

Translation from Romanian

**FOR THE ATTENTION OF
THE FINANCIAL REGULATOR,
THE FINANCIAL INSTRUMENTS AND INVESTMENT SECTOR**

Issuers, Transaction Monitoring and Market Abuse Department

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Current report in accordance with: Law 24/2017 on the issuers of financial instruments and market operations and ASF Regulation no. 5/2018 on the issuers of financial instruments and market operations.

Report date: 13.08.2020

Issuer's name: ELECTROARGES SA, BSE code: elgs

Registered office: Curtea de Argeș, str. Albești, nr. 12, jud. Argeș

Telephone/fax number: 0248724000/0248724004

Trade Register Registration Code: RO156027

Trade Register Registration Number: J03/758/1991

Share capital subscribed and paid: 6,976,465.00 lei

Regulated Market trading the issued securities:

BSE – main market, standard category

Important events to report in accordance with the provisions of Law 24/2017 on the issuers of financial instruments and market operations and ASF Regulation no. 5/2018 on the issuers of financial instruments and market operations:

Electroargeș SA informs the shareholders and possible investors that by communicating the ASF Notice no. 8083/12.08.2020, in the conditions in which the Notices no. 7588/11.08.2020 and the ASF Decisions no. 957 and no. 958/05.08.2020 were issued, as well as by issuing the ASF Notice no. 7585/11.08.2020 (to Braiconf SA), in which, again, information is requested in connection with the DEAL transactions with Braiconf shares, also in this situation the person of the Chairman of Electroarges SA's Board – Mr Stefan Constantin, is targeted, it was noted that ASF expressly understands to act abusively in

connection with Electroarges, and, especially, with this company's management, especially being targeted the Chairman of the Board, Mr. Stefan Constantin.

Electroarges informs investors that there is a real "avalanche" of requests, fines and actions ordered in a short period of time, which is inexplicable and unacceptable for an institution like ASF, which can destabilize the activity of Electroarges management, such conduct being contrary to the provisions of art. 15 of the Civil Code *"No right may be exercised for the purpose of harming or damaging another or in an excessive and unreasonable manner, contrary to good faith."*

These provisions are fully incidental to the ASF requests, so it is considered that ASF excessively and unreasonably exercises its rights, at least for example, the right to request "any person to respond to ASF requests" in the conditions in which Electroarges is repeatedly requested to answer within 24 hours, for issues that are clarified and/or unrelated to the ASF powers, and, moreover, the application of the contraventional sanctions is expressly invoked in the ASF Notices if the requests are not complied with in time.

The last action ordered by the ASF Decision no. 958/05.08.2020, on which the shareholders and investors were informed by the direct publication of this decision by ASF on the BVB website, Electroarges page, obliging Electroarges SA's Board to summon a new OGMS, with the agenda requested by the shareholder Tudor Dumitru, also fully proves the ASF abuse of rights.

This shareholder requested the summoning of the OGMS, although there was already a summoning by the Board of Directors in progress for the OGMS on 04.05.08.2020, against which the summoning of the shareholder was refused. The OGMS took place on 04.08.2020, the financial statements being approved (one of this shareholder's countless requests).

Although this situation existed, Electroarges SA informs investors and shareholders that ASF understood to put the issuer Electroarges SA in a situation at least difficult, if not illegal, since, in addition to the avalanche of requests, fines and actions, all with requests for immediate answer, ASF expressly ordered, by the ASF Decision no. 958/05.08.2020, that a new OGMS to be summoned by the Board of Directors (!!!!), with the shareholder Tudor Dumitru's requested agenda, the effect being that aspects for which the shareholders already decided would be re-discussed (!!!!), based on the ASF's interpretation (a wrong one) that any request must lead to the summoning of the OGMS, regardless of its content, and that the summoning of the OGMS at an entitled shareholder's request cannot be refused in any way.

Electroarges informs investors and shareholders that ASF's insistence in this interpretation of the legal provisions, although countered by Electroarges with valid arguments, determined Electroarges' current situation, that to be forced by ASF to summon the OGMS, although it took place (!!!!), with the agenda requested by the shareholder that has already been discussed within the OGMS (!!!!), a unique situation on the capital market as far as we know, a situation that practically proves that, from this perspective, ASF's interpretation can only be wrong, and that there is a company right to censor illegal requests, so that not every request can lead to the summoning of the OGMS (for example, if the OGMS took place, and yet the shareholder requests a new summoning of the OGMS).

The situation is all the more serious as the Chairman's historical fine was ordered in connection with this situation, a circumstance which, together with the other existing circumstances, proves the ASF abuse in connection with the issuer Electroarges. The answer to the ASF Notice no. 8083/12.08.2020 is attached to this report, in which is presented in detail the reasons why it is considered that there is an abuse of rights by ASF.

**CHAIRMAN
BOARD OF DIRECTORS,
CONSTANTIN ȘTEFAN**