



To,

**The Financial Supervisory Authority  
The Bucharest Stock Exchange**

**Current report according to the Law No 24/2017 on issuers of financial instruments and market operations, Financial Supervisory Authority Regulation no. 5/2018 and Bucharest Stock Exchange Code**

Date of report:	January 30 <sup>th</sup> , 2023
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 registration no.:	J39/239/1991
Subscribed and paid-in share capital:	RON 120.338.551,40
The regulated trading market:	The Bucharest Stock Exchange

**Major events to report:**

**Independent Limited Assurance Report of the Financial Auditor pursuant to Article 108 of Law no. 24/2017 for transactions concluded in the second half of 2022**

VRANCART informs shareholders and investors, in accordance with the provisions of art. 108 para. (5)-(7) of Law no. 24/2017, on the Independent Limited Assurance Report of the Financial Auditor on the transactions reported by VRANCART pursuant to Art. 108 of Law no. 24/2017 in the second half of 2022.

The report is presented in the Appendix.

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

**INDEPENDENT LIMITED ASSURANCE REPORT ON THE INFORMATION INCLUDED IN THE CURRENT REPORTS DRAWN UP BY THE COMPANY IN ACCORDANCE WITH THE PROVISIONS OF LAW NO. 24/2017 AND OF THE REGULATION NO. 5/2018**

**To the Board of Directors,  
Vrancart S.A.**

1. We have been engaged by the Board of Directors of Vrancart S.A. („the Company”) to report on the information included in the enclosed Current Report dated 15 November 2022 prepared by the Company, comprising the juridical deeds concluded during the period between July 1st, 2022 - December 31st, 2022 by the Company, in accordance with the provisions of article 108 of Law no. 24/2017 for issuers of financial instruments and other market operations („Law no. 24/2017”), according to which transactions over 5% from the net assets are included in Current Report, and of the Regulation no. 5/2018 of the Financial Supervisory Authority („ASF”) on issuers and securities operations, with the subsequent amendments („Regulation no. 5/2018”) (hereinafter referred to as Reported transactions included in the “Current Report”), in the form of an independent limited assurance conclusion if, based on the procedures performed, nothing came to our attention that would make us to believe that the price of the Reported Transactions included in the Current Report does not meet, in all material aspects, the criteria defined in paragraph 10 of this independent limited assurance report.

***Responsibilities of the Company’s management***

2. The Company’s Management is responsible to prepare and submit the Current Report that are free of material misstatements, in accordance with art. 108 of Law no. 24/2017 and with Regulation no. 5/2018, for their completeness and for the information presented therein, for the accuracy of the prices used of the reported transactions included in the Current Report by reference to the other offers available on the market, as well as for the fulfilment of the criteria defined in paragraph 10 of this report. This responsibility includes: designing, implementing and maintaining a relevant internal control for preparing and submission of the Current Report that are free of material misstatements, whether due to fraud or error and for recording the reported transactions included in the Current Report at a fair price by reference to the other offers available on the market and for the fulfilment of the criteria defined in paragraph 10 of this report. This responsibility also includes assuring the compliance with the requirements of art. 108 of Law no. 24/2017 and of the Regulation no. 5/2018, the compliance of the reported transactions included in the Current Report with the supporting documents and the maintenance of adequate records in relation to the Reported transactions and the Current Report. The company’s management is responsible to prevent and detect fraud and to assure the Company’s compliance with the legislation and the regulations in force. The Company’s management is responsible to make sure that the personnel involved in the conclusion of the reported transactions included in the Current Report and the drafting of the Current Report is adequately trained and the computer systems are adequately updated.

***Auditor’s responsibilities***

3. Our responsibility is to analyze the reported transactions included in the Current Report submitted by the Company and to report in the form of an independent limited assurance conclusion, based on the evidences obtained. We have conducted our engagement in accordance with the International Standard for Assurance Engagements („ISAE”) 3000 Assurance engagements, other than audits or reviews of historical financial information issued by the Council for International Audit and Assurance Standards. This standard requires us to plan and perform our procedures in such manner, to obtain an adequate assurance level if the price of the reported transactions included in the Current Report meets, in all material aspects, the criteria defined in paragraph 10 of this independent limited assurance report as a basis for our independent limited assurance conclusion.
4. We apply the International Standard on Quality Control 1 and, therefore, we have a complex quality control system, including documented policies and procedures related to the compliance with the ethical requirements, professional standards and legal provisions and of the applicable regulatory bodies.
5. We have met the independence requirements and other ethical requirements provided by the Code of Ethics of the Professional Accountant issued by the Council for International Ethics Standards for Accountants that are based on the fundamental principles of integrity, objectiveness, professional competence and diligence, confidentiality and professionalism.

6. The selected procedures depend on our understanding of the reported transactions included in the Current Report and of other circumstances of the engagement, as well as on our considerations related to the areas where material misstatements could occur. In obtaining an understanding of the reported transactions included in the Current Report, we have taken into consideration the process used by the Company to conclude the transactions and to prepare and submit the Current Report in accordance with the requirements of art. 108 of Law no. 24/2017 and of Regulation no. 5/2018 in order to determine the relevant assurance procedures under the given circumstances, but not for the purpose of stating a conclusion on the effectiveness of the process or of the Company's internal control for the conclusion of the reported transactions included in the Current Report and for the drafting and submission of the Current Report.

The procedures conducted consisted mainly of taking interviews of the management and of other employees of the Company, comparison of the price used for the transactions reported in the Current Report with the criteria used by the Management to evaluate it, as well as of evaluating the evidence obtained.

7. The procedures conducted to obtain evidences within a limited assurance engagement are different in terms of nature and timing and are more restricted, in terms of scope, than the procedures conducted within a reasonable assurance engagement. Therefore, the assurance level that is obtained within a limited assurance engagement is considerably lower than the assurance level that would have been obtained if a reasonable assurance engagement had been conducted.
8. As part of this engagement, we have not conducted any procedures for auditing, reviewing or verification of the reported transactions included in the Current Report in accordance with the International Audit Standards or the International Standards on Reviewing Engagements or of the sources from which the transactions included in the Current Report originate, nor did we conduct any procedures related to the completeness of the reported transactions included in the Current Report.
9. Our procedures were applied for the Loan agreement 2968 from November 11<sup>th</sup> 2022, signed with SIF 1 IMGB SA. We did not conduct any procedures to check whether the Current Report include all the transactions and details on the transactions that the Company must report in accordance with the requirements of art. 108 of Law no. 24/2017 and with Regulation no. 5/2018 for the period between July 1, 2022 - December 31, 2022.

#### ***Criteria***

10. The criteria used within this engagement were as follows:

- ❖ for the Current Report related to the loan contract 2968 concluded with SIF 1 IMGB SA, for the purpose of analyzing the transaction: comparing the financing costs related to this loan with the costs related to the financing obtained by the Company from banking institutions or by issuing bonds. From the analysis carried out, we identified that the interest related to loan contract 2968 is comparable in relation to the actual costs related to bank financing (which additionally include commissions) and in relation to the financing costs associated with the issue of bonds.

#### ***Conclusion***

11. Our conclusion was formed based on and considering the aspects presented in this report.
12. We believe that the evidence obtained is sufficient and adequate to provide a basis for our conclusion.
13. Based on the procedures conducted and the evidences obtained, we have not identified any matters that would make us believe that the price related to the reported transactions included in the Current Report does not meet, in all material aspects, the criteria defined in paragraph 10 of this independent limited assurance report.
14. In accordance with the engagement terms, our independent limited assurance report on the information included in the enclosed Current Report dated 15 November 2022 drafted by the Company's Management to report to the Financial Supervisory Authority in accordance with the requirements of art. 108 of Law no. 24/2017 and of the Regulation no. 5/2018, was drafted for the Company's Board of Directors in relation to the requirements of these regulations and for no other purpose or in any other context.



15. The price of the reported transactions included in the Current Report was assessed based on the criteria defined in paragraph 10 of this independent limited assurance report. The criteria were developed only for the purpose of this engagement and should not be considered adequate for any other purpose.

***Restrictions on the use of our report***

16. Our report must not be considered adequate for use by other parties that want to acquire rights against us, other than the Company, for any purpose or in any context. Any third party, other than the Company, that gains access to our report or to a copy thereof and chooses to rely on our report (or on any part thereof) shall do this by its own responsibility. To the extent permitted by law, we do not accept and do not assume responsibility to third parties other than to the Company's Board of Directors, as a whole, for our engagement, for this report or for the conclusion obtained.

17. This report is addressed to the Company's Board of Directors, as a whole, assuming that it will not be copied, mentioned or presented, in its entirety (except for the Company's internal purposes) or in part, without our prior written consent. A copy of this independent limited assurance report may be submitted to the Financial Supervisory Authority.

**On behalf of BDO AUDIT SRL**

Registered to Electronic Public Register of  
financial auditors and audit companies no. FA18

Refer to original signed version in Romanian language
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**Name of the engagement partner: Cristian Iliescu**

Registered to Electronic Public Register of  
financial auditors and audit companies no. AF1530

January 30, 2023

Bucharest, Romania



*translation for information purposes only*

To:

Romanian Financial Supervisory Authority (FSA)  
Bucharest Stock Exchange (BSE)

Current report in compliance with the Law 24/2017 on issuers of financial instruments and market operations, SFA Regulation no. 5/2018 and the BSE Code

Report date: **November 15<sup>th</sup>, 2022**

Company name: **VRANCART**

Headquarters: **Adjud, 17<sup>th</sup> Ecaterina Teodoroiu Street, Vrancea County, Romania**

Phone/fax no.: **004-0237-640800/ 004-0237-641720**

Fiscal Code: **RO 1454846**

Trade Register registration number: **J39/239/1991**

Subscribed and paid in share capital: **120,338,551.40 RON**

Regulated market where the issued securities are traded: **Bucharest Stock Exchange (BSE)**

**Significant events to be reported:**

**Transactions with related parties according to Art. 108 of Law no. 24/2017 concluded between VRANCART (VNC) and SIF 1 IMGB, an affiliated company.**

VRANCART S.A. informs its shareholders and investors about a contracted loan from SIF 1 IMGB S.A., guaranteed with movable and immovable assets of the Company, according to the following terms and conditions:

- Lender: SIF 1 IMGB S.A., with registered office in Bucharest, 104<sup>th</sup> Berceni Road, 4<sup>th</sup> District, registered with the Commercial Registry Office of the Bucharest Court under no. J40/17/1990, unique registration code 380430
- Affiliation: the main shareholder of both VRANCART S.A. (75.36%) and SIF 1 IMGB S.A. (99.92%) is the Financial Investment Company BANAT - CRIȘANA S.A., with registered office in Arad, 35<sup>th</sup> A Victoriei Road, Arad County, registered at the Trade Register Office of the Court of Arad under no. J02 / 1898 / 1992, unique registration code 2761040
- Loan Contract: authenticated under no. 2698/November 11<sup>th</sup>, 2022 by Public Notary Bunea Raluca
- Loan amount: 12,229,750 lei
- Maturity date: December 31<sup>st</sup>, 2023
- Loan repayment: in 2 tranches, 3,250,000 lei on June 30<sup>th</sup>, 2023 and 8,979,750 lei on December 31<sup>st</sup>, 2023.
- Annual interest: ROBOR 3 Months + 2%, payable quarterly

- Guarantees: movable and immovable assets, such as:
- 1) Mortgage on land and related buildings, property of VRANCART, located in Adjud, 17<sup>th</sup> Ecaterina Teodoroiu, Vrancea County, identified as follows: a) land, with a total area of 23,247 sq.m, registered in the Land Register no. 57259 Adjud, and b) related buildings: CF 57259 - C1, CF 57259 - C2, CF 57259 - C3
- 2) Movable mortgage on movable property: toilet paper machine and electronic and mechanical drive of the paper machine.
- Date of the Movable mortgage Contract: November 11<sup>th</sup>, 2022
- Date of the Real estate mortgage Contract: November 11<sup>th</sup>, 2022
- Date of registration of the Real estate mortgage at ANCPI - OCPI Vrancea: November 14<sup>th</sup>, 2022

Note: This Report is of a voluntary nature, as the amount of the contracted loan does not exceed the threshold of 5% of the net assets of VRANCART, according to the last individual financial reports published by VRANCART. However, there is a possibility that, in the future, this threshold may be exceeded by the accumulation of the principal with the related contractual interest.

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