

Increasing the share capital by incorporating distributable reserves

– EGMS information material April 1, 2022 –

Purpose

The purpose of the operation is to enforce the OGMS decision to distribute a dividend extraordinarily in the form of free shares.

The capital increase by incorporating reserves is made without input from shareholders which is why it is the legal mechanism by which actions can be assigned free of charge under form of extraordinary dividend.

Legal basis

From a legal point of view, the operation of increasing the share capital by incorporating reserves is covered by the provisions of art. 210 paragraph (1) first sentence and paragraph (2) first sentence¹ and by the provisions of art. 113 lit. f)² of Law no. 31/1990 on companies.

Description of the operation

The capital increase by incorporating reserves does not imply the subscription of shares by shareholders and is made without input from them.

For these reasons, the capital increase is registered in the Trade Register in one stage, based on the EGMS decision and proof of the existence of a sufficient level of reserves to cover the capital increase.

Whereas at the date of registration of the capital increase in the Trade Register, the Financial Statements of the Company on 31.12.2021 will not have been approved, the financial statements used for proof of the existence of reserves are the Individual Financial Statements as at 31.12.2020, together with the last balance sheet concluded, respectively the balance sheet on February 28, 2022.

¹ Article 210

(1) The share capital may be increased by the issue of new shares or by an increase in the nominal value of the shares. existing in exchange for new cash and / or in-kind contributions.

(2) New shares shall also be released by incorporation of reserves, with the exception of legal reserves, as well as benefits or issue premiums, or by offsetting liquid and receivable claims on the company with its shares.

² Article 113

The Extraordinary General Meeting shall be convened whenever a decision is required to:

...

f) increase of the share capital;

The registration of the capital increase statement is made by amending the provisions of the articles of association regarding the share capital of the Company, a change included in the draft amendment to the articles of association which is the subject of item 3 of the EGMS agenda. The date of registration of the transaction is the same as the date of registration for the extraordinary dividend set by the OGMS, as we have shown the capital increase is the mechanism for granting the extraordinary dividend approved by the OGMS.

Impact on the balance sheet

Taking as a reference the level of reserves registered in the Preliminary Individual Financial Statements as at 31.12.2021, the impact of the capital increase is a reduction of the level of the result carried forward from 110,282,117 lei to 106,893,082 lei³.

	Financial statements 2020	Preliminary financial statements 2021	Statement of capital after capital increase ⁴
Subscribed and paid-in capital	30.000.000	30.000.000	60.000.000
Share capital adjustments	1.739.592	1.739.592	1.739.592
Legal reserves	6.000.000	6.000.000	12.000.000
Other reserves	3.777.984	3.823.575	3.823.575
Reported result	96.640.898	110.282.117	106.893.082
Profit for the year	29.918.630	32.610.965	0
Total capital	168.077.104	184.456.249	184.456.249

³ The calculation does not take into account the effect of the OGMS balance sheet decisions scheduled for April 29, 2022, regarding the annual dividend.

⁴ The capital structure at the date of the capital increase will be different, as it will also include the profit realized in Q1 2022