



INDEPENDENT AUDITORS' REPORT

To the Shareholders of VRANCART S.A.

Ecaterina Teodoroiu St., no. 17, Adjud, Vrancea county, Romania

Registration: 1454846

Report on the Audit of the Individual Financial Statements

Opinion

1. We have audited the individual financial statements of VRANCART S.A. (the Company), which comprise the statement of financial position as at December 31, 2021, and the individual statement of comprehensive income, individual statement of changes in equity and individual statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

The individual financial statements as at and for the year ended 31 December 2021 are identified as follows:

▪ Net assets/Total equity:	247,518,509 RON
▪ Net profit for the year:	9,868,525 RON

2. In our opinion, the accompanying individual financial statements give a true and fair view of the individual financial position of the Company as at December 31, 2021, and of its individual financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the accounting regulations compliant with International Financial Reporting Standards.

Basis for opinion

3. We conducted our audit in accordance with International Standards on Auditing (ISAs), UE Regulation no. 537/2014 of the European Parliament and of the Council („The Regulation”) and Law no. 162/2017 („The Law”). Our responsibilities under those standards and regulations are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board of Accountants Code of Ethics for Professional Accountants (“IIESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Romania, including the Regulation and the Law, and we have fulfilled out other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition	
Key audit matter	How our audit addressed the key audit matter
<p>Please see Note 19 “Revenue from turnover recorded” and revenue recognition policy from Note 3 (o).</p> <p>In accordance with International Standards on Auditing, there is an implicit risk on revenue recognition due to the pressure on management in obtaining the planned results.</p> <p>The Company’s main activity from which the Company records revenue are represented by sale of cardboard plates, cardboard packaging, sanitary goods and paper towels.</p> <p>Revenue is recorded after the control is transferred to the final client, which takes place after the formal acceptance for goods sold, which are adjusted with commercial discounts, according to the agreement concluded with customers.</p>	<p>Our audit procedures included, among other:</p> <ul style="list-style-type: none"> ▪ Evaluation of processes and controls on the existence and accuracy of the recorded revenues. ▪ Testing a sample of agreements concluded with customers to understand terms and conditions for transfer of control, also for conditions agreed for discounts to be granted. ▪ Verification of sale register to identify unusual transactions and to check the supporting documents to confirm that revenues are properly recorded. ▪ Audit procedures for testing that revenues were recorded in the appropriate period, for a sample of transactions recorded around the year-end. ▪ Testing a sample of receivables by sending direct confirmation letters.

Other information - Administrators’ Report

5. Management is responsible for the preparation and presentation of Other information. The Other information comprise the Board of Directors report, and the Remuneration Report but does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual financial statements for the period ended at 31 December 2021, our responsibility is to read the Other information and, in doing so, consider whether the Other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

In respect to the Board of Directors report, we read and report whether the Board of Directors report is prepared, in all material respects, in accordance with the Order of Minister of Public Finance no 2844/2016, articles 15-19 of the accounting regulations in accordance with International Financial Reporting Standards.

In respect of Remuneration Report, we read and report if this was prepared, in all material respects, in accordance with the Law on issuers of financial instruments and market operations no. 24/2017 (“Law 24/2017”), article 107.

6. Based solely on the work required to be undertaken in the course of the audit of the financial statements, in our opinion:
- a) The information given in the Board of Directors report for the financial year for which the financial statements are prepared, is consistent, in all material respects, with the individual financial statements;

- b) The Board of Directors Report, including the non-financial representation has been prepared, in all material respects, in accordance with OMFP no. 2844/2016, points 15-19 of the accounting regulations compliant with the International of Financial Reporting Standards.
 - c) The remuneration report has been prepared, in all material respects, in accordance with the provisions of Law 24/2017, article no. 107
7. In addition, based on our knowledge and understanding of the entity and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board of Directors report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

- 8. Management is responsible for the preparation of the individual financial statements that give a true and fair view in accordance with the Order of the Minister of Public Finance no. 2844/2016. and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- 9. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
- 10. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

- 11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- 12. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

16. We were appointed as auditor by the General Shareholders' Meeting on 27 April 2021 to audit the financial statements for the year 2021 and 2022. Our total uninterrupted period of engagement is 3 years, covering periods ending 31 December 2019 to 31 December 2021.
17. We confirm that:
 - Our audit opinion is consistent with the additional report presented to the Audit Committee of the Company, which is issued with the same date as the current report. We also remain independent of the audited entity in conducting the audit.
 - We have not provided to the Company the prohibited non-audit services referred to in article 5 (1) of EU Regulation no 537/2014.
18. For the financial year to which our statutory audit relates, in addition to the audit services, we have provided to the Company and the entities controlled by it the following services that are not presented in the consolidated financial statements or in the Report of the Board of Directors:

- Limited assurance services in relation with the prices of the transactions presented by the Company in the current reports including the legal acts concluded in the periods January 1 - June 30, 2021 and July 1 - December 31, 2021 according to the provisions of paragraph no. 108 of Law 24/2017 and of Regulation no. 5/2018 of the Financial Supervisory Authority on issuers and securities operations.

Report on compliance with Commission Delegated Regulation (EU) 2018/815 (European Single Electronic Format Regulatory Technical Standard or ESEF)

We have undertaken a reasonable assurance engagement on the compliance with Commission Delegated Regulation (EU) 2018/815 applicable to the individual financial statements included in the annual financial report of the Company as shown in the digital files containing the unique code LEI 2549009FAU9UW5QCBH63 (Digital Files).

Responsibility of management and those charged with governance for Digital Files prepared in accordance with ESEF

Management is responsible for preparing the Digital Files in accordance with ESEF. This responsibility includes:

- the design, implementation and maintenance of the internal control relevant to the application of ESEF;
- ensuring consistency between the Digital Files and the financial statements that will be published in accordance with Order no. 2844/2016 with subsequent amendments.

Those in charge of governance are responsible for overseeing the preparation of Digital Files in accordance with ESEF.

Auditor's Responsibilities for Audit the Digital Files

Our responsibility is to express a conclusion on whether the financial statements included in the annual financial report complies in all material respects with the requirements of the ESEF, based on the evidence we have obtained. We conducted our reasonable assurance assignment in accordance with International Standard on Assurance Assignments 3000 (revised), Assurance Assignments other than audits or reviews of historical financial information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF. The nature, timing, and extent of the procedures selected depend on the auditor's judgement, including the assessment of the risk of material departures from the requirements set out in ESEF, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the Company's process for preparation of the Digital Files in accordance with the ESEF, including the relevant internal controls;
- reconciling the Digital Files with the audited financial statements of the Company that will be published in accordance with Order no. 2844/2016 with subsequent amendments.
- evaluating if all financial statements that are included in the annual financial report have been prepared in a valid XHTML format.

We consider that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In our opinion, the financial statements for the financial year ended December 31, 2021 included in the annual financial report and presented in the Digital Files comply, in all material respects, with the requirements of ESEF.



In this section we do not express an audit opinion, a review conclusion or any other assurance conclusion on financial statements. Our audit opinion on the Company's financial statements for the financial year ended December 31, 2021 is included in the " Report on the Audit of the Individual Financial Statements" section above.

Other matters

19. This report of the Independent Auditor is addressed exclusively to the Company's shareholders, as a body. Our audit was undertaken in order to report to the Company's shareholders all those aspects that we are required to state to them in a financial audit report and for no other purposes whatsoever. To the extent permitted by law, we do not accept or take responsibility to anyone other than the Company and its shareholders, as a body, for our audit work, for the report on the financial statements and the report on the Board of Directors report, or for the opinion we have formed.

For and behalf of BDO Audit SRL

Registered in the Public Electronic Report of financial auditors
and audit firms with no. FA18

Partner's name: Cristian Iliescu

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24 March 2022