

Societatea Energetică Electrica S.A.
9, Grigore Alexandrescu str.
010621 District 1, Bucharest, Romania
Phone: 0212085999
Fiscal Registration Code: RO 13267221,
J40/7425/2000
Share capital: RON 3,464,435,970
<http://www.electrica.ro>



**To: Bucharest Stock Exchange (BSE)
London Stock Exchange (LSE)
Romanian Financial Supervisory Authority (FSA)**

Current report in compliance with the Law no. 24/2017 on issuers of financial instruments and market operations, the Romanian Capital Market Law no. 297/2004, FSA Regulation no. 5/2018 on issuers of financial instruments and market operations and the Bucharest Stock Exchange Code

Report date: **3 July 2020**

Company name: **Societatea Energetică Electrica S.A.**

Headquarters: **9 Grigore Alexandrescu Street, 1st District, Bucharest, Romania**

Phone/fax no.: **004-021-2085999 / 004-021-2085998**

Sole registration code at the trade register: **13267221**

Trade Register registration number: **J40/7425/2000**

Subscribed and paid in share capital: **RON 3,464,435,970**

Regulated market where the issued securities are traded: **Bucharest Stock Exchange (BSE) and London Stock Exchange (LSE)**

Significant events to be reported:

Approval of the vote in favor of the merger of the two energy services companies within Electrica Group, respectively Societatea Filiala de Întreținere și Servicii Energetice "Electrica Serv" S.A. and Servicii Energetice Muntenia S.A.

Societatea Energetică Electrica S.A. („**Electrica**”) informs that, in the meeting held on 3 July 2020, the Board of Directors of Electrica approved, in its capacity as sole shareholder of the companies Societatea Filiala de Întreținere și Servicii Energetice "Electrica Serv" S.A. and Servicii Energetice Muntenia S.A. (the "**Companies**"), the participation of the Electrica's representative in the extraordinary general meetings of the shareholders of the Companies and the expression of a favorable vote ("*for*") regarding, mainly, the following:

- (i) the approval of the plan of the merger by absorption between Societatea Filiala de Întreținere și Servicii Energetice "Electrica Serv" S.A., as absorbing company, and Servicii Energetice Muntenia S.A., as absorbed company, authenticated under no. 934 of 12 June 2020 (the "**Merger Plan**");
- (ii) the approval of the merger by absorption process whereby Societatea Filiala de Întreținere și Servicii Energetice "Electrica Serv" S.A. will absorb Servicii Energetice Muntenia S.A. (the "**Merger**"), in accordance with the provisions of art. 238 para. (1) let. a) of Companies' Law no. 31/1990, in accordance with the provisions of the Merger Plan;

- (iii) the approval of the effective date of the Merger as established in the Merger Plan; Thus, the Merger will take effect on the effective date, respectively 30 November 2020 (the "**Effective Date**"). If the conventional Effective Date of the Merger will be prior to the date the court decision regarding the acknowledgment of the legality of the Merger is issued and / or prior to the registration of the Merger and its effects with the Trade Register, the Merger between Societatea Filiala de Întreținere și Servicii Energetice "Electrica Serv" S.A. and Servicii Energetice Muntenia S.A. will produce its effects as provided for by the law on the Effective Date, under the resolute condition that the court dismisses the application regarding the legality of the Merger.
- (iv) the approval of the implementation of the Merger, namely the transfer of all the assets and liabilities of Servicii Energetice Muntenia S.A. to Societatea Filiala de Întreținere și Servicii Energetice "Electrica Serv" S.A., in exchange for the issuance to Electrica of shares in the share capital of Societatea Filiala de Întreținere și Servicii Energetice "Electrica Serv" S.A..

The Merger is based on the audited financial statements of the Companies as of 31 December 2019 (the "**Reference Date**"), but it also takes into account the significant events that occurred after this date that have an effect on the implementation of the Merger, respectively the in-kind contribution to the share capital of Societatea Filiala de Întreținere și Servicii Energetice "Electrica Serv" S.A. (representing real estate), the share capital decrease of Servicii Energetice Muntenia S.A., as well as the payment in kind operation.

The Merger Plan was registered with the Trade Register Office of Bucharest Court and submitted for publication in the Official Gazette of Romania Part IV. The main elements of the Merger Plan are presented in the annex attached herewith.

Furthermore, the Board of Directors of Electrica approved, in its capacity as sole shareholder of Societatea Filiala de Întreținere și Servicii Energetice "Electrica Serv" S.A., the participation of Electrica's representative in the extraordinary general meeting of the shareholders of the company Societatea Filiala de Întreținere și Servicii Energetice "Electrica Serv" S.A. and the expression of a favorable vote ("*for*") regarding, mainly, the following:

- (i) the approval of the share capital increase of Societatea Filiala de Întreținere și Servicii Energetice "Electrica Serv" S.A. in accordance with the provisions of the Merger Plan; and
- (ii) the approval of the amendment of the articles of association of Societatea Filiala de Întreținere și Servicii Energetice "Electrica Serv" S.A. in order to reflect these changes.

Furthermore, in the meeting held on 3 July 2020, the Board of Directors of Electrica endorsed and submitted for the approval of the extraordinary general meeting of the shareholders of Electrica the proposals regarding the empowerment of Electrica's representative to participate in the extraordinary general meeting of the shareholders of Servicii Energetice Muntenia S.A. and to cast a favorable vote ("*for*") with regard to the approval of the dissolution without liquidation and deregistration from the Trade Register of the absorbed company, the dissolution of the absorbed company being a direct consequence of the Merger.

Considering the abovementioned aspects, the Merger will take place after the approval of the absorbed company's dissolution, in compliance with the required corporate approvals.

The resolutions of the extraordinary general meetings of the shareholders of the Companies concerning the approval of the Merger will be submitted with the Trade Register Office of Bucharest Court, the competence to scrutinize the legality of the resolutions concerning the Merger resting with the court of law.

Chief Executive Officer
Georgeta Corina Popescu

Annex

Main elements of the Merger Plan

1. Information regarding the merging companies (the "Companies") at the date of the Merger Plan

1.1. Information regarding the absorbing company Societatea Filiala de Întreținere și Servicii Energetice "Electrica Serv" S.A. ("FISE") at the date of the Merger Plan

The share capital of FISE at the date of the Merger Plan is RON 41,898,450, out of which RON 27,810,080 represents in-kind contributions (real estate), subscribed and paid in full by the shareholder, divided into a number of 4,189,845 nominative and dematerialized ordinary shares, each with a nominal value of RON 10.

1.2. Information regarding the absorbed company Servicii Energetice Muntenia S.A. ("SEMU") at the date of the Merger Plan

The share capital of SEMU at the date of the Merger Plan is RON 12,000,000, out of which RON 9,602,070 represent in-kind contribution (real estate), subscribed and paid in full by the shareholder, divided into a number of 1,200,000 nominative and dematerialized ordinary shares, each with a nominal value of RON 10.

2. Changes in the structure of the net assets and the share capital of the Companies between the Reference Date and the date of the Merger Plan

- (i) Share capital increase of FISE based on the resolution of the Extraordinary General Meeting of Shareholders of FISE no. 4/06.05.2020 with the amount of RON 4,644,800, representing in-kind contribution comprising 5 (five) lands, from RON 37,253,650 to RON 41,898,450, through the issuance of a number of 464,480 new nominative and dematerialized shares, each with a nominal value of RON 10 and a total value of RON 4,644,800, subscribed by Electrica.
- (ii) Share capital decrease of SEMU based on the resolution of the Extraordinary General Meeting of Shareholders of SEMU no. 11/18.12.2019 with the amount of RON 24,873,550, from RON 36,873,550 to RON 12,000,000, through the reduction of the number of shares from 3,687,355 shares, each with a nominal value of RON 10, to 1,200,000 shares, each with a nominal value of RON 10.
- (iii) Payment in-kind operation and sale of an immovable asset, between SEMU, as seller, and Electrica, as buyer and creditor.

3. Valuation of the Companies involved in the merger

- 3.1. The Companies' patrimony as per the financial statements at the Reference Date is summarized in the table below:

RON	FISE	SEMU
Total assets	372,223,199	125,904,315
Total liabilities	58,440,954	27,735,631
Net assets	313,782,245	98,168,684

- 3.2. The Companies' patrimony following the changes in the structure of the net assets and share capital of the Companies between the Reference Date and the date of the Merger Plan is summarized in the table below:

RON	FISE	SEMU
Total assets	376,867,999	102,263,400
Total liabilities	58,440,954	21,724,004
Net assets	318,427,045	80,539,396

4. Calculation of the share exchange ratio

The exchange ratio for the shares that should be received by Electrica, in its capacity as sole shareholder of SEMU, was determined according to the legal provisions in force, namely Order No. 897/2015, through the following steps: (i) the accounting value of shares has been determined by dividing the total equity to the total number of shares; (ii) the share exchange ratio was determined by dividing the accounting value of a share of SEMU to the accounting value of a share of FISE; (iii) the exchange is made without compensation. Therefore, the following values have resulted:

	FISE	SEMU
Total equity (a) – RON	318,427,045	80,539,396
Number of shares (b)	4,189,845	1,200,000
Accounting value of one share (c=a/b) – RON	76.000	67.116
Share exchange ratio (d=c2*/c1*)	n/a	0.883

*c2 – Accounting value of one share of SEMU

**c1 – Accounting value of one share of FISE

5. Number of shares to be issued as a consequence of the merger

The total number of new shares to be issued by FISE in favor of SEMU shareholder, Electica, as a consequence of the merger, is 1,059,733.

6. Share premium

Following the merger between FISE, as absorbing company, and SEMU, as absorbed company, a positive merger premium amounting to RON 69,942,066 will result. Following the reconstitution of the reserves under the conditions laid down in the Merger Plan, the merger premium will be in amount of RON 19,956,379.

7. The structure of the share capital of FISE following the implementation of the merger

- 7.1. After the merger, FISE will have a share capital of **RON 52,495,780** (out of which RON 27,810,080 in-kind contributions representing real estate) subscribed and paid in full by the shareholder, divided into **5,249,578** ordinary nominative shares, having a nominal value of RON 10 / share.

Thus, after the merger, the structure of the share capital of FISE will be as follows:

- Electrica will hold a number of 5,249,578 shares with a total nominal value of RON 52,495,780, out of which RON 27,810,080 represents in-kind contributions (real estate), which represent, in total, a percentage of 100% of the share capital and voting rights within the Company, respectively 100% of the Company's profits and losses.

- 7.2. Within 9 months after the completion of the merger, a new shareholder will be co-opted at the level of FISE in order to ensure the observance of art. 10 (3) of the Companies law no. 31/1990.

8. Other relevant provisions

- Following the merger, the management system of FISE remains unchanged and the composition of the board of directors of FISE will be the one existing at the Effective Date.
- Following the merger, FISE will maintain its legal form, the registered office, as well as the main and secondary object of activity (there will be no changes at the level of the main activity object or at the level of the secondary activity object of FISE, not being necessary to take over some secondary activity objects of SEMU), the sole registration code, under the conditions of the Merger Plan
- At the Effective Date, FISE will take over all the rights and obligations of the absorbed company, SEMU, arising from the individual employment contracts concluded by SEMU with its employees, in force on the Effective Date.