



VRANCART S.A.
 625100 Adjud-Vrancea, România, Str. Ecaterina Teodoroiu 17
 RO 1454846, J39/239/1991
 Capital social subscris și vărsat 103.168.354,70 RON
 RO54 RNCB 0268 0087 9340 0001 - BCR Adjud
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**Quarterly report for the third quarter of 2020
 according to the Financial Supervisory Authority Regulation no. 5/2018**

Date of report	November 16th, 2020
Name of the issuing entity	VRANCART S.A.
Registered office	Adjud, 17th Ecaterina Teodoroiu Street, Vrancea County
Telephone/fax no.:	0237-640.800; 0237-641.720
Tax Identification Number:	1454846
Trade Registry registration no.:	J39/239/1991
Subscribed and paid-in share capital:	RON 103.168.355
The regulated market onto which the securities issued are traded	The Bucharest Stock Exchange
Main characteristics of the securities issued by the issuer	Standard category

1. The economic and financial situation of VRANCART S.A.

The evolution of the Romanian economy and implicitly of VRANCART S.A. (hereinafter referred to as "the Company") in the current year is under the sign of uncertainties and the crisis caused by the "Covid19" pandemic.

Thus, although the company's activity was strongly affected by the crisis, the results of VRANCART SA in the first nine months of 2020 confirm the company's ability to generate profit and its financial soundness. During this period, the net profit recorded amounted to RON 4.235.539.

Compared to the same period last year, the registered net profit was 10.09 million lei (vs. 15.43 million lei), the current liquidity remained at 1.2 (vs. 1.18) and the degree of indebtedness of the company decreased.

The interim (simplified, not audited) individual financial statements as at September 30th, 2020 according to the Order of the Ministry of Public Finances 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 are enclosed hereto.

The interim individual financial statements for the first nine months of 2020 have not been revised 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 RON, unless otherwise stated)</i>	September 30th, 2020	December 31st, 2019
Non-current assets	308.089.907	316.424.844
Current assets, out of which:	109.492.723	121.364.305
- <i>Trade receivables</i>	66.060.719	65.265.430
Total assets	417.582.630	437.789.149
Total liabilities, out of which:	194.605.548	213.088.599
- <i>Current liabilities</i>	95.793.738	101.633.525
Equity, out of which:	222.977.082	224.700.550
- <i>Reserves</i>	108.376.097	108.655.307
- <i>Retained earnings</i>	11.432.630	12.876.888

As at September 30th, 2020 and during the period between January 1st – September 30th, 2020, the evolution of the main financial indicators was as follows:

- The Company's non-current assets decreased by 3% due to the depreciation of tangible and intangible assets during the reporting period.
- The Company's current assets decreased by 10% on September 30th, 2020 compared to the beginning of the year, mainly due to the decrease of stocks by approximately 25%.
- The trade receivables increased in the first nine months of 2020 compared to the beginning of the year by 1%, due to the increase in production delivered in the third quarter.
- The total liabilities recorded as at September 30th, 2020 amounted to RON 194.605.549, decreasing by 9% compared to the value registered on January 1st, 2020, mainly as a result of the decrease of the bank indebtedness degree, by repaying the rates for long-term loans, but also for the decrease of the use of short-term credit lines.
- The amount of equity as at September 30th, 2020 is RON 222.977.082, decreasing by 1% compared to their value at the beginning of the year, as a result of the decrease of the carried forward result by 11% compared to the beginning of the year.
- The reserves remained at a relatively constant level compared to the beginning of the year, and the share capital did not change.

1.2. The profit and loss account

<i>(all items are expressed in RON, unless otherwise stated)</i>	September 30 th , 2020	September 30 th , 2019
Operating income, out of which:	205.990.375	237.705.937
<i>Income from turnover</i>	207.896.689	225.333.749
Operating expenses	(190.452.118)	(216.481.449)
Operating profit	15.538.257	21.224.488
Financial income	755	1.216
Financial expenses	(4.162.253)	(4.574.158)
Total income	205.991.130	237.707.153
Total expenses	(194.614.371)	(221.055.607)
Gross profit	11.376.759	16.651.546
Net profit	10.093.022	15.439.831

The Company's profitability in the first nine month of 2020 was strongly influenced by the crisis generated by the Covid-19 virus, which generated negative effects both within the company itself, such as temporary interruptions of activity, additional costs with staff security measures, supply and logistics difficulties, and in the market, such as the sharp decrease in demand for some products (especially during March - June), negative evolution of sales prices, difficulties in identifying and contacting new customers.

The results obtained by the Company during this period, such as maintaining profitability and good financial indicators, reduction of the level of indebtedness and high liquidity, confirm the Company's ability to react quickly to adverse changes in the market and to take necessary measures to protect interests and assets of shareholders.

During the first nine months of 2020, the evolution of the main indicators of the Profit and loss account is as follows:

- The total income during the analysed period amounted to RON 205.991.130, decreasing by 13% compared to the same period last year, due to the decrease of turnover by 8% during the analysed period. Deliveries decreased in the first nine months of 2020 compared to the same period of the previous year, mainly due to the decrease in demand due to the Covid-19 health crisis.
- The total expenses for the period amounted to RON 194.614.371, decreasing by 12% compared to the same period of the previous year, due to the decrease by 24% of the expenses with raw materials and materials and by 8% of the personnel expenses.
- The company's operating profit amounted to RON 11.376.759, decreasing by 32% compared to the same period of the previous year.

1.3. Cash flows

(all items are expressed in RON,
unless otherwise stated)

	September 30 th , 2020	September 30 th , 2019
<i>Cash flows from the operating activity</i>		
Collections from the operating activity	237.498.655	254.603.122
Payments from the operating activity	(194.169.930)	(232.336.650)
Net cash flows from operating activities	43.328.725	22.266.472
<i>Cash flows from the investment activity</i>		
Collections from the investment activity	1.573.868	141.664
Credits for investment payments		
Payments from the investment activity	(15.578.063)	(22.501.282)
Net cash flows from investment activities	(14.004.195)	(22.359.618)
<i>Cash flows from the financing activity</i>		
Collections from the financing activity (including bonds)	9.383.507	21.026.981
Payments from the financing activity	(38.574.342)	(20.534.320)
Net cash flows from financing activities	(29.190.835)	492.661
Balance as at the beginning of the period	2.149.202	2.064.372
Balance as at the end of the period	2.282.896	2.463.887

The balance of cash and cash equivalents registered on September 30th, 2020 is a positive one, respectively of RON 2.282.896. The financing of the investments was made both from the attracted sources (bank loans) and from the own sources.

2. The economic-financial indicators as of September 30th, 2020, according to Annex no. 13 / Financial Supervisory Authority Regulation no. 5/2018

Indicator's name	Calculation method	M.U.	Result
Current liquidity	Current assets / Current liabilities	Ratio	1,2
Indebtedness	Borrowed capital /Equity*100	%	58*
	Borrowed capital/Employed capital*100	%	37*
Debts rotation rate - customers	Customers average balance/Turnover * 270	Days	88
Rotation rate of fixed assets	Turnover/Fixed assets	Ratio	0,7

* 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.

CIUCIOI Ionel-Marian
Chairman of the Board of Directors

ARSENE Vasilica-Monica
Financial Manager