7,178,107</b>
Financial income	164	634
Financial expenses	(1,931,357)	(3,165,048)
<b>Profit / (Loss) before taxation</b>	<b>9,184,388</b>	<b>4,013,693</b>
Profit tax income / (expense)	(402,575)	450,319
<b>Profit / (Loss) for the year</b>	<b>8,781,813</b>	<b>4,464,012</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>8,781,813</b>	<b>4,464,012</b>

**CIUCIOI Ionel-Marian**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager

Vrancart SA

## Consolidated statement of changes in equity

as at June 30<sup>th</sup>, 2021

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

	Share capital	Reserves from the revaluation of tangible assets	Other reserves	Reported result	Non-controlling interest	Total equity
<b>Balance as at January 1<sup>st</sup>, 2021</b>	<b>103,168,355</b>	<b>51,668,712</b>	<b>63,288,528</b>	<b>9,652,131</b>	<b>281</b>	<b>227,778,007</b>
<b>Comprehensive income for the period</b>						
Net result for the period	-	-	-	8,781,813	-	<b>8,781,813</b>
<b>Other comprehensive income items</b>						
Distribution from retained earnings	-	-	-	(10,652,093)		<b>(10,652,093)</b>
Other changes	-	-	810	(96,612)	19	<b>(95,783)</b>
Changes in the reserve from the revaluation of tangible assets, net of deferred tax	-	8,896	-	-		<b>8,896</b>
Transfer of the revaluation reserve to retained earnings following the cassation/sale of tangible assets	-	(55,608)	-	55,608	-	-
<b>Total other comprehensive income items</b>	<b>-</b>	<b>(46,712)</b>	<b>810</b>	<b>(10,693,097)</b>	<b>19</b>	<b>(10,738,980)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(46,712)</b>	<b>810</b>	<b>(1,911,284)</b>	<b>19</b>	<b>(1,957,167)</b>
<b>Balance as at June 30<sup>th</sup>, 2021</b>	<b>103,168,355</b>	<b>51,622,000</b>	<b>63,289,338</b>	<b>7,740,847</b>	<b>300</b>	<b>225,820,839</b>

**CIUCIOI Ionel-Marian**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager

Vrancart SA

## Consolidated statement of cash flows

as at June 30<sup>th</sup>, 2021

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

	<b>June 30<sup>th</sup>, 2021</b>	<b>June 30<sup>th</sup>, 2020</b>
<b>Cash flows from operating activities</b>		
Collections from customers	222,511,210	201,854,252
Payments to suppliers	(148,514,345)	(118,748,921)
Payments to employees	(26,151,893)	(20,676,278)
Payments to the state budget	(28,385,555)	(28,681,289)
Profit tax paid	(2,453,884)	(409,591)
<b>Net cash flows from operating activities</b>	<b>17,005,533</b>	<b>33,338,172</b>
<b>Cash flows from investment activities</b>		
Payments for the purchase of assets	(18,651,141)	(6,303,599)
Payments for the purchase of financial assets	(2,000,000)	-
Collections from the sale of tangible assets	(270,422)	3,200
Interests collected	162	241
<b>Net cash flows from investment activities</b>	<b>(20,380,557)</b>	<b>(6,300,158)</b>
<b>Cash flows from financing activities</b>		
Collections from loans	30,941,869	795,293
Interests paid and loans reimbursed	(16,001,453)	(27,928,697)
<b>Net cash flows from financing activities</b>	<b>14,940,415</b>	<b>(27,133,404)</b>
	<b>11,565,391</b>	<b>(95,390)</b>
<b>Net increase/(reduction) of cash and cash equivalents</b>		
	<b>5,558,078</b>	<b>2,485,185</b>
<b>Cash and cash equivalents at the financial year beginning</b>		
	<b>17,123,469</b>	<b>2,389,775</b>
<b>Cash and cash equivalents at the financial year end</b>		

**CIUCIOI Ionel-Marian**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager

**Notes to the interim consolidated financial statements***as at June 30<sup>th</sup>, 2021***The entity reporting**

The Vrancart Group ("the Group") comprises the Company Vrancart, with registered office in Adjud, 17<sup>th</sup> Ecaterina Teodoroiu Street, Vrancea county and its subsidiaries Rom Paper ("Subsidiary 1"), with registered office in Brasov, 30<sup>th</sup> Cristianului Road, Brasov County, Vrancart Recycling ("Subsidiary 2"), with registered office in Adjud, 17<sup>th</sup> Ecaterina Teodoroiu Street, Vrancea County and Ecorep Group ("Subsidiary 3"), with registered office in Adjud, 17<sup>th</sup> Ecaterina Teodoroiu Street, Vrancea County.

The Group's interim consolidated financial statements for the first six months of 2021 consist of the interim financial statements of Vrancart and its subsidiaries, which together form the Group.

<b>Subsidiary</b>	<b>Field of activity</b>	<b>Holding at June 30<sup>th</sup>, 2021</b>	<b>Holding at December 31<sup>st</sup>, 2020</b>
Rom Paper	Manufacture of napkins and tissue paper	<b>100%</b>	<b>100%</b>
Vrancart Recycling	Treatment and disposal of non-hazardous waste	<b>100%</b>	<b>100%</b>
Ecorep Group	Support service activities for enterprises.	<b>99.6%</b>	<b>99.6%</b>

The Group is active in the collection and recycling of non-hazardous waste, in the paper and corrugated board industry, and in the tissue paper industry.

**VRANCART**

Vrancart ("the Company") is a joint stock company operating in Romania in accordance with the provisions of Law 31/1990 on companies.

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

The Company has working points opened in Bucuresti, Calimanesti, Ungheni, 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 board type II, III, V, corrugated board with micro corrugations,
- corrugated board packaging,
- papers for corrugated board manufacture,
- tissue papers in various grades.

## Notes to the interim consolidated financial statements

as at June 30<sup>th</sup>, 2021

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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 publishes its financial statements on [www.vrancart.ro](http://www.vrancart.ro).

As at June 30<sup>th</sup>, 2021, the Company is owned 75% by SIF Banat – Crișana S.A., 17% by Paval Holding S.R.L. and 8% by other shareholders.

### **ROM PAPER**

**Rom Paper ("Subsidiary 1")** was established in 2002 and is a private company with Romanian capital, operating in the field of production of hygienic and sanitary paper products, such as: table napkins, folded towels, toilet paper, professional rolls, cosmetic towels and boxed towels. The products made are marketed in 7 countries, both in Romania and abroad, through chain stores (hypermarkets, supermarkets, cash and carry) and through distributors.

On January 20<sup>th</sup>, 2017 the acquisition of the majority stake (70%) of Rom Paper by Vrancart was completed.

As of June 30<sup>th</sup>, 2021, the Group owns 100% of the shares of the company, following the acquisition in June 2017 of another 15%, respectively, in June 2018 of the last tranche of 15% of the shares of Rom Paper.

### **VRANCART RECYCLING**

**Vrancart Recycling ("Subsidiary 2")** was established in 2020, in August, and is a private company with Romanian capital, with a single partner. The main activity of this subsidiary is the treatment and disposal of non-hazardous waste.

The company is at the beginning of its activity.

### **ECOREP GROUP**

**Ecorep Group SA ("Subsidiary 3")** was established in 2020, in November, and is a private company with Romanian capital. The main activity of this subsidiary is the provision of services related to the implementation of the Extended Producer Responsibility obligations for environmental targets.

The company is at the beginning of its activity and has obtained the authorization license from the Ministry of Environment.

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

The consolidated interim financial statements for the first six months ended June 30<sup>th</sup>, 2021 have been prepared in accordance with IAS 34 Interim Financial Statements.

The consolidated interim financial statements do not include all information and items disclosed in the annual report and should be read in conjunction with the Company's annual financial statements as at December 31<sup>st</sup>, 2020.

The accounting policies and valuation methods used to prepare the consolidated interim financial statements are consistent with those used to prepare the Company's annual financial statements for the year ended December 31<sup>st</sup>, 2020.

**Notes to the interim consolidated financial statements***as at June 30<sup>th</sup>, 2021*

Combinations of entities are accounted for using the acquisition method at the date on which the Group obtains control of the acquired entity. Control requires exposure or rights to the variable results of the investee and the ability to influence those results by exercising authority over the investee.

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the time control commences until it ceases.

The interim consolidated financial statements for the first six months of 2021 have not been reviewed 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 lei 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:

<b>Currency</b>	<b>June 30<sup>th</sup>, 2021</b>	<b>December 31<sup>st</sup>, 2020</b>	<b>Variation</b>
Euro (EUR)	4.9267	4.8694	1.2%
American dollars (USD)	4.1425	3.9660	4.5%

**Other notes**

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

The Group has a positive cash balance of lei 17,123,469 as at June 30<sup>th</sup>, 2021, and has no outstanding debts to public budgets or its private partners.

The Group attaches particular importance to indicators of profitability, through the streamlining of operational processes, and liquidity, through the efficient use of resources.

On the basis of these analyses, management believes that the Group will be able to continue its business for the foreseeable future, but not limited to the next 12 months, and therefore the application of the going concern basis in the preparation of the consolidated financial statements is justified.

**Subsequent events**

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

Vrancart SA

## **Notes to the interim consolidated financial statements**

*as at June 30<sup>th</sup>, 2021*

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By resolution no. 4 dated April 27<sup>th</sup>, 2021 the Ordinary General Meeting of Shareholders approved the distribution from the available net profit for the financial year 2020 of an amount of lei 10,007,331 for dividends (i.e. a gross dividend of lei 0.0097/share), the payment date being set on August 31<sup>st</sup>, 2021.

### **Management's statement**

Based on the best information available, we confirm that the simplified interim consolidated financial statements as at and for the period ended June 30<sup>th</sup>, 2021, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the Company's financial position and performance as required by applicable accounting standards, and that the information presented in this report gives a true and fair view of the principal events that occurred during the first six months of the financial year and their impact on the consolidated interim financial statements.

**CIUCIOI Ionel-Marian**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager



## STATEMENT

The undersigned, Ionel - Marian CIUCIOI, as Chairman of the Board of Directors and General Manager of VRANCART, and Vasilica - Monica ARSENE, as Financial Manager of VRANCART, with registered office in Adjud, 17<sup>th</sup> Ecaterina Teodoroiu Street, Vrancea County, registered at the Vrancea Trade Register under no. J39/239/1991, Unique Registration Code 1454846, being aware of the provisions of Article 326 of the Penal Code, concerning false statements, we declare on our own responsibility that, to the best of our knowledge, the Financial Statements for the first half of the financial year 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) (O. M.F.P. no. 881/2012 and O.M.F.P. no. 2844/2016, with subsequent additions and amendments), the provisions of Law no. 24/2017 and ASF Regulation no. 5/2018, and give a true and fair view of the assets, liabilities, financial position, profit and loss account of VRANCART S.A.

August 31<sup>st</sup>, 2021

Ionel – Marian CIUCIOI – Chairman of the BoD

Vasilica – Monica ARSENE – Financial Manager