



Translation for information purposes only

VRANCART CONSOLIDATED PRELIMINARY FINANCIAL RESULTS

for the financial year ended on December 31st, 2021

Note:

The preliminary financial results presented in this document are consolidated results, being reported in accordance with the *Public Finance Ministry Order no. 2844/2016* as subsequently amended, which is in compliance with the *International Financial Reporting Standards (IFRS)* adopted by the European Union.

The consolidated preliminary financial results are not audited, this process being ongoing. As a result, the final and audited financial statements for 2021 may differ from these.

The functional and presentation currency is the Romanian leu (RON).

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Consolidated statement of financial position*as of December 31st, 2021**(all the amounts are expressed in RON, unless otherwise stated)*

	December 31 st , 2021	December 31 st , 2020
ASSETS		
Tangible assets	338,307,136	315,908,406
Intangible assets	5,850,271	6,788,609
Goodwill	39,594	41,094
Financial assets	8,526,391	8,526,391
Total non-current assets	352,723,392	331,264,500
Inventories	73,107,759	53,013,513
Trade receivables	101,927,129	71,841,836
Accrued expenses	1,115,940	870,819
Cash and cash equivalents	2,368,775	5,558,078
Receivables related to current income tax	114,401	-
Other receivables	1,814,989	1,212,397
Total current assets	180,448,993	132,496,643
TOTAL ASSETS	533,172,385	463,761,143
EQUITY		
Share capital	120,363,080	103,168,355
Reserves	115,500,390	114,957,240
Retained earnings	5,321,734	9,652,131
Total equity - Parent company	241,185,204	227,777,726
Non-controlling interests	(1,021)	281
Total equity	241,184,183	227,778,007
LIABILITIES		
Long-term loans	64,405,440	43,766,905
Long-term loans from bond issues	37,949,400	37,627,000
Long-term leasing debts	17,768,484	10,570,722
Advance income	10,040,444	12,851,179
Long-term debts to employees	422,307	453,855
Debts related to deferred profit tax	5,156,169	5,503,412
Other long-term liabilities	323,422	645,822
Total long-term liabilities	136,065,666	111,418,895
Short-term trade liabilities	74,347,087	39,683,654
Short-term loans	65,603,245	66,709,792
Short-term leasing debts	5,864,025	4,011,256
Advance income	1,799,994	2,726,759
Debts to employees	5,221,418	5,411,426
Debts related to current profit tax	-	966,800
Other debts	3,086,767	5,054,554
Total current liabilities	155,922,536	124,564,241
TOTAL LIABILITIES	291,988,202	235,983,136
TOTAL EQUITY AND LIABILITIES	533,172,385	463,761,143

CIUCIOI Ionel-Marian
Director General

ARSENE Vasilica-Monica
Director Financiar

Consolidated situation of the overall resultas of December 31st, 2021*(all the amounts are expressed in RON, unless otherwise stated)*

	2021	2020
Turnover income	453,888,676	349,656,944
Other income	8,596,073	5,402,360
Change in stocks of finished goods and work in progress	8,824,259	(7,569,998)
Expenditure on raw materials and consumables	(271,358,232)	(161,404,382)
Expenditure on goods	(16,052,868)	(12,929,903)
Expenditure on services provided by third parties	(40,434,950)	(27,931,900)
Staff expenditure	(82,727,422)	(71,963,147)
Depreciation and impairment of fixed assets	(35,104,380)	(34,834,216)
Other expenses	(12,290,944)	(13,725,893)
Operational result	13,340,212	24,699,865
Financial income	588,277	925
Financial expenses	(5,231,162)	(6,062,153)
Profit / (Loss) before tax	8,697,327	18,638,637
Income / (expense) with income tax	(999,051)	(2,025,331)
Profit/(Loss) for the year	7,698,276	16,613,306
- Related to the Parent Company	7,699,597	16,613,325
- Related to Minority interests	(1,321)	(19)
Other comprehensive income		
Increases in the revaluation reserve for tangible fixed assets, net of deferred tax	-	-
TOTAL OVERALL RESULT FOR THE YEAR	7,698,276	16,613,306
- Related to the Parent Company	7,699,597	16,613,325
- Related to Minority interests	(1,321)	(19)

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager

Vrancart

Consolidated statement of changes in equity capital

as of December 31st, 2021

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

	Share capital	Reserves from revaluation of tangible fixed assets	Other reserves	Reported result	Non-controlling interests	Total equity
Balance on January 1st, 2021	103,168,355	51,668,712	63,288,528	9,652,131	281	227,778,007
Overall result for the period						
Net result for the period	-	-	-	7,699,597	(1,321)	7,698,276
Other comprehensive income						
Capital increase	17,194,726	-	-	-	-	17,194,726
Allocation from retained earnings	-	-	2,067,605	(12,719,700)	19	(10,652,076)
Other changes	-	-	810	(96,612)	-	(95,802)
Changes in the revaluation reserve for tangible fixed assets, net of deferred tax	-	(738,947)	-	-	-	(738,947)
Transfer of revaluation reserve to retained earnings following sale/disposal of property, plant and equipment	-	(786,317)	-	786,317	-	-
Total other comprehensive income	17,194,726	(1,525,264)	2,068,415	(12,092,995)	19	5,707,901
Total comprehensive income for the period	17,194,726	(1,525,264)	2,068,415	(4,330,398)	(1,302)	13,406,177
Balance on December 31st, 2021	120,363,080	50,143,448	65,356,942	5,321,734	(1,021)	241,184,183

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager

Consolidated cash flow statementas of December 31st, 2021*(all the amounts are expressed in RON, unless otherwise stated)*

	2021	2020
Cash flows from operating activities		
Collections from customers	494,782,112	400,037,149
Supplier payments	(343,291,206)	(230,364,017)
Payments to employees	(56,334,135)	(46,401,229)
Payments to the state budget	(62,360,626)	(55,125,576)
Income tax paid	(2,850,515)	(2,171,302)
Net cash from operating activities	29,945,630	65,975,025
Cash flows from investing activities		
Payments for the purchase of fixed assets	(47,392,126)	(39,342,622)
Payments for the acquisition of financial fixed assets	(2,000,000)	-
Proceeds from the sale of tangible fixed assets	380,648	10,282,717
Interest received	934	400
Net cash from investing activities	(49,010,544)	(29,059,505)
Cash flows from financing activities		
Receipts from loans	22,182,446	18,582,699
Cash contribution to the company	-	300
Shareholder contribution to share capital increase	16,736,768	-
Lease payments	(5,813,819)	(5,068,315)
Interest paid and loan repayments	(7,392,322)	(35,695,646)
Dividends paid	(9,837,462)	(11,661,645)
Net cash from financing activities	15,875,611	(33,842,607)
	(3,189,303)	3,072,913
Net increase/(decrease) in cash and cash equivalents		
Cash and cash equivalents at the beginning of the financial year	5,558,078	2,485,165
Cash and cash equivalents at the end of the financial year	2,368,775	5,558,078

CIUCIOI Ionel-Marian

Director General

ARSENE Vasilica-Monica

Director Financiar

Notes to the preliminary consolidated financial statements*as of December 31st, 2021*

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

The preliminary consolidated financial statements of the Group for the financial year ending December 31st, 2021 consist of the preliminary financial statements of Vrancart and its subsidiaries, which together form the Group.

Subsidiary	Field of activity	Holding as of	Holding as of
		December 31 st , 2021	December 31 st , 2020
Rom Paper	Manufacture of napkins and sanitary towels	100%	100%
Vrancart Recycling	Treatment and disposal of non-hazardous waste	100%	100%
Ecorep Group	Support service activities for enterprises	99.60%	99.60%

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 has its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County.

The company has offices in Bucharest, Calimanesti, Ungheni, Iași, Focșani, Ploiești, Botoșani, Sibiu, Constanța, Arad, Brașov, Pitești, Timișoara, Bacău, Cluj, Craiova, Baia Mare, Târgu Mures, Braila and Piatra Neamt.

The Company's core business is the production and marketing of the following products:

- corrugated cardboard,
- packaging and other corrugated board products,
- papers for corrugated board,
- sanitary papers in various assortments.

The Company's shares have been listed on the Bucharest Stock Exchange, Standard category, under the ticker symbol VNC, since July 15th, 2005. The Group publishes its consolidated financial statements on www.vrancart.ro.

Notes to the preliminary consolidated financial statements

as of December 31st, 2021

As of December 31st, 2021, the Company is 75% owned by SIF Banat - Crisana SA, 17% by Paval Holding SRL and 8% by other shareholders.

The records of shares and shareholders are kept in accordance with the law by the Central Depository S.A. Bucharest.

ROM PAPER

Rom Paper ("Subsidiary 1") was established in 2002 and is a private company with Romanian capital, active in the production of 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 20th, 2017 the acquisition of the majority stake (70%) of Rom Paper by Vrancart was completed.

As at December 31st, 2021, the Group held 100% of the company's shares, following the acquisition in June 2017 of a further 15% and in June 2018 of the final 15% stake in 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.

ECOREP GROUP

Ecorep Group ("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 Group is active in the collection and recycling of non-hazardous waste, in the paper and corrugated board industry, and in the sanitary paper industry.

In 2021, the development of the Vrancart Group (the "Group") was influenced by the aftermath of the ongoing pandemic crisis, which led to bottlenecks in supply chains and, from the third quarter, to price increases in raw materials, materials and commodities and in service and utility tariffs.

Although the Group's activity was negatively impacted, the results achieved during 2021 confirm the Vrancart Group's ability to continue to generate profits and its financial strength.

Compared to the same period last year, the gross profit recorded was RON 7,7 million (vs. RON 18,6 million), current liquidity increased to 1.16 (vs. 1.06), and the Group's debt ratio increased.

Notes to the preliminary consolidated financial statements

as of December 31st, 2021

The balance of cash and cash equivalents recorded as at December 31st, 2021 was positive, i.e. RON 2,368,775. During this period, the Company has managed to manage its treasury efficiently, honouring all its due obligations on time and in full.

General evaluation elements:

a) gross accounting result	RON 7.698 thousands
b) turnover	RON 453.888 thousands
c) operational costs	RON 457.968 thousands

The economic and financial indicators at Group level as at December 31st, 2021 are as follows:

Indicator name	Method of calculation	UM	Result
Current liquidity indicator	Current assets/Current liabilities	rap	1,16
Debt ratio indicator	Borrowed capital/Equity100	%	83*
	Borrowed capital/Capital employed x100	%	45*
Rotational speed of customer flows	Average customer balance/turnover turnover x 360	days	81
Turnover speed of fixed assets	Turnover/fixed assets	rap	1,29

* Borrowed capital includes lines of credit, short-term and long-term bank loans and borrowings, short-term and long-term lease liabilities and borrowings under bond issues.

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager