

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"), related to the contracts included in the Annex - **Report 102/146 from 23 July 2019, (Report 102/03 from 11 January 2019, Report 102/07 from 18 January 2019, Report 103/13 from 25 January 2019, Report 102/17 from 29 January 2019, Report 102/28 from 8 February 2019, Report 102/31 from 11 February 2019, Report 102/39 from 15 February 2019, Report 102/55 from 11 March 2019, Report 102/71 from 29 March 2019, Report 102/95 from 25 April 2019, Report 102/99 from 8 May 2019, Report 102/108 from 16 May 2019, Report 102/113 from 28 May 2019, Report 102/145 from 19 July 2019)** 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 January 2019 to 30 June 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 January 2019 to 30 June 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 January 2019 to 30 June 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 particular, the Company's management is responsible for internal controls being designed and implemented to prevent the Reporting Schedules from being materially misstated.

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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.
- 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

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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 January 2019 to 30 June 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.

## 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:

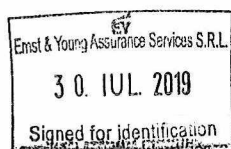
- a) The details as indicated in the Reporting Schedules are not in accordance with the related contracts/agreements presented to us.
- b) The details in the Reporting Schedules are not, in all material respects, consistent with the requirements of the legislation.
- c) The related contracts/agreements 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



30 July 2019  
Bucharest, Romania

## Attachment

1. Report 102/146 from 23 July 2019

*The English version of the 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 represents a translation of the original limited assurance report issued in Romanian language.*





TMK-ARTROM S.A.

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Fax: +40 (249) 434330, 437288

E-mail: office.slatina@tmk-artrom.eu www.tmk-artrom.eu

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

No 102/146 from 23.07.2019

**List of the Current Reports submitted to A.S.F  
during first 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. 9 dated 09.01.2019 to the agent agreement no. 3223 dated 27.06.2016 with TMK INDUSTRIAL SOLUTIONS LLC ('The Agent'), which extends the validity of the contract until the date of 31.12.2019, and the quantity in the agreement is about 55,950 tons.

2. Addendum no.7 dated 10.01.2019 to the sale agreement no. PM-026/2A dated 09.01.2012 with TMK Middle East ('The Buyer'), having as object the sale of pipes, the estimated value of the contract being approximately 2.876.642 USD (+/- 10%), and the validity of the contract extends until 31.12.2019.

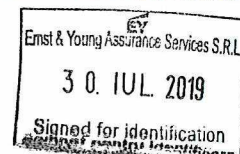
3. Agreement no. 12 dated 17.01.2019 of a sale purchase agreement with TMK-RESITA ('The Buyer'), having as object the sale of ferrous metal subproducts / scrap, amounting to approximately 43.000.000 lei / year, the payment being made by the buyer according to the conditions stipulated in the orders, based on the invoice issued by the seller, and the validity of the contract is one year, with the possibility of extension with the agreement of the parties

4. Addendum no. 7 dated 22.01.2019 to the framework sale-purchase contract no. 990 dated 30.12.2011 with TMK-RESITA S.A. (the "Buyer"), having as object the establishment of the value of the contract for 2019, respectively 20,000,000 euro, the addition to the contract of Chapter XIII - Protection/Processing of personal data, according to the GDPR, as well as the extension of its validity until 31.12.2019.

5. Addendum no. 4 dated 22.01.2019 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 2019, respectively 671,725,764 lei, as well as the extension of its validity until 31.12.2019.

6. Sale - purchase contract no. 18-5014 ART dated 24.01.2019 with TMK EUROPE GmbH (the "Seller"), having as object the purchase of a manufacturing joint type K5 in value of 115,404.54 euro, plus transportation costs, the payment term being 45 days from the date the Seller issues the invoice, the validity of the contract is one year.

7. Amendment no. 2 dated 06.02.2019 to the remuneration agreement no. 3 dated 20.11.2016 with PAO TMK (the "Guarantor"), by way of which the object of the Agreement was changed, respectively the remuneration is granted for the guarantee provided by the Guarantor in order to secure the obligations deriving from the loan agreement no. 343 dated 29.10.2018 in amount of 20,000,000 EURO concluded between TMK-ARTROM S.A. and Banca Transilvania S.A. with maturity on 07.11.2019. Such amendment is due to the acquisition of Bancpost S.A. by Banca Transilvania S.A., which led to the conclusion of the loan agreement no. 343 dated 29.10.2018 between TMK-ARTROM S.A. and Banca Transilvania S.A. in order to refinance the loan agreement no. 1624 dated 08.11.2016 concluded between TMK-ARTROM SA and Bancpost S.A.



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

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



8. Addendum no. 1/2019 dated 08.02.2019 to the sale-purchase of goods contract no. 2919 dated 04.01.2016 concluded with TMK-RESITA S.A. (the "Buyer"), by way of which the value of the contract is established at approximately 240,000 euro +/- 10% (for seamless steel pipes), and its validity is extended until 31.12.2019.

9. Lease contract no. 618 dated 26.09.2018 with TMK ASSETS SRL (the "Owner"), having as object the renting of an office space, 9 parking spaces, as well as the provision of monthly operating services, in exchange for a monthly rent in amount of 9,895.35 euro. The rent will be paid in RON at RON/EUR exchange rate established by NBR for the date the invoice is issued by the Owner. The contract is concluded for a period of three years starting from 01.10.2018 until 30.09.2021.

10. Contract no. 114 dated 06.03.2019 with VOLZHSKY PIPE PLANT (the "Customer"), by way of which TMK-Artrom ("the Contractor") shall perform the cold rolling of the tubular goods supplied by the Customer, according to technical specifications agreed by the Parties. The processing work shall take place at the headquarters of the Contractor. The Customer has the obligation to deliver the tubular goods to the headquarters of the Contractor on DAP Slatina conditions (according to Incoterms 2010 rules) and to take such goods back by itself on FCA Slatina conditions (according to Incoterms 2010 rules). The total approximate value of the work processing operations performed by the Contractor is 400,000 Euro +/- 10%. Payment will be made by bank transfer by the Customer in the Contractor's account 100% in advance, based on the invoice issued by the Contractor, in maximum 7 days from the date the written notice informing that the tubular goods are ready for delivery from the Contractor is received by the Customer.

11. Termination Agreement no. 207 dated 21.03.2019 to the Service Contract no. Y-AR/4-07 dated 01.06.2007 concluded with PAO TMK (the "Contractor"), by way of which the contract is terminated as of 1 January 2019. The rights and liabilities of the Parties under the contract shall be terminated as of 1 January 2019. The Parties have no claims against each other.

12. Agreement dated 24.04.2019 with TMK Europe GmbH, by way of which TMK Europe GmbH intends to perform a public offer to sell part of the shares it holds in TMK-ARTROM S.A. (the "Offering"). According to the contract, TMK-ARTROM S.A., as issuer of shares, will assist TMK Europe GmbH in the process of preparing the relevant documentation for the Offering.

The assistance provided by TMK-ARTROM S.A. consists in organizing a virtual database for TMK Europe GmbH and its advisors in order to be able to conduct an audit of TMK-ARTROM S.A. and its subsidiaries, TMK-Resita S.A., TMK-Italia s.r.l., TMK Industrial Solutions LLC and TMK Assets S.R.L., for the purpose of preparing the prospectus and other documents necessary for performing the Offering, assistance, through certain members of TMK-ARTROM S.A.'s management and the personnel assigned by TMK-ARTROM S.A. to such tasks, with preparing the documents related to the Offering including assistance with clarifying questions raised by various participants to the Offering process with respect to TMK-Artrom S.A., its subsidiaries and their activities, participation in the prospectus and other documents drafting sessions, participation in meetings with banks and lawyers, reviewing and commenting on the early look presentation, reviewing and commenting on the analysts' presentation and reports, participation in presentations with investors, making available to TMK Europe GmbH, to its advisors and other participants in the Offering process the relevant information and documents as may be necessary for the purpose of the Offering and any other activities which require the involvement of TMK-ARTROM S.A. and which are required in order for TMK Europe GmbH to perform the Offering.

TMK Europe GmbH shall reimburse TMK-ARTROM S.A. any and all costs and expenses incurred by the latter with the assistance provided. The parties estimate that such costs and expenses to be reimbursed by TMK Europe GmbH total approximately 350,000 EUR (without such approximate total value to be a maximum or minimum value).

In addition to the costs and expenses to be reimbursed as detailed above, TMK Europe GmbH shall pay TMK-ARTROM S.A. for the performance of the activities detailed above an amount up to 1.5% of the net proceeds obtained by TMK Europe GmbH through the Offering, however no less than 50,000 EUR. TMK-ARTROM S.A. shall issue the invoice for such minimum amount within maximum 5 days from the date of the contract. TMK Europe GmbH shall inform TMK-ARTROM S.A. about the value of the net proceeds obtained from the Offering within maximum 2 days from the settlement of the Offering, so that TMK-ARTROM S.A. may issue the invoice within 5 days from the settlement of the Offering.

Upon the determination of the exact total value of the contract, such value shall be included in an additional report prepared, sent and published according to the provisions of art. 144B of FSA Regulation 5/2018. All amounts to be paid by TMK Europe GmbH under the agreement shall be paid based on the invoices issued by TMK-ARTROM S.A. within maximum 30 days from the invoice date.

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

Emst & Young Assurance Services S.R.L.  
30. JUL. 2019  
Signed for identification



13. Sale-purchase contract no 267 dated 17.04.2019 with TMK-RESITA S.A. (the "Buyer"), having as object the sale of EUA greenhouse gas emission certificates (the transaction will be carried out as a transfer of EUA certificates in the European Union's Environmental Registry for emissions trading application), with a value of 260,000 EUR (without VAT). The price will be paid within 5 business days from the date of the transaction and receipt of the invoice issued by the Seller. The contract is valid until 30.04.2020.

14. Remuneration agreement no. 5 dated 14.05.2019 with PAO TMK (the "Guarantor"), by way of which TMK-Artrom ("the Debtor") will remunerate the Guarantor for the guarantee granted to the Debtor under the loan agreement concluded between the Debtor and VTB BANK (EUROPE) SE, referring to revolving credit facility. The amount of remuneration is for the first month 0.7% of the amount of debt under the agreement at the end of the month, and for the following months 0.7% from the amount that exceed the balance of the previous period. The agreement is valid until 16.04.2022.

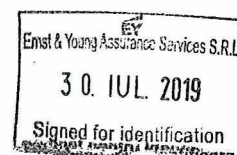
15. Sale - purchase contract no. 19-5001 ART dated 27.05.2019 with TMK EUROPE GmbH (the "Seller"), having as object the purchase of steel bars in steel grade in value of 113,763,50 euro, the payment term being 60 days from the date of invoice, the validity of the contract is one year. The Seller provides a guarantee for the goods for 12 months from the date of delivery of the goods DAP Slatina.

16. Addendum dated 08.04.2019 to the sale-purchase of goods contract no. TA-003/6A from 20.04.2017 with PAO TMK (the "Seller"), having as object the extension of validity of the contract until 20.04.2020.

Director General  
Ing. Popescu Adrian



Director General Adjunct  
Economic și Contabilitate  
Ec. Văduva Cristiana



API:  
5CT-0440  
5L-0352

LR:  
ISO 9001  
ISO 14001  
ISO 45001

TUV:  
PED/AD-2000 W0/W4  
TRD 100/102  
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TUV CPR:  
EN 10210-1,2  
EN 10255

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