GOLDRING

THE SOUND OF MONEY

Advisory, assistance and brokerage services related to MARKET TRANSACTIONS

IN 2021
ON THE ROMANIAN CAPITAL MARKET:

46 Share capital increases
(27 în 2020)

4 Public offers for sale

15 Public purchase offers
(15 în 2020)

8 Withdrawals from trading
(13 în 2020)

1 Takeover bids
(1 în 2020)

If you've listed your business on the stock exchange, any significant change in the shareholding of the company or in the characteristics of the securities issued is made exclusively through capital market institutions, in compliance with the legislative provisions and regulations of these institutions.

This involves the selection and contracting of a brokerage firm - Investment Firm - to mediate share capital increase operations, takeover bids, buyback programmes, share par value splitting, registration or delisting of securities etc.

Through its specialists, GOLDRING evaluates the opportunity, the impact, the effort involved and assists you throughout your operations:

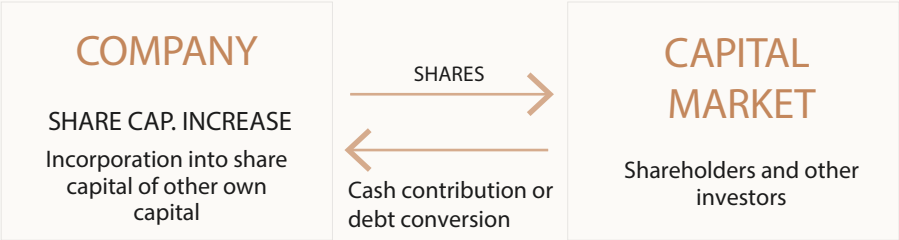
- Share capital increase
- Repurchasing own shares through a takeover bid or buyback programme
- Consolidation of shares
- Withdrawal from trading
- Technical listings

SHARE CAPITAL INCREASE THROUGH THE ISSUE OF NEW SHARES

OPPORTUNITY	MODALITY
attracting new resources to finance major investment and development projects	Increase of share capital with cash contribution: • with/without trading of preference rights • with/without private placement of shares remaining unsubscribed in the first stage
attracting new resources to cover part of the working capital requirements	
rewarding existing shareholders with new free shares through the payment of stock dividends	Increase of share capital by capitalisation of profits or reserves
set-off of liquid and payable claims on the company against shares of the company	Increase of share capital by conversion of debt into shares with/without granting of pre-emptive rights
the incorporation into the company's assets of immovable or movable property held by third parties in exchange for a fair number of shares issued by the company	Increase of share capital by contribution in kind

WHAT DOES AN INCREASE IN SHARE CAPITAL MEAN?

Share capital, which represents the shareholders' contribution to a company's assets, may be increased or reduced during the course of its operation, depending on the company's development plans or economic and financial situation.



For a joint stock company, the increase in share capital may be made by issuing new shares or by increasing the nominal value of shares already issued as a result of:

- new contributions in cash, movable or immovable property to the share capital (A)
- the decision to incorporate reserves - except legal reserves, profits or share premiums (self-financing) - into the share capital (B)
- offsetting liquid and payable claims on the company against shares in the company. (C)

With the exception of self-financing situations, increasing share capital by increasing the nominal value of shares requires a unanimous vote of shareholders.

Therefore, the increase in the nominal value of shares is more of an exception among listed companies, which is why we will only present a few aspects specific to the increase in share capital by issuing new shares.

A

In the case of an increase in share capital by cash contribution, the newly issued shares may be subscribed:

- through the exercise of pre-emptive rights by existing shareholders on the basis of an Offering Prospectus approved by the FSA (Financial Supervisory Authority).
- by investors other than existing shareholders:

  a) either by subscribing for shares not subscribed for by existing shareholders on the basis of the exercise of pre-emptive rights

  b) either if the EGSM, attended by shareholders representing at least 85% of subscribed share capital, votes with at least ¾ of the voting rights, the resolution to waive this right.

  Shares that are not subscribed for during the subscription period and by exercising the pre-emptive right may subsequently be offered by private placement or cancelled.

Often, in order to allow investors other than existing shareholders to participate in the increase, the EGSM provides for the possibility of trading pre-emptive rights before the subscription period of the newly issued shares, these rights becoming freely tradable securities on the capital market. In this case, the company must conclude a trading agreement with the BSE, obtain the registration certificate of the pre-emptive rights issued by the FSA and their registration by the Central Depository.
The share capital increase is completed after the registration of the newly issued shares with the Financial Supervisory Authority (FSA) and the Central Depository - a stage that follows the notification of the result of the operation to the capital market institutions and the registration of the increase with the TRO (Trade Register Office).

B

Increasing share capital by incorporating reserves other than legal reserves, profits or share premiums allows the granting of dividends in the form of bonus shares. The operation is simple and can be completed within 1-2 months of its approval by the EGSM. The FSA simply notes the registration of the share capital increase with the TRO and issues the registration certificate accordingly.

C

Procedurally, the conversion of certain debts due and payable into newly issued shares is assimilated to a capital increase by cash contribution, with the observation that the increase in share capital will be made in an amount that also allows the exercise of the preferential rights of existing shareholders, if it is not decided to raise them under the quorum and voting conditions established by law. Claims to be converted into shares must be certified by an external financial auditor and the determination of the conversion ratio is regulated by capital market legislation.

To receive a detailed offer of our support services throughout the entire process, from the drafting of the invitation to the private placement and registration of newly issued shares, contact us.

BUYI-BACK OF YOUR OWN SHARES,

following the resolution of the Extraordinary General Meeting of Shareholders motivated by :

- employee motivation programmes;
- shareholder reward programmes;
- the need to support the share price;
- the need to convert bonds into shares, or
- reduction of the share capital for the return to shareholders of a share of contributions

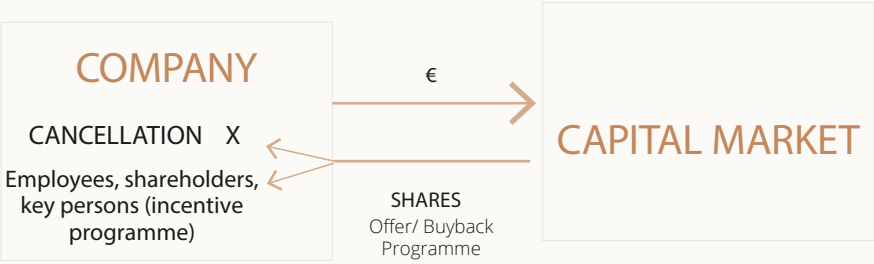
may be achieved, in compliance with the laws and regulations in force, by:

1. PUBLIC PURCHASE OFFER

The public purchase offer may be initiated after the Financial Supervisory Authority has approved the Offer Document and the Offer Announcement respectively and may last up to 2 months.

2. BUY-BACK PROGRAMME

Buying your own shares directly from the market requires less effort to prepare documentation. However, it can take up to months18, depending on market conditions, as the law imposes limits on the volume of shares that can be bought back each day and on the purchase price.



Each of the two alternatives has specific legal conditions, advantages, disadvantages and costs. To find out which option is best for your company, the steps and the costs involved contact us.

SECURITIES SPLITTING

Splitting is a corporate operation that involves decreasing the nominal value of the company's shares while increasing the number of shares, so that the value of the share capital does not change and each shareholder's equity participation remains constant.

O P P O R T U N I T Y

As a rule, the aim of the splitting is to increase the liquidity of the issuer's shares and their attractiveness.

Are you interested in the procedure, costs and implications of a split for your company's shares? Contact us.

CONSOLIDATION OF SECURITIES

Consolidation of an issuer's shares, the reverse corporate split, means increasing their par value while proportionately reducing the number of shares so that the value of the share capital and the percentage of the share capital held by the shareholders remain the same.

The objectives of consolidation can:

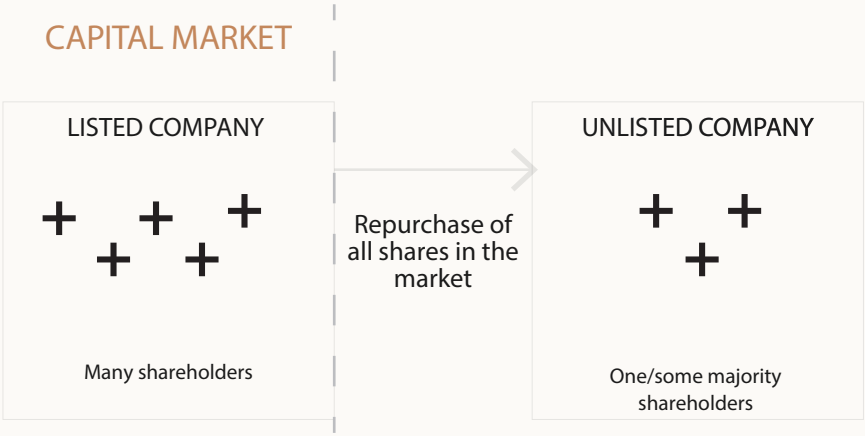
- Change the shareholding structure by activating or withdrawing passive shareholders with holdings considered minor. Positive impact on operating expenses and facilitation of EGSM procedures etc.
- Increase in share price;
- Increased interest of potential investors in the company

Are you interested in the procedure, costs and implications of a consolidation for your company's shares? Contact us.

THE DELISTING OF THE COMPANY'S SHARES

Withdrawal of securities from the capital market may be motivated by:

- Change of ownership followed by major changes in vision and strategy
- Intention of an investment fund to take over the company
- Low liquidity and too high costs to keep the company in the capital market



* Freefloat - the percentage of share capital that is freely tradable on the capital market

According to the law, securities are withdrawn from trading:

- either as a result of the completion of the minority shareholder withdrawal procedure initiated by a shareholder who, as a result of a takeover bid, comes to hold at least 95% of the total number of shares in the share capital carrying voting rights (or has acquired, in the course of a takeover bid, at least 90% of the total number of shares),
- or as a result of the EGSM's decision to withdraw from trading, subject to the conditions set out in the FSA regulations.

Îln the first case, the delisting procedure must be followed by a public offer.

The second option requires the fulfilment of cumulative conditions relating, on one hand, to the number and volume of transactions in the issuer's shares in the last 12 months and, respectively, to the respect of the shareholders' right to withdraw from the shareholding with compensation for the value of the shares held, at a price set by an FSA-accredited valuator.

Both options require a valuation of the company by an FSA authorised valuator, the costs being covered by the initiator of the operation (the majority shareholder or the Company following the resolution of the EGSM).

For information on the steps, conditions, costs and implications of the company's delisting alternatives, cotact us.

WHY US?

Because we have over 20 years of experience in the capital market.

Our services are focused on our client.

Your consultant responds to your requests promptly, diligently and professionally.

The quality and performance of our services has been confirmed: for 2017 and 2019, GOLDRING has been awarded as "Intermediary of Romanian Entrepreneurial Companies".

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