



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

RO95 RZBR 0000 0600 0094 5306 - Raiffeisen Bank Adjud

T: 0237 64 08 00, F: 0237 64 17 20

office@vrancart.com, www.vrancart.ro



To,

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

**Current report according to the Financial Supervisory Authority Regulation no.
5/2018**

Date of report:	July 30th, 2020
Name of the issuing entity:	VRANCART S.A.
Registered office:	Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county
Telephone/fax no.:	0237-640.800 / 0237-641.720
Tax Identification Number:	RO 1454846
Trade Registry registration no.:	J39/239/1991
Subscribed and paid-in share capital:	RON 103.168.354,70
The regulated trading market:	The Bucharest Stock Exchange

Major events to report:

The company VRANCART S.A. Adjud informs its shareholders and investors that the transactions reported based on the provisions of art. 82 of Law no. 24/2017, which were concluded between our company and its affiliated parties, based on the agreements concluded, for the period between January 1st, 2020 – June 30th, 2020, fall under the category of regular transactions which are concluded between traders, which is an opinion certified by the financial auditor, according to the additional half-yearly report enclosed hereto.

We enclose hereto the financial auditor's additional report related to the transactions concluded with the affiliated parties, during the period between January 1st, 2020 – June 30th, 2020.

**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 Reports dated February 14, 2020, March 16, 2020, April 15, 2020, May 15, 2020, June 15, 2020 and July 15, 2020 prepared by the Company, comprising the juridical deeds concluded during the period between January 1st, 2020 - June 30st, 2020 by the Company, in accordance with the provisions of article 82 of Law no. 24/2017 for issuers of financial instruments and other market operations („Law no. 24/2017”) 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 Reports”), 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 Reports 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 reports that are free of material misstatements, in accordance with art. 82 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 reports 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 reports that are free of material misstatements, whether due to fraud or error and for recording the Reported Transactions included in the Current reports 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. 82 of Law no. 24/2017 and of the Regulation no. 5/2018, the compliance of the Reported transactions included in the Current reports with the supporting documents and the maintenance of adequate records in relation to the Reported transactions and the Current reports. 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 reports and the drafting of the Current reports 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 reports 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 reports 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 reports 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 reports, we have taken into consideration the process used by the Company to conclude the transactions and to prepare and submit the Current reports in accordance with the requirements of art. 82 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 reports and for the drafting and submission of the Current reports.

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 reports 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 reports 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 reports originate, nor did we conduct any procedures related to the completeness of the Reported transactions included in the Current reports.
9. Our procedures were applied only for the Sales of finished goods Agreement 30732/ 03.01.2019 (with no addendums in the current year) and also for the following contracts which are related to the transfer of a part of operations to Rom Paper SRL subsidiary, respectively: Agreement for providing labor services 5576/02.03.2020, Agreement for sale of assets 7119/ 23.03.2020, rent Agreement 3935/ 13.02.2020, Agreement for rented equipment 11300/ 29.05.2020 and Agreement for maintenance 8940/ 23.04.2020 concluded with Rom Paper S.R.L. We did not conduct any procedures to check whether the Current reports include all the transactions and details on the transactions that the Company must report in accordance with the requirements of art. 82 of Law no. 24/2017 and with Regulation no. 5/2018 for the period between January 1st, 2020 - June 30st, 2020.

Criteria

10. The criteria used within this engagement were as follows:
 - for the current reports related to the sale of finished goods agreement 30732/ 03.01.2019: the comparison of the applicable sale prices with the affiliated company to the sale prices applicable to other customers within the normal course of business.
 - for the current reports related to agreements 5576/ 02.03.2020, 7119/ 23.03.2020, 3935/ 13.02.2020, 11300/ 29.05.2020 and 8940/ 23.04.2020 we did not observe the comparison between prices used and market prices, taking into account the strategic objective of transferring part of the operations and providing additional related services (rent, maintenance), such transfers occurring at similar amounts with the accounting carrying values.

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 reports 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 reports dated February 14, 2020, March 16, 2020, April 15, 2020, May 15, 2020, June 15, 2020 and July 15, 2020 drafted by the Company's Management to report to the Financial Supervisory Authority in accordance with the requirements of art. 82 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 reports 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
--

Name of the engagement partner: Cristian Iliescu

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

July 30, 2020

Bucharest, Romania