SUMMARY

Section A – Introduction and Warnings
A.1. Introduction
1.1 Name and International Securities Identification Number (ISIN) of securities
The Offering comprises of an offering for sale of up to 78,007,110 Shares by the Selling Shareholder. All the Shares have been assigned the ISIN RO4Q0Z5RO1B6.
1.2 Identity and contact details of the Issuer, including Legal Entity Identifier (LEI)
The Issuer is SOCIETATEA DE PRODUCERE A ENERGIEI ELECTRICE IN HIDROCENTRALE "HIDROELECTRICA" S.A., a joint stock company organized and functioning under the laws of Romania established based on Romanian Government's Decision no. 627 dated 13 July 2000, registered with the Trade Registry Office to the Bucharest Tribunal under no. J40/7426/2000, having sole registration code 13267213 and Legal Entity Identifier (LEI) code 78720011SRQX09PRB732, with its registered office in Romania, Bucharest, sector 1, 15-17 Ion Mihalache Blvd., floor 10-15. The Issuer's telephone number at its registered office is +4 021.303.25.00, its email address is secretariat.general@hidroelectrica.ro and its website is https://www.hidroelectrica.ro.
1.3 Identity and contact details of the offerors
Selling Shareholder: Fondul Proprietatea S.A., a retail closed-end investment fund under the Alternative Investment Funds Law 243/2019 registered with and supervised by the FSA, organized and functioning under the laws of Romania as a joint stock company, registered with the Trade Registry under number J40/21901/2005, having sole registration code 18253260 and LEI code 549300PVO1VWBFH3DO07, with its registered office at 76-80 Buzesti Street, 7th floor, Bucharest 011017, Romania. The Selling Shareholder's telephone number at its registered office is +40 21 200 96 00, its email address is office@fondulproprietatea.ro and the website is https://www.fondulproprietatea.ro.
Issuer: SOCIETATEA DE PRODUCERE A ENERGIEI ELECTRICE IN HIDROCENTRALE "HIDROELECTRICA" S.A., a joint stock company organized and functioning under the laws of Romania established based on Romanian Government's Decision no. 627 dated 13 July 2000, with the Trade Registry Office to the Bucharest Tribunal under no. J40/7426/2000, having sole registration code 13267213 and LEI number 78720011SRQX09PRB732, with its registered office in Romania, Bucharest, sector 1, 15-17 Ion Mihalache Blvd., floor 10-15. The issuer's telephone number of its registered office is +4 021.303.25.00, its email is secretariat.general@hidroelectrica.ro and its website is https://www.hidroelectrica.ro. Hidroelectrica will request the Admission to trading of its Shares on the regulated market operated by the Bucharest Stock Exchange.
1.4 Identity and contact details of the competent authority which approved the Prospectus
This Prospectus was approved by the FSA, having its headquarters located at 15 Splaiul Independenţei, 5th District, postal code 050092, Bucharest, Romania. The FSA's fax number is 021.659.60.51, its telephone number is 021.659.64.36, and its email address is office@asfromania.ro.
1.5 Prospectus approval date
This Prospectus was approved by the FSA on 22 June 2023.
A.2. Warnings and information regarding subsequent use of the Prospectus
This summary has been prepared in accordance with Article 7 of the Prospectus Regulation and should be read as an introduction to the Prospectus. Any decision to invest in the Offer Shares should be based on consideration of the Prospectus as a whole by the investor. Investment in the Offer Shares involves risks and investors may lose all or a part of their investment as a result of acquiring the Offer Shares. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor may, under the national legislation, have to bear the costs of translating the Prospectus before legal proceedings are initiated. Civil liability in relation to this summary, including any translation thereof, attaches only to the persons who have tabled this summary but

only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Offer Shares.

Section B – Key information on the Issuer

B.1. Who is the Issuer of the securities?

a) Registered offices, legal form, LEI, legislation governing its activities and country of incorporation

The Issuer is SOCIETATEA DE PRODUCERE A ENERGIEI ELECTRICE IN HIDROCENTRALE "HIDROELECTRICA" S.A., a joint stock company organized and functioning under the laws of Romania established based on Romanian Government's Decision no. 627 dated 13 July 2000, with the Trade Registry Office to the Bucharest Tribunal under no. J40/7426/2000, having sole registration code 13267213 and LEI number 78720011SRQX09PRB732, with its registered office in Romania, Bucharest, sector 1, 15-17 Ion Mihalache Blvd., floor 10-15.

The Company has one subsidiary, S.S.H. Hidroserv S.A. ("**Hidroserv**" and together with the Company, the "**Group**"),

b) Main activities

The Issuer is the leading electricity producer in Romania in terms of electricity produced, a large hydro player in Europe and the main provider of ancillary services in Romania, playing an instrumental role in the security of the National Energy System. The Issuer also sales electricity on the Romanian wholesale and retail electricity markets.

The Issuer is the only producer of electricity from a hydro source that operates dispatchable production units in Romania and one of the largest hydro players in Europe, generating 13.6 TWh of electricity from hydro sources in 2022, 16.9 TWh in 2021 and 15 TWh in 2020, all representing gross production.

According to the Issuer's constitutive act, its main field of activity is NACE code 351 – "Production, transport and distribution of electricity", whereas the main activity is NACE code 3511 – "Production of electricity".

In terms of hydro assets, the Issuer owns and operates 182 hydropower plants, which are strategically positioned in seven locations/branches in Romania. The Issuer also has five pumping stations, which have an installed capacity of 91.5MW and contribute to operational efficiencies in water management. As regards its wind assets, in 2021 the Issuer acquired Crucea Wind Farm, with an installed capacity of 108 MW consisting of 36 Vestas V112 type turbines of 3 MW each.

c) Main shareholders, including if the Issuer is directly or indirectly controlled and by whom

As at the date of this Prospectus, the shareholders of the Issuer are the Romanian State (acting through the Ministry of Energy) and Fondul Proprietatea S.A. The Issuer issued only ordinary Shares offering equal voting rights to all shareholders of the Issuer.

The table below sets forth certain information regarding the ownership of the Shares prior to the Offering, and the ownership of the Shares by the current shareholders immediately following the finalization of the Offering, assuming all Shares are sold in the Offering and that the stabilisation proceeds are not used by the Stabilization Manager to buy any Shares in the market:

	Shares owned before the Offering		**Shares owned after the Offering***	
Shareholder	*(Number)*	*%*	*(Number)*	*%*
Romanian State	360,094,390	80.06	360,094,390	80.06
Fondul Proprietatea S.A.	89,708,177	19.94	0	0
Others (free float)	—	—	89,708,177	19.94
Total	**449,802,567**	**100**	**449,802,567**	**100**

* *Subject to the successful closing of the Offering (as defined below) and provided that all Offer Shares (including the Over-Allotment Shares) are validly subscribed for by investors in the Offering*

d) Identity of main directors

The Company has a two-tier board structure, consisting of the supervisory board (the "**Supervisory Board**") and the management board (the "**Management Board**"). The Company's current Supervisory Board comprises six members appointed by an ordinary resolution of the general meeting of shareholders (the "**GMS**" or "**General Meeting of Shareholders**"), given that the position occupied by the seventh appointed member was vacated following resignation. As at the date of this Prospectus, the members of the Supervisory Board of the Company are the following:

Name	Position	Date of expiration of their mandate	The period during which the person served in the position/ office
Mihai Liviu Mihalache	member	28.03.2027	February 2019 – present
Carmen Radu	member	28.03.2027	February 2019 – present
Karoly Borbely	member	28.03.2027	July 2017 – present
Silviu Razvan Avram	member	28.03.2027	March 2023 – present
George Marius Toniuc	member	28.03.2027	March 2023 – present
Daniel Adrian Naftali	member	28.03.2027	January 2019 – present

The Company's Management Board consists of five members elected by the Supervisory Board as a rule for a period of four years, out of such members one is appointed by the Supervisory Board as chairman (the Chief Executive Officer or the "**CEO**" of the Company). The members of the Company's Management Board listed below were appointed on 7 April 2023 for an interim mandate expiring on the earliest of four months from the date of appointment or the date when new directors are appointed following the selection process that the Company has initiated[1] as per the proceedings of the Government Emergency Ordinance 109/2011 ("**GEO 109/ 2011**"):

Name	Position
Bogdan-Nicolae Badea	CEO
Marian Bratu	COO
Razvan-Ionut Pataliu	CHRO
Andrei Dominic Gerea	CFO
Cristian Vladoianu	CAO

e) Identity of statutory auditor

The statutory auditor is KPMG Audit S.R.L., with its registered office located at 89A Soseaua Bucuresti-Ploiesti, 013685 Bucharest, registered with the Trade Register under no J40/4439/2000 having sole registration code RO12997279, registered in the electronic public register of financial auditors and audit firms under number FA9 ("**KPMG**").

B.2. What is the key financial information regarding the Issuer?

a) Selection of key historical information

The following selected financial information for the three months ended 31 March 2023 and 2022 and the years ended 31 December 2022, 2021 and 2020 has been derived from the Unaudited Condensed Consolidated Interim Financial Statements, prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union, and the Audited Consolidated Financial Statements, prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the European Union (the "**IFRS-EU**"), respectively.

[1] Selection process was initiated by the decision of the Supervisory Board dated 6 June 2023.

Excerpt from consolidated statement of profit or loss and other comprehensive income

(in million RON)	Three months ended 31 March		Year ended 31 December		
	2023	**2022**	**2022**	**2021**	**2020**
Revenue	3,272.1	2,491.6	9,452.0	6,489.3	3,841.4
Operating Profit	1,984.7	1,546.5	5,208.4	3,755.7	1,874.0
Profit for the year / period...	1,723.4	1,287.9	4,464.0	3,116.1	1,558.0
Earnings per share					
Basic and diluted earnings per share (RON)	3.84	2.87	9.95	6.95	3.48

Excerpt from consolidated statement of financial position

(in million RON)	Three months ended 31 March	Year ended 31 December		
	2023	**2022**	**2021**	**2020**
Total assets	27,528.2	25,432.2	22,761.7	16,593.9
Total equity	23,321.0	21,586.9	19,183.5	14,510.3

Excerpt from consolidated statement of cash flows

(in million RON)	Three months ended 31 March		Year ended 31 December		
	2023	**2022**	**2022**	**2021**	**2020**
Cash generated from operating activities.........................	1,213.3	1,232.0	5,166.2	4,725.0	2,731.5
Net cash from operating activities	1,210.5	1,231.5	4,235.3	4,047.5	2,276.7
Net cash used in investing activities...............................	(613.4)	(1,930.0)	(750.9)	(1,541.9)	(91.0)
Net cash used in financing activities...............................	(24.7)	(24.3)	(3,928.6)	(1,755.5)	(2,053.8)
Net increase / (decrease) in cash and cash equivalents...	572.4	(722.8)	(444.2)	750.0	131.9
Cash and cash equivalents at the start of the period.......	660.7	1,104.9	1,104.9	354.8	223.0
Cash and cash equivalents as at period end	1,233.2	382.1	660.7	1,104.9	354.8

b) Brief descriptions of any qualifications in the auditors' report relating to the historical financial information

None of the Issuer's financial statements relating to the historical information for the years ended 31 December 2022, 2021 and 2020 and as of and the three month period ended 31 March 2023, presented in this Prospectus, were subject to qualifications in the respective auditors' reports. The auditors' report on the consolidated financial statements for the years ended 31 December 2022, 2021 and 2020 includes an emphasis of matter paragraph which references the basis of preparation for the purposes of the initial public offering. The emphasis of matter paragraph as extracted from the consolidated financial statements is presented below:

"We draw attention to Note 2 to the accompanying consolidated financial statements, which describes that the consolidated financial statements have been prepared in connection with the public offering of the Company's shares on the Bucharest Stock Exchange. As described in Note 2, the Group also published consolidated financial statements as at and for each of the years ended 31 December 2022, 2021 and 2020 prepared in accordance with another general purpose framework (Order of Minister of Public Finance no. 2844/2016 and related amendments), which represented its statutory annual financial statements. Our opinion is not modified in respect of this matter".

B.3. What are the key risks that are specific to the issuer?

Key risks relating to the Group's business and the industry in which it operates

Changes in regulations or government policies, particularly as a result of increased governmental intervention in the electricity market, could materially and adversely affect the Group's business. The Group's production and supply of electricity are subject to licenses issued by the national regulator Autoritatea Naţională de Reglementare în domeniul Energiei (in English, National Energy Regulatory Authority) ("**ANRE**") and are extensively regulated. For example: (i) electricity producers are required to sell part of their electricity on the wholesale markets operated by the Romanian electricity and gas market operator – Opcom S.A. ("**OPCOM**"); (ii) electricity producers' ability to conclude bilaterally negotiated power purchase agreements with third parties on the wholesale market are subject to certain restrictions; (iii) electricity producers may be required to sell electricity to neighboring countries under specific circumstances (e.g. to the Republic of Moldova in 2022; (iv) hydro electricity producers are required to pay tariffs for water used by hydropower plants to generate electricity; (v) prices of electricity supplied to final consumers are subject to price cap and (vi) rights and obligations of electricity producers and suppliers in relation to green certificates are highly regulated. Government and regulatory decisions regarding production and supply of electricity and, in particular, permitted prices for electricity purchases and sales, may adversely affect the Group's revenue. For example, the liberalisation of the Romanian electricity supply market started in 2014, with the final stage taking place on 1 January 2021, when the household retail market was deregulated (meaning that the tariffs for supply of electricity have been deregulated for households). However, due to market volatility in 2022, the Romanian Government has subsequently introduced temporary electricity price caps and other measures to control the final-consumer electricity prices for certain categories of consumers, including a price cap for household consumers currently set between RON 0.68/kWh and RON 1.3/kWh and a price cap for non-household consumers currently set between RON 1/kWh and RON 1.3/kWh. Therefore, the Company's customers in the supply portfolio will pay the lesser of the price set in the contract with the Company and the cap according to the law. In addition, in November 2022, the centralized acquisition of electricity through the Centralized Electricity Purchasing Mechanism (the "**CEPM**") of OPCOM was introduced as an extraordinary measure applicable, between 1 January 2023 and 31 March 2025, to producers whose energy capacities have an installed power equal to or higher than 10 MW and are commissioned prior to 1 April 2022. Under the CEPM, the Company is currently required to sell to OPCOM, as the sole purchaser, at a fixed price of RON 450/MWh energy representing: (i) an amount of 80% of its yearly estimated quantities of available energy, as approved by Transelectrica and communicated to ANRE, and (ii) its monthly revised estimated available energy. In order to calculate available energy, the Company deducts from the forecasted quantities of energy: (i) energy quantities under wholesale and retail contracts in force as at 11 November 2022; (ii) forecasted quantity of energy required for balancing; and (iii) electricity produced by hydro assets with an installed capacity of less than 10 MW and electricity produced by wind capacities.

From 1 September 2022 to 31 March 2025 electricity producers are required to contribute to the Energy Transition Fund 100% of net monthly average selling price in excess of RON 450/MWh. The contribution is not applicable to electricity production capacities commissioned after 1 April 2022 and to heat supply companies that produce electricity through cogeneration. Romania's national regulations are underpinned by the regulations of the European Union. Any material change in the regulations of the European Union may render changes in Romania's national regulations. These and other changes in regulations or government policies may materially and adversely impact the Group's prospects, business, financial position and the operating results and the Group may have limited recourse to challenge any such changes.

The Group may not be able to successfully implement its growth plan

The Group may not be able to implement its growth plan with respect to its hydropower projects that are currently in different stages of execution, being subject to development, construction and legal risks. The Company's investment plan through 2027 includes hydropower projects that are currently in different stages of execution, with a total estimated installed power of 206 MW and an annual estimated average production of 700 GWh/year.

There can be no assurance that the Group's growth plan will be realized or, if realized, will result in the planned outcome. Projects may be terminated or suspended, and a project's scope and schedule may change. For example, the development or finalization of new hydro production facilities may be subject to several risks such as: (i) delays in obtaining Government decisions required for certain projects (for example, for the approval of technical-economic indicators or of the expropriation corridors corresponding to hydropower plants and/or power lines because of, among others, unclear legal ownership status over local authorities' real estate); (ii) failures or delays in obtaining the permits required as a result of locations for pending investments being declared nature protected areas after their initiation (as it happened for the hydropower developments Bumbesti-Livezeni, Cerna-Belareca, Rastolita, Surduc-Siriu, Cornetu-Avrig, Cerna-Motru-Tismana after being included in the nature protected area Natura 2000); (iii) increased costs and delays in construction due to changes in the relevant legislation occurring after the investments were initiated (for example changes in the environmental requirements which trigger the need to update already issued environmental approvals or to produce new environmental impact studies); (iv) decrease in the production parameters as calculated in the initial design phase, due to changes in the environmental legislation regulating the methodology of establishing the easement flow (please see "The Company may not be able to comply with recently introduced water management legal obligations"), including the ecological flow component which is the water debit needed to protect the water ecosystem; (v) delays due to lengthy and complex public procurement processes required for contracting third party services; (vi) delays and increases in costs as a result of disputes with contractors or sub-contractors or the dependency on a limited number of contractors, architects, engineers or other service providers, some of which are in insolvency (such as Hidroconstructia S.A., Romelectro S.A., the Company's subsidiary – Hidroserv, UCM Resita S.A.) and bankruptcy proceedings (such as ISPH Project Development S.A.); (vii) labor force shortages; and (viii) increased global commodity prices and shortages or escalating costs of construction materials. For example, for the Rastolita, Surduc-Siriu, Cornetu-Avrig and Bistra-Poiana Marului hydropower plants ("**hydropower plants**" or "**HPPs**"), the Company has contracted services of Hidroconstructia S.A. (currently undergoing insolvency) which is claiming a price increase of approximately 90% for the remaining works proposed for 2023 and might decide to suspend or terminate the contracts concluded with the Company. Termination of the contracts concluded with Hidroconstructia S.A. may trigger a suspension of works for the mentioned HPPs for an estimated 12 months until a new contractor is appointed.

At the same time the benefits that the Company expects to realize out of the planned hydro facilities investments may differ materially from its expectations. Implementing the Group's growth plan may be more expensive, time consuming and resource intensive than anticipated and it may put considerable strain on the Group's internal processes and capabilities. If the Company is unable to manage these changes effectively, it may not be able to take advantage of market opportunities and execute its business strategy successfully.

The Group may not be able to implement its growth plan with respect to developing or acquiring new green energy projects or other M&A targets. If completed, such projects may not achieve the expected results and may expose the Group to risks specific to the acquisitions and development and operation of renewable energy generation projects, as well as increased operating costs. The Group's growth plan also includes the development of its power production portfolio by acquiring new green energy facilities, particularly onshore and offshore wind farms and photovoltaic parks. Competition in auction processes has increased significantly in recent years, where the Company must often act quickly in order to capture opportunities. This may prove difficult given that the Company is subject to strict and sometimes rigid public procurement rules set forth under Law 99/2016 on sectoral procurement, which may affect the Company's ability to timely respond to new opportunities. At the same time, the Group may not be able to identify such suitable transactional opportunities or, if identified, there can be no assurance that such transactions will be successful or that the Group will be able to complete them on terms and conditions acceptable to it.

Projects may take years before they become operational, during which time they are subject to a number of construction, operating, legal and other risks, such as: (a) an inability to find a suitable contractor or sub-contractor either at the commencement of a project or following a default by an appointed contractor or sub-contractor, including because of lengthy and complex public procurement processes, subject to frequent legislative changes; (b) inability to finalize a public procurement process because of legislative constraints, which leads to the restart of the procurement process and material delays in signing of necessary contracts or requires the update of the investment value and consequently reapproval of such project; (c) default or failure by the chosen contractors or sub-contractors to finish projects or parts of projects on time, according to specifications or within budget, including because of the chosen sub-contractors not having sufficient qualifications for the project; (d) failures or delays in obtaining or renewing any necessary construction permits and licenses, environmental and water management approvals, especially with frequent legislative changes; (e) dependency on a limited number of contractors, architects, engineers or other service providers; (f) shortages, or increases in costs of, construction materials and increased global commodity prices; (g) shortages, or increases in the costs of, equipment, especially as regards turbines and generators, including because of a limited number of providers for such equipment; (h) disputes with contractors or sub-contractors, including because of breaches of public procurement rules; (i) work stoppages or labor disputes; or (j) costs estimates no longer matching the financial resources, mainly because of inflation or of shortage of material equipment due to increased demand.

The Group's ability to integrate and manage acquired businesses effectively as part of its future growth depends upon a number of factors, including the size of the acquired businesses, the quality of the management of the acquired businesses, the nature and geographical locations of their operations and the resulting complexity of integrating their operations. The Group may encounter unforeseen significant difficulties when carrying out potential transactions, such as increased demand for management time and increased integration costs, or unanticipated due diligence risks. As a result, there is no assurance that any future acquisition will yield benefits that would be sufficient to justify the expenses the Group incurs.

The Group's strategy to further expand through organic and inorganic growth into wind and solar renewable energy generation capacity exposes the Group to risks specific to the acquisitions and development and operation of renewable energy generation projects, such as: (i) being unable to identify and perfect suitable acquisition and development opportunities; (ii) being unable to obtain, or facing delays in obtaining, requisite regulatory licenses or authorizations for projects (such as construction permits and licenses, environmental and water management approvals), especially obtaining grid connection permits and concluding grid connection agreements, which could involve significant investment obligations due to the poor condition of the grid; (iii) construction risks arising from development projects, particularly from a technical perspective in relation to the timing of construction phases, which may cause an increase in costs or delays in the commencement of electricity generation, including, for example, the risk that necessary equipment and labor may not be available to meet the Group's requirements whether due to market fluctuations in the demand for equipment or labor, the cost and availability of specific equipment, the failure of a contractor to perform its contracted services or otherwise; (iv) generation yield assessments for renewable energy generation projects not reflecting actual results; (v) ineffectively staffing and managing the Group's expanded operations and facing unanticipated difficulties in the integration of existing management teams and operations, particularly in new market sectors with which the Group has less experience; (vi) inability to keep pace with technological changes in the rapidly evolving renewable energy sector; (vii) increased competition on the green energy market; and (viii) changing regulatory environment and market design within Romania and the broader EU.

The occurrence of any or all of these factors may lead to a decrease in the quality of services, decline in the amount of electricity produced or supplied, resulting in reduced profitability which may in turn materially adversely affect the Group's prospects, business, financial position and results of operations.

The refurbishment and modernization of the Group's hydro facilities are subject to development and legal risks. Most of the Group's hydro facilities (equipment and installations) were commissioned between 1960 and 1990. After 2000 the power plants producing a significant amount of MW have been refurbished and modernized (such as Portile de Fier I, Portile de Fier II, 5 power plants on the lower segment of the Olt River, and Lotru Ciunget power plant), while only 171 MW of additional capacities were commissioned corresponding to hydropower plants Poiana Teiului, Movileni, Raul Alb, Subcetate, Plopi, Cornetu, Robesti, Bretea and Racovita. The Group's current business plans include refurbishing and modernizing approximately 1.1 GW of installed hydro capacity by 2030.

These refurbishment and modernization projects may take years before they become operational, during which time they are subject to a number of construction, operating, legal and other risks, such as: (a) inability to find a suitable contractor or sub-contractor either at the commencement of a project (for example, in case of the Arcesti HPP, Remeti HPP and Vaduri HPP, the procurement procedures were not awarded due to the inability of UCM Resita S.A. and Hidroserv to submit a compliant bid or to fit within the budget) or following a default by an appointed contractor or sub-contractor, including because of lengthy and complex public procurement processes, subject to frequent legislative changes; (b) inability to finalize a public procurement process because of legislative constraints, which leads to the restart of the procurement process and material delays in signing of necessary contracts or requires the update of the investment value and consequently reapproval of such project; (c) default or failure by the chosen contractors or sub-contractors to finish projects or parts of projects on time, according to specifications or within budget, including because of the chosen sub-contractors not having sufficient qualifications for the project; (d) failures or delays in obtaining or renewing any necessary permits and licenses and environmental and water management approvals, especially with frequent legislative changes; (e) dependency on a limited number of contractors, architects, engineers or other service providers, some of which are in insolvency (such as Romelectro S.A., UCM Resita S.A., and the Company's subsidiary – Hidroserv) and bankruptcy proceedings (such as ISPH Project Development S.A.) and therefore may not be fully able to provide the services needed for the Group; (f) shortages, or increases in costs or increased global commodity prices; (g) shortages, or increases in the costs, of equipment, especially as regards turbines and generators, including because of a limited number of providers for such equipment; (h) disputes with contractors or sub-contractors, including because of breaches of public procurement rules; (i) work stoppages or labor disputes; (j) costs estimates no longer matching the financial resources, mainly because of inflation or of shortage of material equipment due to increased demand; or (k) stoppage of operation for the entire HPP or parts of it during the refurbishment / modernization period, which may result to have noticeable influence on the Company's electricity production.

For example, in case of Stejaru HPP, the contract was terminated by the contractor Romelectro S.A., which left the hydro aggregate no. 5 unfinished and unavailable, the implementation period being thus prolonged. At the same time, the unsuccessful acquisition procedures for Raul Mare Retezat and Bradisor HPPs leads to the need to review the budget of the investment objectives (which means that prices are updated to the market level which may consequently trigger the requirement to restart the approval process). In addition, were the Company to continue to face difficulties in contracting with the traditional market participants, such as UCM Resita S.A. and Hidroserv, or were some of them to stop providing services because they enter bankruptcy, the Group may face delays and increased costs, or may even need to amend its assets modernization strategy by changing the technical solutions and implementing new concepts. This will prolong not only the time needed for promoting and approving the technical and economic indicators, but also the duration of the public procurement process and the increase in the related investment value. The occurrence of one or more of these events may negatively affect the Group's ability to complete its current or future refurbishment or modernization projects on schedule or within budget, which may result in a material adverse effect on the Group's business, financial condition and results of operations.

The Group may not be able to finance its growth plan. The Group intends to fund its growth plan through internal cashflow generation and external financing. The terms and conditions on which future funding or financing may be made available to the Group may not be acceptable, or funding or financing may not be available to the Group at all, due to economic and capital markets conditions, investors' confidence, business performance of the Group, political and regulatory developments or availability of credit from banks and other lenders, etc. At the same time, if funds are raised in a longer term, the Company may become more leveraged and subject to additional or more restrictive financial covenants and ratios and to additional costs for debt servicing. If additional funds are raised by issuing new Shares, existing holders of Shares may be diluted. The Company's inability to procure sufficient external financing for these purposes could adversely affect its ability to implement its growth plan, to expand or maintain its business and to meet its production targets. The unavailability of such financing could result in the Company facing unexpected costs, such as costs for preserving pending constructions, costs for fulfilling environmental obligations, and costs resulting from the inefficiency of certain hydropower plants and delays in relation to the implementation of its investment programs. This could have a material adverse effect on the Company's business prospects, financial condition and results of operations.

The Group's electricity generation and the demand for the Group's electricity are subject to climatic conditions that may not be within the Group's control. Further, climate change and episodes of extreme weather events could have an adverse effect on the Group's production equipment (commissioned and planned to be commissioned). The Group's electricity generation depends largely on natural resources, such as snowfall, rainfall, sunlight or wind intensity and speed, and although the Group plans its projects and its already established operations based on hydrological studies and meteorological historical patterns, these factors are outside of its control and may vary significantly over time. The performance of the Group's hydropower plants in generating electricity depend on water flows, which vary each year and are subject to factors, such as precipitation, rate of snowmelt and seasonal changes. There can be no assurance that the water inflows at the Group's hydropower plants will be consistent with the Group's operational assumptions, or that climatic and environmental conditions will not change significantly from the prevailing conditions at the time the Group's operational assumptions are made. If unfavorable meteorological conditions were to occur, particularly over a long term, such as unseasonably warm weather, they could negatively affect the electricity generation, and thus the profitability, of impacted projects. For example, in 2022, Romania experienced a severe drought, affecting the Group's electricity production with a gross hydro production level of 13.6 TWh in that year, representing an approximatively 14.5% decrease in production from such assets compared to the annual average gross hydro production of 15.9 TWh over the preceding 10-years.

The Group's electricity output from its wind farm and future development or acquisition of wind and solar capacities is subject to fluctuations in wind and solar conditions. Long-term predictions of such conditions are subject to uncertainties due to, among other things, the placement of wind measuring equipment, the amount of data available, the extrapolation and forecasting methods used to estimate wind speeds, solar irradiation and differences in atmospheric conditions, and errors in meteorological measurements. Moreover, even if the actual wind or solar conditions at the wind farm or solar capacities are consistent with the Group's long-term predictions, wind conditions over a short period of time may substantially deviate from the long-term average due to natural wind fluctuations or the solar irradiation may change, causing significant short-term volatility in the performance of the Group's wind farm and solar capacities. The Group's business is subject to seasonal fluctuations in temperature. The Group's electricity generation is typically lowest in September due to factors, including dependence on water flows in rivers and streams, limitations arising from operating regulations, outages or the winter program. Based on statical data, the strongest water inflow is typically in the months of March, April, May and June due to thawing snow. This leads to the Group generating higher electricity volumes in such months than in the other periods of the year.

Electricity consumption is also subject to seasonality and is mainly affected by weather conditions. In Romania, electricity consumption is generally higher during the winter and summer months. Therefore, the Group generally experiences higher demand from November to February and from July to August, mainly as a result of the use of heating and air conditioning, respectively. Conversely, the Group generally experiences lower demand during the spring and fall seasons. As a result of these seasonal patterns, the Group's sales and results of operations are higher in the first semester and lower in the second semester in any given year. If the Group fails to obtain its expected levels of revenue during the periods when its generation capacities are operating at their maximum loads, it may be unable to compensate for lost revenues during periods when the demand for electricity is lower. If the Group is unable to address or forecast these fluctuations in production and demand for electricity, its business, financial condition, results of operations and prospects may be materially adversely affected, and its financial condition and results of operations may vary significantly from year to year. To the extent that climate change causes variations in temperatures, wind resources and weather, these variations may lead to an increase in average cloud cover or in intensity or frequency of extreme weather events. Therefore, climate change may also have an adverse effect on the Group's hydropower plants or cause damage to its wind turbines. Extreme weather conditions may result in damage or failure of the Group's equipment, such as leaks in hydropower plants or damage to its wind turbines due to strong wind intensity, among others. Should any of the above hydrological and climatic conditions fluctuate significantly or deviate from the Group's operational assumptions, the Group's electricity generation and the demand for the Group's electricity supply could be negatively affected, which in turn could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's results of operations may be adversely affected by fluctuations in electricity prices. The Group's revenue and margins in its activities are exposed to fluctuations in wholesale and retail market prices of electricity. Electricity prices are determined by demand for electricity from final consumers, supply of electricity from generation assets connected to the network, as well as interconnection capacity with, and the market situation in, neighboring countries. In cases where the Company opts to sell electricity in the open market, it assumes the consequent exposure to price fluctuations in the electricity market. Market electricity prices have often experienced periods of volatility; for example, between 2020 and 2022, COVID 19 pandemic led to a decrease in electricity consumption and prices, while the war in Ukraine caused an increase in energy prices amid the crisis caused by the rise in Russian gas prices. Such prices depend on a number of factors, including, but not limited to, the level of demand, the time of day, carbon prices (European Union Allowances or EUA), the availability and cost of generating capacity available to meet demand, and the structure of the particular markets (including the rules that determine the order in which generating capacity is dispatched, and factors affecting the volume of electricity that can be handled by the available transmission infrastructure at a given point in time, including different types of market designs that may change significantly in the future). The prices at which the energy produced by the Group is sold in the market partially depends on the relative cost, efficiency and investment needed to develop and operate energy sources. A decline in the costs of other sources of electricity, such as fossil fuels or nuclear power, could reduce the price of electricity. A significant amount of new electricity generation capacity becoming available could also reduce the price of electricity. The simultaneous increase in solar or wind electricity capacity during periods of high resource availability may drive down market prices of electricity. At the same time, broader regulatory changes to the electricity trading market, such as GEO 119/2022 and GEO 153/2022, both applicable until 31 March 2025, have also impacted electricity prices by requiring the Company to sell through the CEPM at a fixed price of RON 450/MWh a certain amount of produced energy. Demand for electricity is subject to a variety of other factors over which the Group has no control, including economic and political developments in Romania (and elsewhere), which fluctuate with the economic cycles, consumer demand, climatic conditions and seasonality. For example, the COVID-19 pandemic caused a decline in demand for electricity from 55.15 TWh in 2019 to 53.59 TWh in 2020. A decline in market electricity prices could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is subject to increasingly stricter and complex environmental and water management regulations and may be exposed to significant liabilities for any failure to comply with such regulations. Power generation is subject to risks of causing environmental damage, such as accidental water pollution with petroleum products, negative impact on environmental elements, and energy loss due the obligation to ensure the ecological flow. Therefore, given the specific risks of power generation, the Group is subject to numerous international, national and local environmental laws and regulations, which are becoming increasingly cumbersome. The Group is required to satisfy numerous operating and monitoring conditions for environmental protection, such as monitoring of water levels variation in reservoirs, monitoring of noise levels at the site boundary, monitoring of turbinated water volumes, prevention of accidental loss of petroleum products, biodiversity protection and monitoring in the facilities located in natural protected areas, monitoring of environmental impact of windfarms, including noise emissions, and impact on wildlife, sanitizing the surface of the water gloss. The presence of natural protected areas, such as Natura 2000 sites, overlapping or in the vicinity of the locations of the Company's existing facilities or new developments may have a significant impact both on the current activity and the development of new investment or refurbishment projects of the Company, adding to the complexity of the process for obtaining the relevant environmental approvals, environmental endorsements and environmental permits, as complex assessments of the environment impact must be undergone.

The Group is a major user of national water resources and must comply with laws and regulations applicable to the use of water for electricity production purposes. The Group is obliged to conduct its activities in accordance with the water management permits issued by the relevant authorities. These regulations may not always set out clear requirements for compliance, and at times may be ambiguous, resulting in a potential breach by the Group. For example, unclear legal provisions related to the sanitizing of the surface of the water gloss have been interpreted by some authorities and/or courts of law in the sense that the Company has the obligation to clean the floats brought by affluents on the entire surface of the lake, and not only in the area of the retention front, imposing fines on the Company based on this interpretation. In addition, the continuous bringing of floating objects by affluents, following rain showers, is a phenomenon that cannot be kept under control by the Company in real time, exposing the Company to potential liability during the period of time needed to clean the floating objects brought by affluents after a rain shower (as it was the case of a fine in amount of RON 180,000 imposed to the Company in August 2021, at the Izvorul Muntelui reservoir and dam). More recently, the Company's obligation to clean up the gloss of the entire surface of the reservoir has been explicitly introduced in the water management permits. The Law 107/1996 is also unclear on the extension of the validity of the water management permits, which do not set out a deadline for the relevant authorities to extend the validity of the water management permits, causing thus, in practice, delays in the extension of the validity of the water management periods, during which time the validity of the water management permits and related obligations may be challenged.

The Group may not be in compliance with all applicable environmental laws, regulations or requirements or environmental permits. In 2022, an accidental pollution with petroleum products occurred on the Danube River following which the Company received a fine which was challenged in court on the basis that the Company considered the pollution products to not have resulted from activity of its Iron Gates HPP. Similar incidents might occur in the future, resulting in additional costs, damages, fines and other complementary sanctions such as suspension of the operation of the hydropower plant or suspension of related operation permits. Any incidents of environmental damage may result in disruption to the Group's hydropower plant activities, services, projects and operations, and result in reputational harm to the Group; significant liability may also be imposed on the Group for clean-up costs, damages to third parties or penalties for non-compliance with environmental laws and regulations.

In order to achieve the environmental objectives, set out by the environment protection legislation, the European and/or national relevant authorities may adopt and implement projects that may impact the Company's activity, causing the Company to make certain investments at its hydropower plants in order to comply with the obligations imposed by the relevant authorities. Such projects may cause the reduction of the water volume for energy production, which may lead to the Company producing less energy. For example, the Company is part of the "We Pass" project, which is an initiative aiming to facilitate fish migration in the Danube River Basin.

Furthermore, the development of new hydropower capacities may be challenged by opposition from environmental groups based on the increasingly stricter environmental and water management regulations. This opposition may result in stoppage or delays in the construction of new capacities (as it was the case with Bumbesti-Livezeni, the Surduc-Siriu – the stage Surduc Nehoiasu hydropower development ("**hydropower development**" or "**HPD**"), the Rastolita HPD, the Bistra-Poiana Marului-Ruieni-Poiana Rusca HPD or the Cerna-Belareca HPD) or increased costs due to the need to address the concerns of these groups or even in the demolition of the capacities subject to challenges. This may lead to the failure to implement the growth plan, and lead to lower volume of produced energy (and thus lower revenues) than that expected on basis of the new hydropower capacities and exposure of the Company to significant liability and costs related to the demolition of the capacities subject to challenges and restoration of the environment. New hydropower plants also depend on resources that the Company may not dispose of, such as the land needed for investments. For example, in the absence of expropriation, it may be possible that some investment works (such as for Rastolita HPD or Racovita HPP from the HPD of the Olt River on the sector Cornetu – Avrig) will not be operational at capacity to generate electricity at the approved level. If any of these risks materialize, this could have a material adverse effect on the business, financial position and results of operations of the Group.

The Company may not be able to comply with recently introduced water management legal obligations. National Water Management Plan and article 53(4) of the Water Law 107/1996 (the "**Water Law**"), damming or water capture works located on watercourses must be provided with installations/constructions that ensure downstream an easement flow (consisting of the ecological flow and the minimum flow required by downstream users), as well as, if the case, with constructions that ensure the migration of the aquatic fauna (especially fish). With effect from 10 November 2017, Government Emergency Ordinance 78/2017 ("**GEO 78/2017**") introduced a requirement to also preserve the ecological flow, in order to protect the environment. See "*Regulatory Matters – Environmental Regulations – Water Management*" for further information. Further legislation, which entered into force on 26 February 2020, introduced a method of calculating the ecological flow through hydrological studies prepared by public or private institutions certified by the Ministry of Environment Waters and Forests and expertized by the National Institute of Hydrology and Water Management (INHGA). In order to comply with these requirements, the Company must commission hydrological studies to calculate the ecological flow, and, at a later stage, commission technical-economic studies establishing whether there is a technical infeasibility or the disproportionality of costs for compliance with requirements regarding the easement flow (which includes the ecological flow). Where there is a technical infeasibility or disproportionate costs, the Company is relieved from the obligation to comply with the new ecological flow related requirements. The Company has organized public tenders to appoint a third-party provider to perform the needed calculation, but failed to close the tender process for the first tender, while the contract executed with the third party appointed following the second tender was terminated by the Company due to the provider's failure to deliver the hydrological studies within the agreed contractual deadline. Therefore, following a third tender process, the Company concluded a contract with a third-party supplier, having as object the acquisition of 103 studies determining and calculating the ecological flow relating to the 282 barred sections (79 dams and 203 secondary impoundments), for which the Company has the obligation to perform the relevant studies and works to comply with the above-mentioned legal provisions. As of the date of the Prospectus, the contract is still ongoing.

In light of delays in and amendments to the applicable regulations; the Company's difficulties in contracting with a third-party provider to prepare such studies; and the failure of a third-party provider's to deliver the hydrological studies within the agreed contractual deadline, the Company has not yet completed technical-economic studies, which were required to be produced by 5 November 2022. This status was disclosed by the Company to the *Administratia Nationala Apele Romane* (in English the National Water Authority ("ANAR")). Should the Company be found in breach of its obligation to have finalized the hydrological and technical-economic studies, the validity of the corresponding water management permits may be questioned. The implementation of measures to ensure the easement flow is complied with may also reduce the water volume for the Company's energy production, which may lead to the Company producing less energy. All these may have a material adverse effect on the business, financial position and results of operations of the Group.

Section C – Key information on the securities

C.1. What are the main features of the securities?

a) Type, class and ISIN

All Offer Shares are ordinary, nominative and dematerialized and have the ISIN Code RO4Q0Z5RO1B6.

b) Currency, denomination, nominal value and number of securities issued

Offering of existing ordinary shares in the share capital of the Issuer, each of which is issued, fully paid with a par value of RON 10 and carrying one vote in a General Meeting of Shareholders of the Issuer. The Offering comprises of an offering for sale of up to 78,007,110 Shares by the Selling Shareholder.

c) Rights granted by the securities

Each Share entitles the shareholder to one vote at the GMS. There are no restrictions on voting rights. All of the Shares carry full dividend rights. All Shares also offer the following the rights: (i) pre-emption right to subscribe for any issue of new shares on a *pro rata* basis unless such right is limited by the GMS in accordance with the law; (ii) right to be informed; (iii) right of withdrawal in certain pre-defined cases and conditions provided by law; (iv) right to vote in the GMS; (v) right to receive dividends; (vi) right of the shareholder/shareholders, holding separately or together at least 5% of the Company's share capital, to request the internal auditors to investigate the Company's claims, request the convening of a GMS, propose new items on the agenda of the meeting and propose draft resolutions for the agenda of the GMS; (vii) right of the shareholder/shareholders, holding separately or together at least 10% of the Company's share capital to request the election of the members of the Supervisory Board by a cumulative vote; and (viii) right of the shareholder/shareholders, holding separately or together at least 10% of the Company's share capital, to request the court to appoint one or more experts to investigate certain operations of the Company's management and to prepare a report in this case. The GMS may decide to bring an action against the founders, managers, directors, namely members of the Supervisory Board, as well as auditors or financial auditors, for damages caused to the company of their fault, in violation of their duties to the Company. If the GMS does not decide to bring an action for liability and does not comply with the proposal of one or more shareholders to initiate such an action, the shareholders representing, individually or together, at least 5% of the share capital have the right to bring an action for damages, in a personal capacity, but on behalf of the Company, against any person mentioned above.

d) Relative seniority of the securities in the Issuer's capital structure in the event of insolvency
As of the Listing Date, the Company's share capital will be made up of a single class of ordinary shares that rank *pari passu*. In case of insolvency, followed by bankruptcy and liquidation, the liquidators may not pay to shareholders any amount against the quotas to which they would be entitled out of liquidation before paying the Company's creditors.
e) Restriction to the free transferability of securities
As of the Listing Date, the Shares will be freely transferable, with the observance of the rules of the regulated market operated by the Bucharest Stock Exchange S.A. and the clearing and settlement rules of the Romanian Central Depositary. Pursuant to the Underwriting Agreement (as defined below), the Company has agreed that from the date of the Underwriting Agreement until the date falling 180 days after the date of Admission, neither it nor any member of its group will, without the prior written consent of the Joint Global Coordinators (such consent not to be unreasonably withheld or delayed), directly or indirectly, offer, issue, allot, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offer or issue of, any Shares or other equity securities of the Company (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Shares or other equity securities of the Company, or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, save that the Company shall not be prohibited from issuing or allotting Shares to the extent it is required to do so pursuant to applicable Romanian law requiring the increase of the Company's share capital corresponding to the value of plots of land contributed by the Romanian State for which the Company obtains ownership certificates after the Offering or for which it has obtained such certificates before the Offering but for which it has not yet increased its share capital. Pursuant to the Underwriting Agreement (as defined below), the Selling Shareholder has agreed that from the date of the Underwriting Agreement until the date falling 180 days after the date of Admission, it will not, without the prior written consent of the Joint Global Coordinators (such consent not to be unreasonably withheld or delayed), directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offer or issue of, any Shares or other equity securities of the Company (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Shares or other equity securities of the Company, or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing. The Selling Shareholder lock-up is subject to certain customary exceptions. At the same time, the Romanian State acting through the Ministry of Energy agreed with the Managers (pursuant to the Lock-up Deed dated on the Prospectus), subject to certain exceptions and existing obligations, that during a period from the date of the Underwriting Agreement until 12 months after Admission will not offer, issue, sell, contract to sell, pledge, grant options over or otherwise dispose (or publicly announce any such issuance, offer, sale or disposal) of the Shares or enter into any transaction with the same economic effect as any of the foregoing, without the prior written consent of the Joint Global Coordinators (such consent not to be unreasonably withheld or delayed).
f) Dividend policy
According to the Company's dividend policy, it is the Company's intention to pay dividends, subject to applicable law and commercial considerations (including, without limitation, applicable regulations, restrictions, the Group's results of operations, financial condition, cash requirements, contractual restrictions, and the Group's future projects and plans). The Company intends to pay-out, as ordinary dividends, a minimum of 90% of the Company's distributable separate yearly net profit starting from the financial year following the Offering. In addition, the Company may decide through a GMS resolution to pay at its own discretion extraordinary dividends from the Company's retained earnings, if disposable.
C.2. Where will the securities be traded?
The Shares in the Company have not been and are not currently admitted to trading on any regulated market. Once the Offering is successfully closed and the underlying transactions of the Offering are settled, the Company intends to make an application for the Admission of all the Shares to trading on the regulated market of the Bucharest Stock Exchange.

C.3. Is there a guarantee attached to the securities?
No.
C.4. What are the key risks that are specific to the securities?
Below are some of the main risks which are specific to the securities: ***There is currently no trading market for the Shares and an active trading market for the Shares may not develop or may not be sustainable.*** Prior to the Offering, there has been no trading market for the Shares. Article 55 of Law 24/2017 requires a minimum 25% free float for the purpose of the Admission. There can be no assurance that the FSA approves, as per such provisions, the Admission of the shares issued by the Company, if the Shares ultimately sold in the Offering account for materially less than 19.94% of the Company's share capital. If Admission is approved, there can be no assurance that an active trading market for the Offer Shares will develop or be sustained after the Offering, or that the price at which the Offer Shares will trade in the public markets subsequent to the Offering will not be lower than the Final Offer Price. The Managers are not obliged to make a market in the Shares. If no active trading market develops for the Shares, investors may experience difficulty in selling the Offer Shares. ***Price volatility of the Shares and liquidity may affect the performance of investments in the Group.*** The share price of listed companies can be highly volatile and their shares may have limited liquidity. An active trading market for the Shares may not develop and the trading price for the Shares may fluctuate significantly. Investors may be unable to recover their original investment. The market price of the Shares may, in addition to being affected by the Group's actual or forecast operating results, fluctuate significantly as a result of factors beyond the Group's control. ***Future sales, or the real or perceived possibility of sales, of a significant number of Shares in the public markets could adversely affect the prevailing trading price of the Shares.*** Following the Offering, the Romanian State will continue to own 80.06% of the Company's issued share capital. Following the expiry of the applicable lock-up period, or earlier in the event of a waiver of the provisions of the lock-up, the Romanian State or the Selling Shareholder may sell Shares in the public or private market, and the Company may undertake a public or private offering of Shares. The Company cannot predict the effect, if any, that future sales of Shares, or the availability of Shares for future sale, will have on the market price of the Shares, but the availability of Shares that are eligible for public sale could adversely affect the trading price of the Shares. If the Romanian State or the Selling Shareholder were to sell, or the Company were to issue and sell, a substantial number of Shares in the public market, the market price of the Shares could be adversely affected. Sales by the Company's shareholder could also make it more difficult for the Company to sell Shares in the future at a time and price that it deems appropriate. The sale of a significant number of Shares in the public market, or the perception that such sales may occur, could materially affect the market price of the Shares.
Section D – Key information on the offer of securities to the public and/or the Admission to trading on a regulated market
D.1. Under which conditions and timetable can I invest in the security?
a) General terms and conditions
The Selling Shareholder will offer for sale 78,007,110 Offer Shares representing up to 17.34% of the total number of Shares issued by the Company. The final number of Offer Shares will be decided by the Selling Shareholder in consultation with the Company, upon the recommendation of the Joint Global Coordinators. The Offering is split into two tranches (the "**Offer Tranches**") as follows: (1) an Offer Tranche consisting of an initial number of 11,701,067 Offer Shares (representing 15% of the initial number of Offer Shares) addressed via a public offer in Romania to Retail Investors (the "**Retail Tranche**"); and (2) an Offer Tranche consisting of an initial number of 66,306,043 Offer Shares (representing 85% of the initial number of Offer Shares) addressed (i) to Institutional Investors outside the United States in reliance on Regulation S under the Securities Act; and (ii) in the United States, only to persons reasonably believed to be QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act (the "**Institutional Tranche**"). For the purpose of this Prospectus: "**Institutional Investor**" means (a) a "qualified investor", as defined in Article 2 (e) of the Prospectus Regulation, or (b) an "eligible counterparty" within the meaning of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast), or (c) a "qualified investor" as defined in Article 2(e) of the Prospectus Regulation, as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018), as amended, or (d) a QIB as defined in Rule 144A, or (e) an equivalent institution

whose subscription in the Offering would not constitute a violation of applicable law or regulation and which is not located in any jurisdiction where the extension or availability of the Offering (and any other transaction contemplated thereby) would breach any applicable law or regulation; "**Retail Investor**" means any individual or entity (with or without legal personality) that does not fall under the category of Institutional Investor;

The size of each Offer Tranche will be decided by the Selling Shareholder jointly with the Company, upon the recommendation of the Joint Global Coordinators, based on the level of subscriptions from investors, after the closing of the Offer Period, and will be made public on the Allocation Date.

Upon the recommendation of the Joint Global Coordinators, the Company and Selling Shareholder may also jointly decide to re-allocate Offer Shares from one Offer Tranche to the other Offer Tranche – which can, for the avoidance of doubt, lead to the Retail Tranche representing (1) more than 15% but not more than 20% of the sold Offer Shares or, on the contrary (2) less than 15% of the sold Offer Shares (but such re-allocation from the Retail Tranche to the Institutional Tranche shall occur only in case the Retail Tranche is less than 100% subscribed).

Offer Shares are offered at the Offer Price Range from RON 94 to RON 112 per Offer Share. Retail Investors must subscribe for Offer Shares at the fixed price of RON 112 per Offer Share (*i.e.* the top of the Offer Price Range). Institutional Investors may validly subscribe for Offer Shares at any price within the Offer Price Range (including the bottom and the top of the price range). The Final Offer Price at which the Offer Shares will be allocated to investors will be determined by the Selling Shareholder in consultation with the Company and the Joint Global Coordinators after the closing of the Offer Period and will be made public on the Allocation Date.

Retail Investors are entitled to a discount of 3% of the Final Offer Price (the "**Discounted Final Offer Price**") for applications validly submitted in the first five (5) Business Days of the Offer Period; Offer Shares which are subscribed for in the Retail Tranche starting the sixth (6th) Business Day of the Offering will be sold to Retail Investors at the Final Offer Price. For the avoidance of doubt, depending on the level of the Final Offer Price, the Discounted Final Offer Price can be below the bottom of the Offer Price Range.

The Offer Shares in the Institutional Tranche are only to be sold at the Final Offer Price and only to those Institutional Investors who subscribed for Offer Shares at a price equal to, or higher than, the Final Offer Price.

b) Calendar

Key dates relating to the Offering include: opening of the Offering (23 June 2023); Allocation Date (5 July 2023); Transaction Date (6 July 2023); Settlement Date (10 July 2023); and start of trading (on or around 12 July 2023). All such times and are based on local Bucharest time and may suffer adjustments as indicated in this Prospectus.

c) Admission to trading

The Shares in the Company have not been and are not currently admitted to trading on any regulated market.

The Bucharest Stock Exchange S.A. has issued an approval in principle for the Admission of the Shares to trading on the Regulated Spot Market of the BSE. Once the Offering is successfully closed and the underlying transactions of the Offering are settled, the Company intends to seek the Admission and introduction to trading of all of its Shares on the Premium tier of the regulated market operated by the BSE.

d) Distribution of the Offer

Retail Investors can subscribe through Banca Comerciala Romana S.A., BRD – Groupe Societe Generale S.A., BT Capital Partners S.A. and Banca Transilvania, Swiss Capital S.A. and the Eligible Participants.

Institutional Investors can subscribe through any Manager, or an affiliate of a Manager, which they have concluded an investment services agreement with, on the basis of orders given as a regular investment services business and by any means of communication provided by such an agreement. Institutional Investors which have not concluded an investment services agreement with a Manager or an affiliate of a Manager may validly subscribe for Offer Shares only if they submit a subscription form and the applicable identification documentation to any of the Managers located in Romania.

In order to be able to place a valid order for Offer Shares, Institutional Investors must have a direct or indirect contractual arrangement with a Romanian custodian agent.

e) Amount and immediate dilution resulting from the Offer

Given that the Offering comprises of only existing Shares in the Company, no dilution will be applicable following the Offering.

f) Estimate of total costs for the Offer
The total expenses of the Company in connection with the Offers are approximately RON 8.4 million. Each Manager and Eligible Participant will communicate to the investors who subscribe through it the fees that will be payable by such investors in connection with the submission of their subscriptions of the Offer Shares.
g) Who is the offeror?
Fondul Proprietatea S.A. (the Selling Shareholder), a retail closed-end investment fund under the Law 243/2019 registered with and supervised by the FSA, incorporated and operating under the laws of Romania as a joint stock company, registered with the Trade Registry under number J40/21901/2005, having sole registration code 18253260, Legal Entity Identifier code 549300PVO1VWBFH3DO07. The Selling Shareholder's registered office is at 76-80 Buzesti Street, 7th floor, Bucharest 011017, Romania, and its telephone number at its registered office is +40 21 200 96 00.
D.2. Why is the prospectus being produced?
a) Use and estimated net proceeds
This Prospectus has been prepared in connection with the application to the FSA for its approval in connection with the Offering and the application for all of the Shares to be admitted to trading on the regulated (main) market of the BSE. The Company will not receive any of the proceeds from the sale of the Offer Shares by the Selling Shareholder in the Offering.
b) Offer being subject to a placement or underwriting agreement
The Offering is not subject to an underwriting agreement from the Managers on a firm commitment basis; hence no portion of the Offering is covered by such arrangement.
c) Indication of conflict of interest related to the offer or Admission to trading
Some of the members of the Company's management and supervisory bodies have expressed an intention to subscribe in the Offering. There are no potential conflicts of interest between any duties owed by the members of the Supervisory Board or Management Board to the Company and their private interests or other duties. In connection with the Offering, each of the Managers and any of their respective affiliates, may take up a portion of the Offer Shares in the Offering as a principal position and in that capacity may retain, purchase, sell, offer to sell, or otherwise deal for its or their own account(s) in, such Offer Shares, any other securities of the Company or any related investments in connection with the Offering or otherwise. Accordingly, references in this Prospectus to the Offer Shares being offered, acquired, placed or otherwise dealt with should be read as including any offer, acquisition, placing or dealing by any of the Managers or any of their respective affiliates acting in such capacity. In addition, certain of the Managers or their respective affiliates may enter into financing arrangements (including swaps, warrants or contracts for differences) with investors, in connection with which such Managers (or their respective affiliates) may from time to time acquire, hold or dispose of Shares. None of the Managers (or their respective affiliates) intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.