

**INFORMATION WITH RESPECT TO POINT 3 ON THE AGENDA OF THE EXTRAORDINARY SHAREHOLDERS  
MEETING CONVOKED FOR 5 APRIL 2019**

Point 3 on the agenda of the Extraordinary Shareholders Meeting of TMK\_Artrom SA convoked for 5 April 2019:

**“3. Approve the increase of the share capital of the Company as follows:**

- 3.1. the increase of the share capital with maximum RON 188,250,000, through cash contribution, from the current value of RON 291,587,538.34 to the maximum amount of RON 479,837,538.34, by issuance of maximum 75,000,000 new shares with the nominal value of RON 2.51 each, for the purpose of raising cash in order to reduce the debts of the Company;**
- 3.2 As requested by the Capital Market Law and by ASF Regulation 5/2018:**
  - 07 May 2019 shall be the record date for the share capital increase, set in accordance with Article 86(1) of the Capital Market Law (the “**Record Date**”) and
  - 6 May 2019 shall be the ex-date for the share capital increase, set in accordance with ASF Regulation 5/2018 (the “**Ex-date**”); and
  - 8 May 2019 shall be the payment date for the share capital increase, set in accordance with Article 178(4) of ASF Regulation 5/2018 (the “**Payment Date**”).
- 3.3 the mechanism of determining the issuance price of the new shares shall be as per the documents made available to the shareholders on the Company’s website;**
- 3.4 the share capital increase operation shall be made with the observance of the pre-emption rights of the Company’s shareholders registered with Depozitarul Central S.A. on the Record Date (date which determines who are the shareholders entitled to participate in the share capital increase operation pro rata with their holding in the Company’s share capital on such Record Date). The pre-emption rights period will be of one month. The exact dates of the pre-emption rights period will be determined by the Board of Directors according to the legal provisions and will be inserted in the share capital increase prospectus. The pre-emption rights are not tradeable.**
- 3.5 the new shares not subscribed by the Company’s shareholders registered with Depozitarul Central S.A. on the Record Date within the pre-emption rights period shall be cancelled by decision of the Board of Directors.**
- 3.6 empowering the Board of Directors to take all actions and measures and to perform any and all formalities necessary, recommended or advisable in order to implement the resolution regarding the share capital increase and to complete the share capital increase as detailed above, including but without limitation to the following operations:**
  - 3.6.1 Setting the details of the share capital increase operation such as the final number of the new shares to be issued, the issuance price of the new shares subscribed in the process of exercising the pre-emption right, the issuance**

premium, if the case, the number of pre-emption rights required for the subscription of 1 new share and the adjustment mechanism, when necessary, etc.;

- 3.6.2 Establishing the subscription mechanism and approving the details regarding the subscription procedure, including without limitation the content of the subscription form, the documents that need to accompany the subscription, payment methods etc.;
- 3.6.3 Preparing and approving the offering prospectus regarding the share capital increase operation with the observance of the national and European applicable legislation;
- 3.6.4 Fulfilling all necessary actions and formalities in relation to the implementation and registration of the share capital increase, including the negotiation, drafting and signing of any documents, submitting and retrieving any document and information, the issuance of any statements and decisions, representing the Company in relation to any authorities, regulators and registers in order to implement the share capital increase, including without limitation to: the competent Trade Registry, the Financial Supervisory Authority, Depozitarul Central S.A., the Bucharest Stock Exchange S.A.
- 3.6.5 Ascertaining and validating the subscription results of the newly issued shares, cancelling the unsubscribed shares, if the case, establishing the amount by which the share capital is effectively increased;
- 3.6.6 Amending and updating the Company's Articles of Incorporation to reflect the share capital increase."

## **1. Applicable legal provisions**

The provisions of Article 210 and the following of Law 31/1990 on companies, the provisions of Article 85 and the following from Law 24/2017 on issuers of financial instruments and market operations, the provisions of FSA Regulation 5/2018 on issuers of financial instruments and market operations and the provisions of the Articles of Incorporation of the Company.

## **2. The proposal to increase the share capital of the Company**

The Board of Directors proposes to increase the share capital of the company with 188,250,000 RON for the purpose of raising cash for diminishing the Company's debts.

## **3. Share capital increase procedure**

For the purpose of implementing the share capital increase, the Company shall prepare, as per the provisions of Law 24/2017, those of FSA Regulation 5/2018 and those of Regulation (EC) No 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, a base prospectus (in Rom: *Prospect Proportionat*).

The prospectus shall be presented to the Financial Supervisory Authority (FSA) and it will be published in compliance with the afore mentioned provisions.

As mentioned in the convocation of the extraordinary shareholders meeting, the share capital increase shall be performed with the exercise by the shareholders registered on the record date in the Shareholders Registry kept by Depozitarul Central S.A. (date on which it is determined which shareholders are entitled to subscribe in the share capital increase pro rata with their holdings in the Company on the record date) of their preemption right.

The time period within which the shareholders may exercise their preemption rights shall be of 1 month. The exact period shall be determined by the Board of Directors in accordance with the legal provisions and shall be indicated in the prospectus.

The preemption rights are not tradable and may not be exercised by the Company's shareholders prior to preparing the prospectus, its approval by FSA and its publication. Thus, there will be a time gap between the record date and the date on which the shareholders will be able to exercise their preemption rights.

With respect to the manner of determining the subscription price, it is proposed that the Board of Directors is to determine the price per share to be issued in the share capital increase in accordance with the prevalent market conditions.

Considering that the majority shareholder has informed the company that it explores the possibility of launching a secondary public offering of shares it holds in the Company, when establishing such price the Board of Directors shall favour the sale price per share to be determined by the selling shareholder in the context of the secondary public offering the selling shareholder is currently contemplating, if any.

The Board of Directors shall inform the shareholder on the price for which the new shares may be subscribed as soon as such price will have been determined.

Should the shareholders not subscribe all newly issued shares, the share capital increase will be smaller than the amount proposed, that is 188.250.000 RON, and will be equal to the value determined based on the number of shares subscribed by the shareholders entitled to subscribe shares in the share capital increase.

As per the legal provisions, the preemption rights grant the shareholders the right to acquire in the share capital increase shares pro rata (totally or partially) with their existing holding. Depending on the number of shares subscribed and paid by the shareholders registered on the record date, that is on 7 May 2019, during the share capital increase, such shareholders' percentage of the share capital may be maintained at the same level or may be modified.

The procedure for the subscription of shares in the share capital increase shall be presented in detail in the prospectus to be prepared by the Company and to be approved by FSA.

#### **4. Conclusions**

**In conclusion, considering the afore-mentioned, the Board of Directors proposes to the extraordinary shareholders meeting convoked for 5 April 2019 to approve the share capital increase according to those included under point 3 in the convocation.**

## The Board of Directors

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