

Independent Limited Assurance Report on the information included in the current reports issued by the Company in accordance with requirements of Law 24/2017 (Article 82) and Regulation no. 5/2018

To the Board of Administration of TMK ARTROM S.A.

We were engaged by the **TMK ARTROM S.A.** (hereinafter "the Company") to perform certain procedures in accordance with Regulation no. 5/2018 of Financial Supervisory Authority ("ASF") with all its subsequent amendments and updates and report on the information included in the attached current reports (hereinafter "Reporting Schedules")

(Dated Report 102/158 from 04 September 2019 amended by Report 102/264 from 30 January 2020, Report 102/159 from 05 September 2019, Report 102/176 from 03 October 2019, Report 102/210 from 23 October 2019, Report 102/237 from 17 December 2019, Report 102/244 from 10 January 2020, Report 102/245 from 10 January 2020, Report 102/251 from 17 January 2020, Report 102/256 from 22 January 2020 amended by Report 102/264 from 30 January 2020),

that have been prepared by the Company in accordance with the requirements of the Law 24/2017 (Article 82) ("the criteria") to report to the Financial Supervisory Authority ("FSA") and to the Bucharest Stock Exchange for the period from **1 July 2019 to 31 December 2019**. The Reporting Schedules have been prepared by the Company based on legal documents signed by the Company with its administrators, employees and significant shareholders as well as with the persons related to them. The Reporting Schedules are the responsibility of the Company's management. Our procedures have been performed exclusively on the Reporting Schedules mentioned above covering the period **1 July 2019 to 31 December 2019**.

Specific Purpose

This report is intended solely for the purposes specified in the first paragraph above and for your information and must not be used for any other purpose. The report refers exclusively to the Reporting Schedules and must not be associated with any Company's financial statements as a whole. Our procedures have been performed exclusively on the contracts signed during the period **1 July 2019 to 31 December 2019**.

Management's Responsibilities

The Company's management is responsible for the preparation of the Reporting Schedules in accordance with the requirements of the Law 24/2017 (Article 82) ("the criteria"). In

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particular, the Company's management is responsible for internal controls being designed and implemented to prevent the Reporting Schedules from being materially misstated.

In addition, the Company's management is responsible for ensuring that the documentation provided to the auditor is complete and accurate. The Company's management is also responsible for maintaining the internal control system that reasonably ensures that the documentation described above is free from material misstatements, whether due to fraud or error.

Auditor's Responsibilities

We conducted our assurance engagement in accordance with International Assurance Standards, particularly ISAE 3000 (revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", as adopted by the Chamber of Financial Auditors in Romania. These regulations require that we comply with ethical standards and plan and perform our assurance engagement to obtain limited assurance about the Reporting Schedules.

We apply International Standard on Quality Control 1 (ISQC 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements in law or regulation.

We comply with the independence and other ethical requirements of the IESBA Code of Ethics for Professional Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on the auditor's judgment. The procedures include, in particular, inquiry of the personnel responsible for financial reporting and risk management and additional procedures aimed at obtaining evidence about the Reporting Schedules.

The assurance engagement performed represents a limited assurance engagement. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower.

In respect of the Reporting Schedules of the Company we have performed the following procedures:

- 1) We have obtained the attached Reporting Schedules from the Company and agreed that the signatures on the Reporting Schedules are those of relevant representatives of the Company and we have undertaken a comparison of the details required to be included in the Reporting Schedules as indicated in Law 24/2017 (Article 82) to the information actually included by the Company.

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- 2) We have compared details, for the individual contracts/agreements we have considered, as detailed in this Report, to determine if the content of the Reporting Schedules is consistent, in all material respects, with information as per signed contracts and agreements presented to us and that the presented documents have been signed by representatives of the Company that are indicated in the authorized signature schedule provided to us by the Company. As applicable, our procedures have compared Reporting Schedules to the contract and agreement documentation for consistency of details on: the parties which signed the legal document; the date when documentation was signed and the nature of the documentation; the description of the type of goods/services as indicated in the documentation; the total value of the contract/agreement documentation, and, as applicable, contract related terms and conditions.
- 3) We have compared details disclosed in the Reporting Schedules for consistency with the information provided to us from discussion with management and to the extent indicated in contract/agreement documentation, in relation to the basis and nature of the contract/agreement entered into by the parties.
- 4) From discussions with the management and from perusal of Company policies and procedures provided to us, we have considered the consistency of the transactions performed with administrators, employees and significant shareholders, as well as with persons related to them with the Company's policies and procedures.
- 5) To the extent that there is a market price for the goods or services provided by administrators, employees and significant shareholders, as well as with persons related to them, we have discussed the basis for the price agreement and considered if, to the extent applicable, the prices agreed are consistent with that used for third (other) parties, where similar goods or services could be provided. To the extent that no market prices are available, we have analyzed if the transactions have been performed based on the signed approved contracts.

Our procedures have been performed only on the contracts included in the attached Reporting Schedules, that have been concluded/modified during **1 July 2019 to 31 December 2019** and that have an estimated value during the reporting period above 50,000 Euros. We have not performed any procedures to verify whether the Reporting Schedules include all the transactions and details that the Company has to report according to Article 82 of Law 24/2017 for the reporting period.

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Conclusion

Based on the procedures performed and evidence obtained, as described above, regarding the legal documents which are included in the Reporting Schedules, nothing has come to our attention that causes us to believe that:

- a) The details as indicated in the Reporting Schedules are not in accordance with the related contracts/agreements presented to us.
- b) The details in the Reporting Schedules are not, in all material respects, consistent with the requirements of the legislation.
- c) The related contracts/agreements provided to us were not properly authorized by representatives of the Company.
- d) The prices have not been established by mutual agreement between the parties in accordance with the type of goods/services and also by considering other terms and conditions mentioned in the respective contracts signed between the parties.
- e) The terms and conditions of the contracts reported by the Company under which transactions have been completed with administrators, employees, significant shareholders, as well as with the persons related to them, are not established on the basis of the contracts signed by the Company according to the type of services and to other terms and conditions agreed between the parties.

Our report is solely for the purpose set forth in the first paragraph of this Report and for your information and is not to be used for any other purpose.

This Report relates only to the Reporting Schedules as mentioned above and does not extend to any other reports of the Company, individually or taken as a whole.

On behalf of
Ernst & Young Assurance Services SRL

Sebastian Mocanu
Partner



31 January 2020
Bucharest, Romania

Attachment

- 1) Report 102/260 from 28 January 2020

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Firma de audit: **ERNST & YOUNG ASSURANCE SERVICES S.R.L.**
Registrul Public Electronic: **FA77**

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Auditor financiar: **Mocanu Daniel Sebastian**
Registrul Public Electronic: **AF1603**

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TMK-ARTROM S.A.

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EUID: ROONRC.J28/9/1991; J28/9/31.01.1991

VAT No. RO 1510210/1992

Subscribed and Paid Share Capital: 291.587.538,34 lei

№ 102/260 from 28.01.2020

List of the Current Reports submitted to A.S.F
during second Semester of 2019 regarding the information provided in art. 82 paragraph (1)
of Law no. 24/2017 and in Regulation no. 5/2018 on issuers of financial instruments
and market operation

1. Addendum no.10 dated 30.08.2019 to the agent agreement no. 3223 from 27.06.2016 with TMK INDUSTRIAL SOLUTIONS LLC (the "Agent"), having as object the modification of the sub- agent cost for Canada to be 2% instead of 2.5% starting with August 1st, 2019 and continuing for the next 6 months, the sub-agent cost will be applicable to quantities / amounts invoiced to customers starting with August 1st, 2019.
2. Sale - purchase contract no. 19-5004 ART dated 30.08.2019 with TMK EUROPE GmbH (the "Seller"), having as object the purchase of mandrel bars and push bars in total value of 934.189 euro, the payment term being 60 days from the date of invoice and the validity of the contract is 31.12.2020. The Seller provides a guarantee for the Goods for 12 months from the date of notification of readiness of goods to be shipped.
3. Addendum no 12 dated 04.09.2019 to agent agreement no 868 dated 13.09.2011 with TMK ITALIA SRL ("The Agent"), having as object the extension of the validity of the contract until 30.06.2020.
4. Addendum dated 01.10.2019 to the sale-purchase of goods contract no. TA-001/6A from 16.04.2015 with PAO TMK (the "Seller"), having as object the extension of validity of the contract until 31.12.2020.
5. Addendum no.2 dated 22.10.2019 to the remuneration contract no. 5 from 14.05.2019 with PAO TMK (the "Guarantor"), concluded as a result of the increase in the value of the credit agreement between Debtor and VTB BANK (EUROPE) SE by EUR 20,000,000, which led to the increase of the guarantee given by the Guarantor to the bank with the same amount.
6. Addendum no. 5 dated 13.12.2019 to the Loan Agreement w/n dated 01.12.2008 with TMK EUROPE GmbH (the "Creditor"), having as object the suspension of the repayment of the Debt from 01.01.2020 until 31.12.2021 and the reimbursement of outstanding amount of USD 17,037,540.03 in 42 instalments in amount of USD 400.000,00, of which the last one will have the value of USD 237,540,03, on the 25th day of each month, starting with January 2022.
7. Addendum dated 16.12.2019 to the Agreement no.718 dated 21.12.2018 for the purchase of the shares issued by TMK-Resita with TMK EUROPE GmbH (the "Seller"), through which clause 2.2 letter b) of the Agreement will be modified as following: the remaining price of EUR 62,190,000 shall be paid during a five (5) years period, starting with 2021, in equal installments of EUR 12,438,000 each, no later than 31 December for every year. TMK-Artrom may pay such installments in full or partially in advance, as well as to extend the payment term for such installments (implicitly reducing the value of the installments) for another period of three (3) years, depending on the available financial resources.
8. Addendum no. 3 dated 30.12.2019 to the Agreement no.162/130018000282 dated 16.03.2018 with Sinarsky Pipe Plant (the "Buyer"), having as object the extension of the validity period of the contract until 31st of December 2020 and the addition to the "Rights and Obligations of the parties" chapter of clauses referring to any delay in payment or any delay of the goods delivery.

TMK EUROPEAN DIVISION Cod: FCU-01, Ed. 3 Rev. 3/2019



API:
5CT-0440
5L-0352

LR:
ISO 9001
ISO 14001
ISO 45001

TUV:
PED/AD-2000 W0/W4
TRD 100/102
Vd TUV

TUV CPR:
EN 10210-1,2
EN 10255

LR
DNV-GL Rules
RINA

LR:
IATF 16949

9. Addendum no.8 dated 06.01.2020 to the sale purchase contract no.990 dated 30.12.2011 with TMK-RESITA (the "Buyer"), having as object the establishment of the value of the Contract for 2020, respectively approximative 26.000.000 euro, as well as the extension of its validity until 31.12.2020.

10. Addendum dated 07.01.2020 to the sale-purchase contract no. 12 dated 08.01.2019 with TMK-RESITA S.A. (the "Buyer"), having as object the establishment of the value of the Contract for 2020, respectively approximative 42,000,000 lei, as well as the extension of its validity until 31.12.2020.

11. Addendum dated 10.01.2020 to the sale-purchase of goods contract no. TA-002/67 from 10.08.2016 with PAO TMK (the "Seller"), having as object the extension of validity of the contract until 31.12.2020.

12. Addendum no.5 dated 15.01.2020 to the sale-purchase contract no. 283/1000 dated 21.12.2015 with TMK-RESITA S.A. (the "Seller"), having as object the establishment of the value of the Contract for 2020, respectively 627,662,996 lei with a tolerance of +/- 10% according to the contract, as well as the extension of its validity until 31.12.2020.

13. Addendum dated 22.01.2020 to the sale-purchase of goods contract no. TA-001/6A from 16.04.2015 with PAO TMK (the "Seller"), having as object the addition of Orsky Machine Building Plant to the list of related companies supplying pipes and metal products.

Chief Executive Officer,
Eng. Popescu Adrian



Chief Economical and
Accountancy Officer
Ec. Vaduva Cristiana



API:
5CT-0440
5L-0352

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IATF 16949

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