To:

The Extraordinary General Meeting of the Shareholders of IAR SA

EXPLANATORY STATEMENT

regarding the confirmation of the EGMS Resolution no. 5/2004

As we informed you during the AGEA meeting on 19.08.2022, by Resolution no. 5 / 05.07.2004 of the Extraordinary General Meeting of the Shareholders of S.C IAR S.A. (see appendix 1 of this explanatory statement), it was decided to divide S.C. IAR S.A. by detaching a part of its patrimony and transferring this part to two companies that were created as a result of the division, respectively to ***S.C. CONSTRUCŢII AERONAUTICE S.A.*** *and* ***S.C. TOPTHERM S.A.****, according to the Division Project no. 1257 / 23.04.2004, which was published in the Official Gazette of Romania, Part IV, no. 1612 / 01.06.2004.*

From the documents submitted to the analysis of the shareholders during the respective EGMS meeting, the following information are retained:

- *following the division made based on Resolution no. 5 / 05.07.2004, S.C. TopTherm S.A. proceeded to the tabulation of the estates in the property, based on the legislation in force at the time of the division*
- *SC Constructii Aeronautice S.A. has not carried out this operation for more than 17 years, during which time the land book legislation has changed, in the sense that on the present date, the registration in the land book of the property right as a result of the merger / division is carried out based on the court decision ruling on the legality of this operation, the evidence of registration in the trade register, the registration certificate, as well as the* ***GMS resolution*** *approving the division,* ***concluded in authenticated form*** *and identifying the real estate by cadastral number and land book.*
- ***the EGMS resolution and all other documents mentioned above exist, have legal validity and were implemented on the date of the division***
- ***the assets that are the object of EGMS Resolution no 05/2004, being the property of the Company Constructii Aeronautice SA, were removed from the accounting records of IAR SA at the date of the division, the confirmation of that decision not affecting, in any way, the IAR SA Company***
- *given that the real estate subject to the transfer of ownership to* ***S.C. CONSTRUCŢII AERONAUTICE S.A.*** *was not individualized by a unique identifier (cadastral and topographic number), in the EGMS Resolution of division, OCPI Brasov, by Conclusion no. 104547 / 14.06.2021, rejected the request of S.C. Constructii Aeronautice S.A. regarding the tabulation of the property right of the buildings*
- *in order to be able to eliminate this impediment and* ***to allow to the Company Construcții Aeronautice SA to exercise its legitimate right to tabulate its property assets obtained following the division of S.C. IAR S.A.****, after consulting with the staff of OCPI and the Notary Public Office, they identified the legal solution consisting in the confirmation / reconfirmation of the EGMS Resolution no. 5/2004 by the body with the same competence as the one that issued this Resolution and the power of attorney for* ***the legal representative of IAR S.A. to sign in front of the notary public the Confirmatory Act*** *which includes in detail the buildings subject to the transfer of ownership as a result of the division*
- *based on the Confirmatory Act signed in authenticated form,* ***the Company Constructii Aeronautice S.A. may establish its ownership of the buildings subject to division and, at the same time, IAR S.A. will be released from certain apparent burdens that would have impacted it***
- *the IAR S.A. Company will also benefit from the tabulation of the ownership right of the mentioned buildings, once the Good Neighborliness Minutes is put into operation, based on which the IAR S.A.Company's enclosure work shall be executed.*

With respect to these aspects, taking into account the powers granted to the general meeting of the company's shareholders by law and the Articles of Incorporation of IAR SA, the Board of Directors of the IAR SA Company submitted to the analysis of the shareholders during the EGMS meeting which was convened for 19.08.2022 both the Draft of the Confirmatory Act of the EGMS Decision no. 05/2004 and the proposal regarding the authorization of the general director of the IAR SA Company to sign the Confirmatory Act in the authentic form.

As a result of the AGAINST vote expressed by the Ministry of Economy during the respective EGMS meeting, the draft of the Confirmatory Act of EGMS Decision 5/2004 on division was not approved, this decision being the subject of AGEA Decision no. 09/19.08. 2022.

Taking note of the non-approval of the draft Confirmatory Act of EGMS Decision no. 5/2004, the judicial liquidator Management Reorganization Liquidation Iasi sent both the Ministry of Economy and the IAR SA Company the letter no. 10115/06.09.2022, thus returning to his previous addresses through which he requested support in order to confirm the EGMS Decision no. 05/05/07/2004 regarding the IAR SA division.

As can be seen from this last letter, the judicial liquidator emphasizes the fact that, at this moment, both the distribution of the amounts in the bankruptcy proceedings in which the debtor S.C. Construcții Aeronautice SA is located, as well as the completion of the sale- purchase contracts related to the goods in its ownership, are impossible.

In the context of the above aspects, taking into account the powers granted to the general meeting of the company's shareholders by law and the Articles of Incorporation of IAR SA, we submit you again to the analysis, the proposals regarding:
- the confirmation in the same form in which it was approved by the shareholders on 05.07.2004, of the EGSM Resolution no. 5/2004 regarding the division of IAR S.A. by detaching a part of its patrimony and transferring this part to two companies that are created as a result of the division, respectively to the Company CONSTRUCȚII AERONAUTICE S.A. and TOPTHERM S.A., according to the Division Project no. 1257 / 23.04.2004 published in the Official Gazette of Romania, Part IV, no. 1612 / 01.06.2004,
- the approval of the draft Confirmatory Act of the Resolution no. 05/2004 of the Extraordinary General Meeting of the Shareholders of IAR SA, having the content proposed in appendix 2 of this explanatory statement,
- the empowerment of the general director of IAR SA to sign the Confirmatory Act in authentic form.

Ruxandra-Rodica ANGHEL

THE CHAIWOMAN OF THE BOARD OF DIRECTORS

SOCIETATEA COMERCIALĂ „IAR S.A."
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