What is the definition of general mandate type of capital increase?

A: There were 2 types of capital increase 1) Capital increase with specific objectives of usage of funds and 2) Capital increase under a general mandate. The latter is a capital increase process wherein shareholders approve the number of shares and the types of allotment at a shareholder meeting in advance, authorizing the company’s board of directors to decide on the details of issuance and allotment as and when the board deems appropriate.

Full disclosure of information is required, in accordance with the regulations, each time the board of directors allots capital increase shares.

Benefits of issuing and offering shares under a general mandate?

A: For the purpose of understanding, let separated into 2 aspects;

1) Company Aspect
   - Enhances flexibility and speed of fund raising to cope with volatile market and other factors.
   - Reduces procedures and time by 4-10 weeks, as no shareholder meeting is required for each capital increase approval.
   - Reduces expenses of holding a shareholder meeting to approve a capital increase each time funds are needed.
   - Provides another alternative for fund-raising.

2) Shareholders Aspect
   - Provides standby working capital in accordance with the firm’s business needs and circumstances, thus ultimately generating returns for shareholders.
   - Protects shareholders interests under the capital increase regulations by general mandate.
   - Be able to estimate dilution effect over one year.

How can the capital increase under a general mandate reduce procedures and time

When the company needs to increase capital

- Board proposes a capital increase
- AGM/EGM approves capital increase
- Board allots new shares and raises funds
- AGM: Annual General Meeting of shareholders
- EGM: Extraordinary General Meeting of shareholders