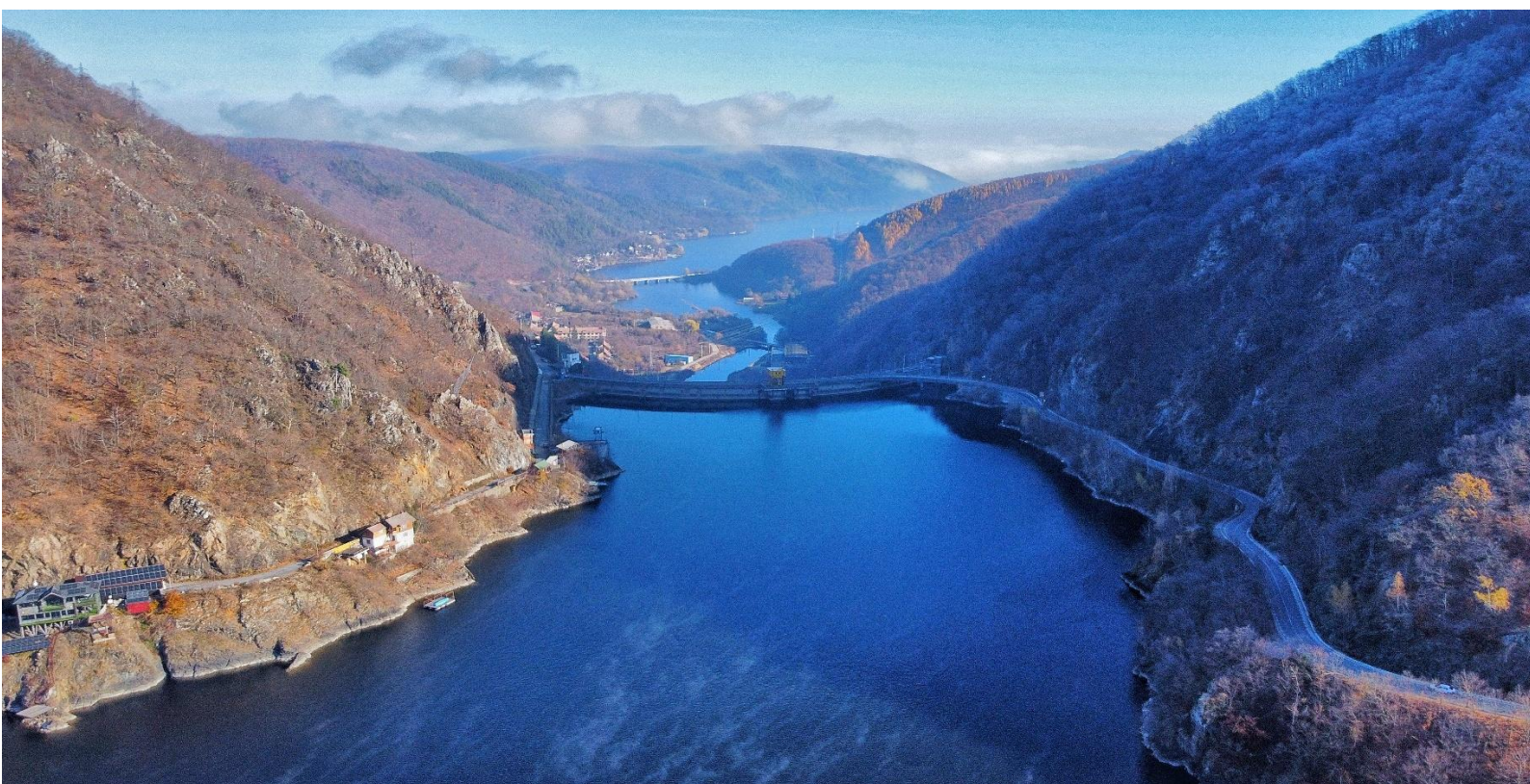




ANNUAL REPORT 2025

26 MARCH 2026



Notes:

This report is prepared in accordance with the provisions of Law No. 24/2017 on issuers of financial instruments and market operations, as republished, Annex No. 15 of FSA Regulation No. 5/2018 on issuers of financial instruments and market operations, and the Bucharest Stock Exchange Code, as well as the provisions of Emergency Ordinance No. 109 of 30 November 2011 on corporate governance of state-owned enterprises, with its subsequent amendments and completions.

This report is based on the consolidated financial statements prepared in accordance with the IFRS Accounting Standards ("IFRS") adopted by the European Union ("IFRS-EU"), separate and consolidated financial statements prepared in accordance with the Order of the Minister of Public Finance no. 2844/2016 with subsequent amendments ("OMFP no. 2844/2016").

This report does not constitute a recommendation/offer/invitation to purchase shares issued by Hidroelectrica. This report contains consolidated level information regarding the main operational indicators of Hidroelectrica Group, thus, these pieces of information reflect the results and financial position pertaining to the reporting period available as of the date of this report and do not represent guarantees of the future performance of the Group. The information in this document is selective and may require updates, revisions, and modifications under certain circumstances. Hidroelectrica assumes no obligation or commitment to publish any update, revision, or modification of any information contained in this report unless required by applicable law.

Certain figures included in this Report have been subject to rounding adjustments; consequently, figures presented for the same category illustrated in different tables may vary slightly. Also, totals presented in certain tables may not be an arithmetic aggregation of the preceding figures. Additionally, percentages in tables have been rounded and therefore may not sum up to 100%. Calculations, variances, and other percentages may slightly differ from their actual calculations due to rounding of underlying financial, statistical, and operational information.

If this report refers to any information from any external source, this information should not be considered as adopted/approved by Hidroelectrica as accurate/correct.

This report may contain forward-looking statements. These statements reflect the current knowledge of the company as well as expectations and forecasts about future events. By their nature, forward-looking statements are subject to various risks, many of which are beyond the company's control, which could cause the actual results of the company to differ significantly from the results and performance expressed or anticipated. None of the future forecasts in this report should be considered as specific promises, nor should they be considered as implying an assurance or guarantee that the assumptions on which the future forecasts were based or the information and statements contained in this report are correct, accurate, or complete.

This report does not contain all the information that may be necessary regarding the company and its shares. Each person who has access to this report must conduct their own analysis.

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Table of Contents

IDENTIFICATION DATA OF HIDROELECTRICA	5
2025 RESULTS SUMMARY	6
MESSAGE FROM THE CHAIRMAN OF THE SUPERVISORY BOARD	11
MESSAGE FROM THE CHAIRMAN OF THE MANAGEMENT BOARD	12
MANAGEMENT STRUCTURES REPORT FOR 2025	14
I. REPORT OF THE SUPERVISORY BOARD	14
II. CONSOLIDATED REPORT OF THE MANAGEMENT BOARD	31
1. PRESENTATION OF THE GROUP	31
1.1. ORGANIZATIONAL STRUCTURE	31
1.2. MAIN ACTIVITIES OF THE GROUP	33
1.3. MISSION, VISION, VALUES	34
1.4. ELEMENTS OF STRATEGY	34
1.5. PREDICTABLE DEVELOPMENT OF THE COMPANY	36
2. KEY HIGHLIGHTS OF 2025	39
3. KEY EVENTS IN 2025	40
3.1. GENERAL MEETINGS OF SHAREHOLDERS	40
3.2. CHANGES IN MANAGEMENT STRUCTURES	47
3.3. INVESTMENTS	49
3.4. OTHER KEY EVENTS	51
3.5. DIVIDEND DISTRIBUTION	52
3.6. TRANSACTIONS WITH RELATED PARTIES ACCORDING TO ART. 108 OF LAW NO. 24/2017	52
4. HIDROELECTRICA ON THE CAPITAL MARKET	53
4.1. HIDROELECTRICA'S INITIAL PUBLIC OFFERING	53
4.2. SHAREHOLDING STRUCTURE AND SHARE PRICE EVOLUTION	53
4.3. INVESTOR RELATIONS	56
5. CORPORATE GOVERNANCE	57
5.1. GENERAL MEETINGS OF SHAREHOLDERS	58
5.2. SHAREHOLDERS' RIGHTS	59
5.3. DIVIDEND POLICY	59
5.3.1. DIVIDEND DISTRIBUTION	60
5.4. SUPERVISORY BOARD	61
5.5. THE MANAGEMENT BOARD	61
5.6. REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD	64
5.7. PROCESS MANAGEMENT	66
5.8. INTERNAL AUDIT	67
5.9. KEY FEATURES OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS	67
5.10. EVENTS AND SPONSORSHIPS IN 2025	69
5.10.1. COMPLY OR EXPLAIN STATEMENT	71
6. OPERATIONAL DATA	92

6.1.	OPERATIONAL SEGMENTS	92
6.1.1.	ELECTRICITY PRODUCTION ACTIVITY	92
6.1.2.	TRADING ACTIVITY – WHOLESALE ELECTRICITY SALES	93
6.1.3.	ELECTRICITY SUPPLY ACTIVITY	94
6.2.	MAINTENANCE ACTIVITY	96
6.3.	MAINTENANCE ACTIVITY – CIVIL WORKS AND MONITORING OF HYDROPOWER STRUCTURES BEHAVIOR ("UCCH")	98
6.4.	INVESTMENT ACTIVITY	99
6.4.1.	ACTIVITY IN DEVELOPMENT PROJECTS	102
6.4.2.	REFURBISHMENT ACTIVITY	105
6.4.3.	CAPITALIZED MAINTENANCE ACTIVITY	109
6.5.	PROJECT MANAGEMENT	110
6.6.	PROCUREMENT	112
6.7.	MERGERS AND ACQUISITIONS ("M&A")	112
6.8.	HUMAN RESOURCES	113
6.9.	DIGITAL TRANSFORMATION AND INNOVATION	115
6.10.	TANGIBLE ASSETS	116
6.10.1.	LOCATION AND CHARACTERISTICS OF THE MAIN PRODUCTION CAPACITIES	116
6.10.2.	DEGREE OF WEAR OF PRODUCTION CAPACITIES	119
6.10.3.	OWNERSHIP OF TANGIBLE ASSETS	119
7.	FINANCIAL RESULTS FOR 2025	121
7.1.	FINANCIAL INDICATORS	121
7.2.	REVENUE BREAKDOWN	123
7.3.	OPERATING EXPENSES	127
7.4.	CASH-FLOW	129
7.5.	FINANCIAL POSITION	130
8.	LITIGATIONS	136
9.	RISK MANAGEMENT	145
10.	SUBSEQUENT EVENTS	148
11.	SUSTAINABILITY STATEMENT	149
III.	MANAGEMENT STATEMENT	304
	CONSOLIDATED FINANCIAL STATEMENTS - IFRS-EU	307
	CONSOLIDATED FINANCIAL STATEMENTS - OMFP 2844/2016	307
	SEPARATE FINANCIAL STATEMENTS - OMFP 2844/2016	307

Identification data of Hidroelectrica

Report prepared for the financial year ended 31 December 2025

Report Date: 26 March 2026

Name of the issuer: Societatea de Producere a Energiei Electrice în Hidrocentrale Hidroelectrica S.A.

Registered office: 15 – 17 Ion Mihalache Boulevard, Floors 10-15, District 1, Bucharest, Romania

Phone: +40 21 303 25 00

Unique registration code with the Trade Registry: 13267213

Fiscal Registration Code: RO13267213

Registration number in the Trade Registry: J2000007426409

Legal Entity Identifier (LEI) Code: 787200IISRQX09PRB732

International Securities Identification Number (ISIN): RO4Q0Z5RO1B6

Subscribed and paid-up registered share capital: 4,498,025,670 RON

Main characteristics of the issued securities: 449,802,567 ordinary, nominative, freely transferable shares, each with a nominal value of 10 RON/share, issued in dematerialized form.

Regulated market on which the issued securities are traded: the Company's shares are listed on the Bucharest Stock Exchange (ticker: H2O).

2025 Results Summary

In a highly challenging environment, marked by severe drought conditions that led to the lowest hydropower production in Romania's history—thereby impacting the total volume of energy available for commercialization—the Hidroelectrica Group delivered strong operational and financial results in 2025, exceeding the levels set out in the 2025 Budget by 10%, although remaining 20% lower compared to 2024.

The full-year 2025 results were significantly impacted by the declines recorded in the first nine months of the year, driven by adverse hydrological conditions, although the results in the fourth quarter saw a notable recovery supported by improved hydrology, but not sufficient to offset the shortfall accumulated during the first nine months.

In the context of a challenging hydrological regime, the Group's operating margin and net margin decreased by 22% compared to 2024, mainly driven by the lower volume of electricity sold.

- **The results achieved in 2025 exceeded the expectations set in the revised Budget approved for 2025, driven by stronger production in Q4 2025**
- **Revenues increased by 5% compared to 2024**
- **Investments – accelerated growth in 2025, up 32% compared to 2024, reaching RON 781 million**
- **Electricity production was 14% below the level recorded in 2024**
- **Operating margin of 39%, down 22% compared to 2024**
- **Net margin of 35%, down 22% compared to 2024**
- **Net profit of RON 3,370 million, 18% below 2024, but 10% above the revised Budget**
- **Earnings per share of RON 7.49, 18% below 2024 (RON 9.18), but 10% above the Budget**

Individual financial indicators vs. revised 2025 budget

Financial indicators*	2025 actual (audited)	2025 Revised Budget	RON million
			Degree of achievement (%)
Total Revenue	10,110	9,969	101%
Operating income	9,783	9,671	101%
Financial income	327	299	109%
Total expenses	6,262	6,458	97%
Operating expenses	6,165	6,360	97%
Financial expenses	97	98	99%
Profit before tax	3,848	3,511	110%

**The indicators are calculated according to the budget forms of Order 3818/2019 and are aligned with the indicators presented in the form S1040 - Annual accounting reporting to NAFA, prepared at the level of Hidroelectrica SA.*

Source: Hidroelectrica

****The revenue and expenditure budget and the financial indicators presented above are reported on a standalone basis.***

Operational indicators		2025	2024	Change (%)
Gross electricity production, of which:	GWh	12,215	14,224	-14%
Electricity production from hydro sources (gross)	GWh	11,945	13,928	-14%
Net electricity production, of which:	GWh	11,847	13,864	-15%
Electricity production from hydro sources (net)	GWh	11,585	13,576	-15%
Electricity production from wind sources	GWh	262	288	-9%
Purchase of electricity GWh	GWh	2,209	802	175%
Total electricity sold GWh	GWh	14,056	14,666	-4%

Source: Hidroelectrica

Financial indicators calculated based on the consolidated financial statements prepared in accordance with IFRS-EU:

Financial indicators		2025	2024	Change (%)	2023
Revenue	RON million	9,619	9,123	5%	12,160
EBITDA	RON million	4,646	5,503	-16%	8,016
EBITDA margin	%	48%	60%	-20%	66%
Adjusted EBITDA	RON million	4,768	5,517	-14%	8,253
Adjusted EBITDA margin	%	50%	60%	-17%	68%
Operating Margin (operating profit/revenue*100)	%	39%	50%	-22%	59%
Net margin (Net profit/Revenue*100)	%	35%	45%	-22%	52%
Operating profit	RON million	3,719	4,588	-19%	7,200
Net profit	RON million	3,370	4,128	-18%	6,365
Earnings per share	RON/share	7.49	9.18	-18%	14.17

Source: Hidroelectrica

In 2025, Hidroelectrica's results were influenced by the decrease in electricity production, the lower volume of electricity sold, as well as by the decline in both volumes and prices on the balancing market in Romania.

Full-year 2025 results were significantly impacted by the declines recorded in the first nine months of the year, driven by the aforementioned hydrological conditions, although the results in the fourth quarter saw a notable recovery supported by improved hydrology, but not sufficient to offset the shortfall accumulated during the first nine months.

Although selling prices increased compared to 2024, both in the wholesale market segment and in the supply segment, they were not sufficient to fully offset the impact of the prolonged drought recorded in Romania

Financial indicators calculated based on the consolidated financial statements prepared in accordance with OMFP No. 2844/2016

Financial indicators		2025	2024	Change (%)	2023
Revenue	RON million	9,619	9,123	5.44%	12,160
EBITDA	RON million	4,646	5,503	-15.57%	8,016
EBITDA margin	%	48%	60%	-20.00%	66%
Adjusted EBITDA	RON million	4,747	5,517	-13.96%	8,253
Adjusted EBITDA margin	%	49%	60%	-18.33%	68%
Operating Margin (operating profit/revenue*100)	%	39%	50%	-22.00%	59%
Net margin (Net profit/Revenue*100)	%	35%	45%	-22.22%	52%
Operating profit	RON million	3,719	4,588	-18.94%	7,200
Net profit	RON million	3,370	4,128	-18.36%	6,365
Earnings per share	RON/share	7.49	9.18	-18.41%	14.17

Source: Hidroelectrica

Financial indicators calculated based on the standalone financial statements prepared in accordance with OMFP No. 2844/2016

Financial indicators		2025	2024	Change (%)	2023
Revenue	RON million	9,623	9,123	5.48%	12,159
EBITDA	RON million	4,604	5,433	-15.26%	7,996
EBITDA margin	%	48%	60%	-20.00%	66%
Adjusted EBITDA	RON million	4,703	5,473	-14.07%	8,225
Adjusted EBITDA margin	%	49%	60%	-18.33%	68%
Operating Margin (operating profit/revenue*100)	%	38%	50%	-24.00%	59%
Net margin (Net profit/Revenue*100)	%	35%	45%	-22.22%	52%
Operating profit	RON million	3,686	4,527	-18.58%	7,178
Net profit	RON million	3,338	4,072	-18.03%	6,352
Earnings per share	RON/share	7.42	9.05	-18.01%	14.14

Source: Hidroelectrica

The number of consumption sites in the portfolio as at 31 December 2025 reached 1,162,531, compared to 613,767 consumption sites (CS) in 2024, the increase being driven by the expansion of the supply portfolio, particularly in the household segment.

This evolution was supported by the legislative changes regarding the removal of electricity price caps starting from 1 July 2025, which led to increased interest in switching suppliers ahead of the expiry of the capped pricing scheme. This context supported customer migration, with visible effects across both market segments, reflecting faster cost-optimization decisions directly driven by market conditions.

From a structural perspective, Hidroelectrica's supply portfolio evolved as follows:

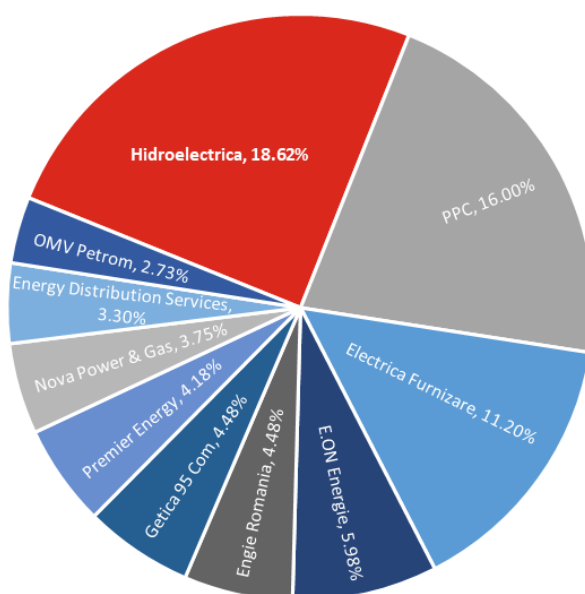
Client Type	CS No.* 31.12.2025	CS No.* 01.01.2025	Change (%)
Household	1,107,715	584,431	90%
Non-household	54,816	29,336	87%
Total	1,162,531	613,767	89%

* the number of consumption sites in the portfolio (excluding those directly supplied from the hydroelectric power plant bars)
Source: Hidroelectrica

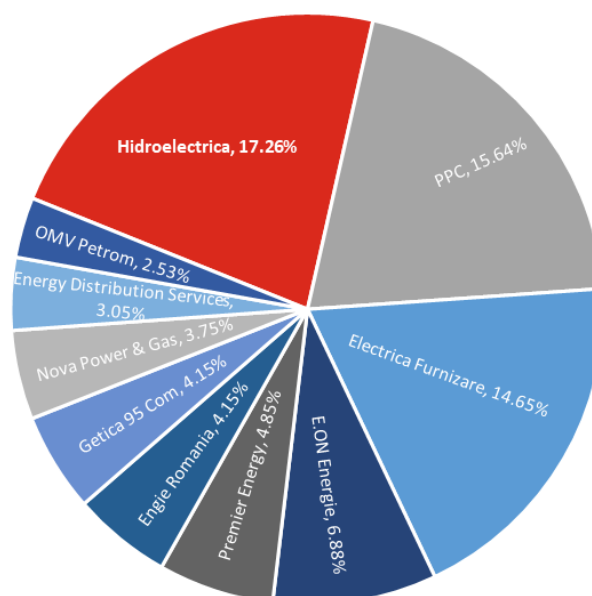
In December 2025, according to the monthly report published by ANRE, Hidroelectrica held a market share of 18.62% on the competitive segment and 17.26% at the level of the total electricity supply market, ranking first in both categories as at the reporting date.

At the same time, during the period January–December 2025, Hidroelectrica recorded a cumulative market share of 16.22% on the competitive segment (ranking first among suppliers), respectively 14.88% at the level of the total electricity supply market (ranking second among suppliers).

Market shares of electricity suppliers in the competitive market (December 2025)

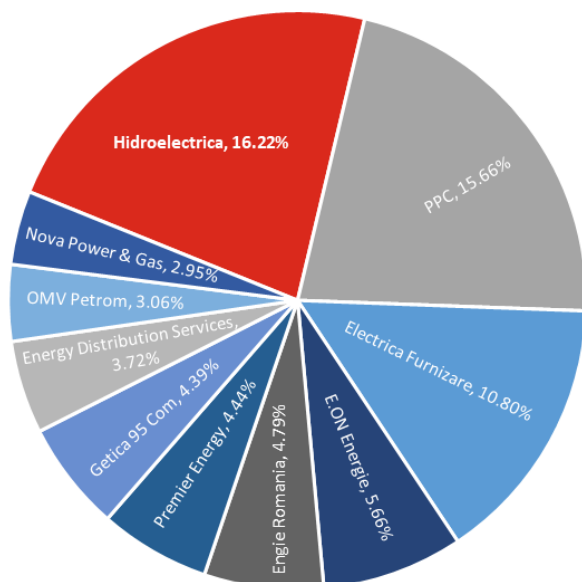


Market shares by quantity sold at the total level of the supply market (December 2025)

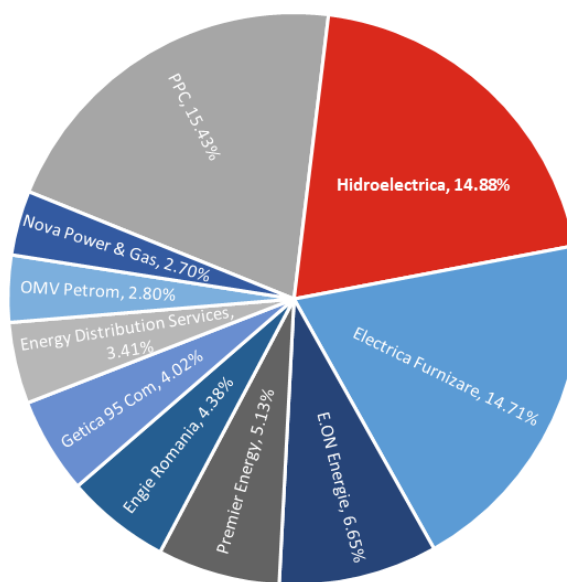


Source: ANRE Report on the Results of the Electricity Market Monitoring in December 2025

**Market shares of electricity suppliers in the competitive market
(January - December 2025)**



Market shares by quantity sold at the total level of the supply market (January - December 2025)



Source: ANRE Report on the Results of the Electricity Market Monitoring in December 2025

Throughout 2025, Hidroelectrica actively continued its strategic initiatives aimed at diversifying its renewable energy generation portfolio, with the objective of remaining a 100% green company. The activities carried out during this period included the identification, analysis and documentation of new investment opportunities, advancing screening, due diligence and preliminary structuring processes for potential transactions, both for the acquisition of stakes in existing projects and for the development of new generation capacities. These initiatives were carried out in parallel with the implementation of projects within the operational portfolio, reflecting a balanced approach between sustainable growth and disciplined execution of ongoing projects, with a constant focus on meeting implementation timelines.

This integrated approach – combining the exploration of external growth opportunities with the consolidation of internal ones – has the potential to strengthen the company’s competitive advantage, diversify revenue streams and mitigate structural exposure to seasonal and hydrological risks specific to hydropower generation.

At the same time, in the context of legislative changes regarding the removal of price caps, the Company anticipated an increase in demand for supply services, adopted a proactive stance and began procuring a significant share of its energy requirements from the Day-Ahead Market (DAM), dynamically adapting to market developments.

Message from the Chairman of the Supervisory Board

Dear Shareholders,

The year 2025 was marked by a complex environment for the energy sector, characterized by volatility in energy markets, changes in the regulatory framework, and hydrological conditions that reached historic lows.

In this operating environment, the Hidroelectrica Group once again demonstrated the resilience of its business model and its ability to adapt to natural cycles and market dynamics. The Group's results for 2025 exceeded the levels set out in the budget, confirming the Company's financial and operational discipline, as well as the ability of the executive management to respond effectively to a challenging market environment.

At the same time, the Company's evolution was also reflected in its performance on the capital market. At the beginning of 2026, Hidroelectrica's shares reached an all-time high since listing on the Bucharest Stock Exchange, confirming investors' confidence in the strength of its business model and its long-term growth prospects. Moreover, 2025 also represented a landmark year from the perspective of the investment program, marking a significant level of investments that support the modernization of existing capacities, the development of new projects, and the strengthening of Hidroelectrica's position in the renewable energy sector.

From the Supervisory Board's perspective, 2025 was a year in which we continued to place particular emphasis on strengthening the corporate governance framework, prudent risk management, and monitoring the implementation of the Company's strategy. In fulfilling our supervisory mandate, we closely monitored the Group's operational and financial performance, as well as how the Management Board addressed the challenges generated by market volatility and the variability of hydrological resources.

At the same time, the Supervisory Board continued to support strategic directions aimed at strengthening Hidroelectrica's position in the electricity market, including through the diversification of the generation portfolio, the development of investment projects, and the consolidation of the supply segment.

In the context of the accelerated energy transition at European level, the role of renewable energy producers is becoming increasingly important for ensuring energy security and achieving decarbonisation targets. Hidroelectrica, through its position as a leader in renewable energy production in Romania, remains a key player in this process.

The Supervisory Board will continue to closely monitor the implementation of the Company's strategy, the progress of investment projects, and the maintenance of high standards of corporate governance, with the objective of ensuring the creation of sustainable value for shareholders and all stakeholders.

In conclusion, I would like to thank the Management Board and all Hidroelectrica employees for their professionalism and dedication throughout 2025, as well as our shareholders for their continued trust.

Silviu-Răzvan AVRAM

Chairman of the Supervisory Board

Message from the Chairman of the Management Board

Dear shareholders, partners, and colleagues,

The year 2025 marked a period of resilience, adaptation, and consolidation of our strategic position for Hidroelectrica, in a challenging operating environment shaped by the lowest hydrological conditions in Romania's recent history. Despite these challenges, the company once again demonstrated the robustness of its business model and its ability to deliver sustainable performance, exceeding budgeted targets and maintaining a strong position in the electricity market.



Bogdan Badea, CEO Hidroelectrica

In 2025, Hidroelectrica recorded revenues of approximately RON 9.6 billion and a net profit of RON 3.37 billion. These results were impacted by lower hydropower generation, yet they confirm the company's financial discipline and operational efficiency. Even under these conditions, performance exceeded the levels set in the revised budget, highlighting our ability to navigate a volatile market environment and to swiftly adapt our operational strategies.

One of the key milestones of 2025 was the acceleration of the investment program, which increased by 32% year-on-year, reaching RON 781 million. This elevated level of investment reflects Hidroelectrica's commitment to modernizing existing capacities, developing new projects, and strengthening the company's position in the renewable energy sector.

At the same time, Hidroelectrica continued to diversify its renewable generation portfolio, advancing the analysis and development of new projects, as well as identifying strategic acquisition opportunities. This approach aims to reduce exposure to hydrological variability and to reinforce the company's competitive advantage in a rapidly evolving energy sector.

Another defining element of 2025 was the consolidation of the supply segment. Hidroelectrica recorded a significant increase in its customer portfolio, exceeding 1.16 million consumption sites at year-end, nearly double compared to the previous year. This evolution confirms consumers' trust in the company's offering and in our efficiency- and competitiveness-driven model.

At the same time, the company further strengthened its leading position in the competitive market, holding a market share of over 18% in the competitive segment at the end of 2025 and ranking first among electricity suppliers. This performance reflects the maturation of Hidroelectrica's business model and its transformation into an integrated player capable of delivering value across the entire energy value chain.

From a capital markets perspective, 2025 reaffirmed investors' confidence in the company's strategy. At the beginning of 2026, Hidroelectrica's shares reached a post-listing all-time high, reflecting the strength of the business model and the company's favorable growth outlook.

Looking ahead, Hidroelectrica aims to accelerate investments in new renewable generation capacities, continue the modernization of its existing infrastructure, and develop complementary projects, including in the areas of photovoltaic energy, energy storage, and the digitalization of operations. In this context, the company is advancing strategic projects such as Nufărul, Hidroelectrica's first floating photovoltaic project, with an estimated installed capacity of approximately 10 MWp, which opens the path toward hybridizing hydropower assets by efficiently leveraging existing water surfaces and integrating energy storage solutions.

The Lower Olt Floating PV and BESS project will represent Hidroelectrica's most comprehensive integrated investment in hybridization, including an installed capacity of 100 MWp in floating photovoltaic parks on the reservoirs of the Lower Olt cascade, as well as a 200 MW battery system with a capacity of 800 MWh at the hydropower plants operating along the Lower Olt. This project is designed to transform the Lower Olt segment into a strategic balancing hub for the National Energy System.

At the same time, the Tudor Vladimirescu photovoltaic project, with an estimated installed capacity of 45.94 MWp, represents one of the company's most significant solar developments, contributing to the diversification of its generation portfolio and strengthening Hidroelectrica's position in the renewable energy market.

In parallel, Hidroelectrica is accelerating the development of energy storage capacities, which are essential for the flexibility of the National Energy System and for the integration of renewable sources. In this regard, the company is developing the Crucea Nord battery storage project, with an estimated capacity of 36 MW / 72 MWh—the first project of this kind in Hidroelectrica's portfolio—as well as the planned storage project at Iron Gates II, estimated at approximately 64 MW / 256 MWh, which will significantly contribute to system balancing and enhance the efficiency of renewable generation.

Through these investments, Hidroelectrica is reinforcing its development strategy based on the hybridization of existing assets, the integration of storage solutions, and the expansion of renewable generation, reaffirming the company's commitment to the accelerated development of clean energy and to strengthening its role in Romania's energy transition..

At the same time, we aim to further strengthen Hidroelectrica's role as a pillar of Romania's energy security and as a regional leader in renewable energy generation. Accelerated energy transition, climate change, and geopolitical developments require a flexible strategic approach, and Hidroelectrica is prepared to respond to these challenges through investments, innovation, and operational excellence.

The results of 2025 confirm that Hidroelectrica is a solid, resilient, and forward-looking company. Our performance is the result of our team's professionalism, the trust of our shareholders, and a clear strategy for sustainable development.

On behalf of the Management Board, I would like to thank all employees for their dedication and professionalism, our partners for their constructive collaboration, and our shareholders for their continued trust. We are confident that Hidroelectrica will continue to create long-term value, contributing decisively to the development of Romania's energy sector and to the transition toward a sustainable economy.

Bogdan-Nicolae BADEA

Chairman of the Management Board (CEO)

Management Structures Report for 2025

I. Report of the Supervisory Board

According to the Articles of Association in force, the Supervisory Board consists of seven members. Members of the Supervisory Board may also be shareholders of the Company; however, they may not be members of the Management Board, nor may they simultaneously hold the position of Supervisory Board member and employee of the Company.

Supervisory Board members proposed by the majority shareholder are selected in accordance with the legal provisions governing the corporate governance of public enterprises and are appointed by the Ordinary General Meeting of Shareholders. The Romanian State, represented by the competent authority in accordance with the law, may not nominate more than six candidates for the position of Supervisory Board member.

The mandate of the Supervisory Board members is four years and may be renewed by resolution of the General Meeting of Shareholders, following the evaluation of each member's activity and subject to the proper fulfillment of the duties and obligations undertaken under the mandate agreement.

The composition of the Supervisory Board as at 1 January 2025:

No.	Name	Position	Independence status according to Law 31/1990	Independent status according to BSE GC	Start date of mandate (*including provisional mandate period)	Date of termination of mandate
1.	Petre-Iulian NICOLESCU*	President	independent	-	01.08.2023 22.01.2024	21.01.2024 10.04.2025
2.	Mihai Liviu MIHALACHE	Member	-	-	29.03.2023	10.04.2025
3.	Carmen RADU	Member	independent	independent	29.03.2023	28.03.2027
4.	Cristian Nicolae STOINA*	Member	independent	independent	18.10.2023 22.01.2024	21.01.2024 10.04.2025
5.	George-Marius TONIUC	Member	independent	independent	29.03.2023	28.03.2027
6.	Silviu-Razvan AVRAM	Member	independent	-	29.03.2023	28.03.2027
7.	Ana-Barbara BOBIRĂ	Member	independent	independent	27.12.2023 22.01.2024	21.01.2024 28.03.2027

Source: Hidroelectrica

*As a result of the vacancy of three positions following the revocation of Mr. Petre Nicolescu, Mr. Mihai Mihalache and Mr. Cristian Stoina for reasons not attributable to them, and in order to comply with Milestone No. 121 of Romania's National Recovery and Resilience Plan, in accordance with the provisions of Article 36.10 of the mandate agreement, the following individuals were appointed as interim members of the Supervisory Board during 2025:

No.	Name	Position	Independence status according to Law 31/1990	Independent status according to BSE GC	Start date of mandate	Date of termination of mandate
1.	Marius Persinaru	Provisional member	independent	independent	10.04.2025	08.09.2025
2.			independent	independent	10.04.2025	08.11.2025

No.	Name	Position	Independence status according to Law 31/1990	Independent status according to BSE GC	Start date of mandate	Date of termination of mandate
	Ciprian Mihail Ene	Provisional member			09.11.2025	20.11.2025
3.	Anca Mitu	Provisional member	-	-	10.04.2025	08.11.2025
					09.11.2025	20.11.2025

Source: Hidroelectrica

Composition of the Supervisory Board as of 31 December 2025:

No.	Name	Position	Independence status according to Law 31/1990	Independent status according to BSE GC	Start date of mandate	Date of termination of mandate
1.	Silviu – Razvan AVRAM	President	independent	-	29.03.2023	21.01.2024
2.	Carmen RADU	Member	independent	independent		28.03.2027
3.	George-Marius TONIUC	Member	independent	independent	29.03.2023	28.03.2027
4.	Ion ARITON	Member	independent	independent	20.11.2025	28.03.2027
5.	Emil MERDAN	Member	independent	independent	20.11.2025	28.03.2027
6.	Catalin Vladut POPESCU	Member	independent	independent	20.11.2025	28.03.2027
7	Ana-Barbara BOBIRCĂ	Member	independent	independent	27.12.2023	21.01.2024
					22.01.2024	28.03.2027

Source: Hidroelectrica

Silviu-Răzvan AVRAM has been a member of the Supervisory Board since 29 March 2023. Over the course of his 20-year career, Mr. Avram has developed valuable executive and management skills, holding both advisory and leadership roles. He also has experience in public administration, having served as State Secretary Advisor within the Ministry of Economy (2017–2018).

Ana-Barbara BOBIRCĂ is an experienced professional in investments and corporate governance, having collaborated over the past 20 years with international investment funds and, for the last 13 years, serving as a partner in a local private investment firm. Since 2002, she has held and continues to hold positions as a board member in companies across various sectors (investment management, logistics, transport and international forwarding, financial services, financial investments, real estate development and promotion, construction materials, agribusiness, food products, trade and storage, distribution and sale of electrical equipment, port services), actively contributing within governance and sustainability, audit, remuneration and risk committees. She has also held and continues to hold positions in the governing or coordination bodies of professional and business associations, think tanks and business schools.

She currently serves as Chairman of the Board of Directors of Transport Trade Services, member of the Supervisory Board of Hidroelectrica and Chairman of the Board of Directors of Veranda Mall.

Ana-Barbara Bobircă is an Associate Professor within the Faculty of International Business and Economics at the Bucharest University of Economic Studies, with relevant academic experience in areas such as international business and international trade in services. She is also an adjunct professor within the Romanian-French INDE MBA program, where she teaches Advanced Finance, and Academic Director of the Board Leadership program within Bucharest Business School.

She is the author of four books and over 40 specialized articles. She graduated from the Faculty of International Business and Economics of the Bucharest University of Economic Studies, holds a PhD in Economics and has completed executive programs in governance, sustainability and sustainable finance at The Wharton School, University of Pennsylvania, The Corporate Governance Institute and the University of Cambridge.

Carmen RADU has been a member of the Supervisory Board of Hidroelectrica since February 2019 and currently also serves as General Manager of Compania de Investiții și Dezvoltare Sector 1 S.A., a position she has held since January 2022. Since May 2023, Ms. Radu has also been Vice President and member of the Steering Committee coordinating the entity's specific activities within the Romanian Red Cross National Society (non-governmental organization).

After graduating in Economics from the Bucharest University of Economic Studies (1980–1985), Ms. Radu worked between 1979 and 1997 as an economist, accountant, Chief Financial Officer and inspector, later advancing to Deputy General Manager (1997–1999), Deputy Director (1999–2004) and President of EXIMBANK S.A. (March 2005 – March 2009).

She has held several positions in Supervisory and Administrative Boards of various institutions: member of the Supervisory Board of the Romanian Counter-Guarantee Fund (August 2012 – March 2015), member of the Board of Directors of the Romanian Air Traffic Services Administration – ROMATSA (April 2013 – November 2016) and subsequently Chairman of the Board of Directors of the same company (2016–2018), member of the Board of Directors of SNN (April 2013 – April 2017), and member of the management of the European Association of Credit Institutions (2016–2018).

Other key positions held by Ms. Radu include: Advisor to the President and Chief Financial Officer of ASF (October 2013 – March 2015), President of the Management Board of the Romanian Counter-Guarantee Fund (March 2015 – November 2017) and member of the Management Board of the same company (November 2017 – February 2020).

George-Marius TONIUC is a member of the Supervisory Board and has extensive legal experience, with over 25 years of professional activity. Mr. Toniuc has been a member of the Bucharest Bar since 1998 and has worked as a lawyer providing legal assistance in areas such as corporate governance, real estate, labour law and others.

Between 2003 and 2008, he provided a broad range of legal assistance to Romanian and foreign entities within the Rompetrol Group on matters including corporate governance (including capital markets law), real estate, consumer protection, mergers and acquisitions, joint ventures, public procurement, labour law and air transport. Since 2008, Mr. Toniuc has joined Budusan & Associates, a Romanian law firm specializing in the integrated management of economic, financial and administrative offences, becoming a partner in 2017. He has provided legal assistance and representation before courts, investigative bodies and administrative authorities in cases involving tax evasion, money laundering, financial crimes (including capital markets), fraud involving European funds, public procurement fraud, intellectual property offences, corruption offences and offshore transactions.

Mr. Toniuc graduated in 1998 from the Faculty of Law, University of Bucharest, and has been a member of the Bucharest Bar since 1998.

Emil MERDAN has been a member of the Supervisory Board of Hidroelectrica since November 2025 and has over 30 years of experience in the energy sector, including 27 years in top management positions.

He has held key roles in energy sector companies, demonstrating expertise in operational activities, regulation, business optimization, corporate organization, mergers and business process reorganization. He graduated from the Technical University of Cluj-Napoca, Faculty of Electrical Engineering, and from postgraduate academic programs, with various specializations in management, also contributing to technical publications in the electricity field.

He began his career as an engineer within the Cluj Electric Networks Enterprise, later holding leadership roles such as Deputy Head of the High Voltage Center Cluj, Head of Distribution Center Cluj, Director of the Cluj Branch of SDFEE Electrica Transilvania Nord, General Manager of SDFEE Electrica Transilvania Nord, member and Chairman of the Board of Directors of SDEE Electrica Distribuție Transilvania Nord, General Manager of SDEE Electrica Distribuție Transilvania Nord and General Manager of Distribuție Energie Electrică România.

In these roles, he led major projects involving the reorganization of electricity supply and distribution activities within the Electrica Group, including the merger of three electricity distribution companies into Distribuție Energie Electrică România, which became the largest operator in Romania, managing up to 198,988 km of electricity lines across 18 counties, covering 40.7% of Romania's territory, serving 3.8 million users and employing over 6,400 people.

Through his experience and expertise, Mr. Emil Merdan contributes to the activity of the Supervisory Board of Hidroelectrica, supporting the Company's development and success within the Romanian energy sector.

Catalin Vladut POPESCU is a hydrotechnical engineer and academic at the Technical University of Civil Engineering Bucharest, with over 20 years of experience in hydropower infrastructure, dam safety and water resource management.

He has been a member of the Supervisory Board of Hidroelectrica since November 2025 and is President of the Romanian National Committee on Large Dams (ROCOLD), contributing to the sustainable development and modernization of the hydropower sector and to strengthening corporate governance in the energy field.

Ion ARITON, member of the Supervisory Board of Hidroelectrica since November 2025, is an economist with extensive experience in public administration and the energy sector, contributing to sound corporate governance and economic policy development.

He served as Minister of Economy (2010–2012) and as a Senator of Romania, being involved in specialized committees in the economic and energy fields. He has also held leadership roles at local level and carried out managerial activities in the private sector.

The full CVs of the Supervisory Board members are available on the Company's website, www.hidroelectrica.ro, in the *About us – Management* section.

Activity of the Supervisory Board during 2025

During the reporting period, the Supervisory Board held a total of 43 meetings and adopted 166 resolutions. These resolutions were related to the Company's ongoing activities and were adopted within the limits of competence set out in the Articles of Association in force. A selection of the most relevant resolutions adopted in order to achieve the objectives set out in the Letter of Expectations and to implement the provisions of the mandate agreements is presented below, including those related to the revenue and expenditure budget, preliminary, annual, semi-annual and quarterly financial statements, the full annual reporting package, as well as various policies and strategies, as follows:

Period	Decision
February	- Approval of the Policy on the self-assessment of the Supervisory Board. - Approval of the Supervisory Board's Self-Assessment Report for 2024. - Approval of the Draft Income and Expenditure Budget for 2025. - Approval of the extension until 23.09.2025 of the service and availability contract for 36 wind turbines concluded with Vestas CEU Romania SRL. Also in March, the initiation of the procurement procedure "Maintenance services guaranteeing the availability of the Vestas model V112 3MW MK1A wind turbines, SCADA, PPC and AEOS systems in CEE CRUCEA NORD" was approved. - Approval of the investment objective "Refurbishment of the Gogoșu HPP". - Approval of the Hidroelectrica Policy on information security and information networks and systems. - Approval of the Addendum no.1 to the Collective Labor Agreement of S.P.E.E.H. Hidroelectrica S.A. for the years 2024-2026. - Approval of the Strategy for the maintenance of installations and equipment in Hidroelectrica S.A. - Approval of the various reports issued by the Internal Public Audit Department, directly subordinated to the Supervisory Board and of the Internal Public Audit Activity Report for 2024.
March	- Endorsement of the audited individual and consolidated annual Financial Statements for the financial year ended December 31, 2024, prepared in accordance with O.M.F.P. no. 2844/2016 and the audited Consolidated Annual Financial Statements for the financial year ended 31 December 2024, prepared in accordance with IFRS. - Approval of the Annual Report of S.P.E.E.H. Hidroelectrica S.A., which includes the Report of the Management Board and the Report of the Supervisory Board for the financial year ended 31 December 2024, prepared in accordance with the legal provisions in force. - Approval of the distribution of the net profit for the financial year 2024 in accordance with the provisions of Government Ordinance no. 64/2001, as subsequently amended and supplemented, the total value of the gross dividend, as well as the value of the gross dividend per share, according to the recommendations of the Audit Committee dated 26.03.2025. - Approval of the Evaluation Report of the Management Board's activity for 2024 according to art. 36 para. (5) of GEO no. 109/2011 Approval of the Remuneration Report of the Supervisory Board of S.P.E.E.H. Hidroelectrica S.A. and of the Management Board of S.P.E.E.H. Hidroelectrica S.A. for the financial year 2024, prepared according to the provisions of art. 107 of Law no. 24/2017 and art. 55 para. (3) of GEO no. 109/2011.

Period	Decision
April	- Approval of the Evaluation Sheet for 2024 of the Manager of the Internal Public Audit Department and its performance objectives for 2025. - Approval of the conclusion of the contracts subsequent to the Framework Agreement with SSH Hidroserv SA, for the execution of the planned equipment maintenance services/works of the 2025 Annual Maintenance Program of Hidroelectrica SA, starting in the second quarter of 2025.
May	- Considering the change in the composition of the Supervisory Board, starting with 10.04.2025 (see the information above – Structure of the Supervisory Board), the Supervisory Board appoints Mr. Silviu Razvan Avram as Chairman of the Supervisory Board. At the same time, advisory committees are set up at the level of the Supervisory Board. - Approval of the updated procedures regarding the granting of a sponsorship donation, budget sponsorship donations and Hidroelectrica's Policy on donations and sponsorships.
June	- Approval of the Addendum no. 2 to the Collective Labor Agreement of S.P.E.E.H. Hidroelectrica S.A. for the years 2024-2026. - The Supervisory Board approved the conclusion of a credit line agreement for the issuance of bank guarantee letters and the conclusion of a mortgage agreement on the receivables derived from electricity sale-purchase agreements associated with the credit line agreement. - Approval of Revision 1 of Annex 4 2025-2027 and of the list of independent equipment and equipment. - Approval of the conclusion of the contracts subsequent to the Framework Agreement with SSH Hidroserv S.A., for the execution of the planned equipment maintenance services/works from the Annual Maintenance Program for 2025 of Hidroelectrica S.A. starting in the second half of 2025. - Approval of the new technical-economic indicators of the investment objective "Răstolița Hydropower Development". - Approval of the achievement of the investment objective "Refurbishment of the Râul Mare Retezat HPP" following the update of the General Estimate and the technical-economic indicators. - The Supervisory Board approves and proposes to the General Meeting of Shareholders the appointment of the financial auditor of S.P.E.E.H. Hidroelectrica S.A., Ernst& Young Assurance Services SRL, for a period of three years (financial years 2025 - 2027).
July	- Approval of the achievement of the investment objective "Refurbishment of the Râul Mare Retezat HPP". - Approval of non-binding offers regarding potential acquisitions in order to diversify the portfolio. - Approval of the purchase of electricity from the forward markets necessary to cover the contractual obligations related to the supply portfolio. - Approval of the form and content of the Addendum no. 2 to the mandate contract to be concluded with the members of the company's Management Board containing the key financial and non-financial performance indicators approved by the OGMS Resolution no. 5/28.07.2025.

Period	Decision
August	Approval of the purchase of electricity necessary to cover the contractual obligations related to the supply portfolio.
September	- Approval of the conclusion of a contract with the affiliated company, SSH Hidroserv S.A., for the execution of the level 4 (LN4) maintenance service/work. - Approval of PPA contracts. - Approval of the Activity Report of the Internal Public Audit Department for the first semester of 2025 - Termination by agreement of the parties, starting with 19.09.2025, of the mandate contracts concluded with Karoly Borbely and Marian Fetita having the positions of CEO and CFO of Hidroelectrica. - Ensuring the stability of the company's activity until the completion of the selection procedure according to GEO 109/2011 on corporate governance with subsequent amendments and completions by allocating, for coordination, the company's activities to the 3 members of the Management Board. - Approval of the initiation of the selection and appointment procedure of two members of the Management Board of Hidroelectrica S.A., CEO and CFO, according to the provisions of GEO no. 109/2011, approved with subsequent amendments and completions. The selection will be made by an independent expert, specialized in the recruitment of human resources, whose services are contracted under the law; - Approval of the Draft Income and Expenditure Budget rectified for 2025. - Approval of the Report of the Supervisory Board for the first half of 2025, in order to be submitted for information to the General Meeting of Shareholders.
November	- Approval of the update of the Organization and Functioning Regulation of the Hidroelectric Supervisory Board. - Approval of internal public audit reports. - Approval of the conclusion of a 4-year Framework Agreement with UCMH SRL for the provision of products/services in order to carry out standard maintenance works on equipment included in the 2026-2029 annual maintenance programs of S.P.E.E.H. Hidroelectrica S.A., - Approval of the initiation of the selection procedure of a member of the Management Board – CFO Hidroelectrica S.A., according to the provisions of GEO no. 109/2011, approved with subsequent amendments and completions. The procedure will be carried out by the Supervisory Board/Nomination and Remuneration Committee with the support and specialized assistance of an independent expert specialized in human resources recruitment, whose services are contracted under the law, according to the CNR recommendations of 18.11.2025. - Taking into account the appointment of 3 new members of the Supervisory Board, the new composition of the advisory committees is established. - Maintaining the interim measures regarding the management of the company considering the fact that the CEO & CFO selection procedures were completed without the appointment of new members of the Management Board. - Approval of the initiation of the selection procedure of a member of the Management Board – CEO of Hidroelectrica S.A., according to the provisions of GEO no. 109/2011, approved with subsequent amendments and completions.

Period	Decision
December	- Approval of the form of the addendum to be signed with the members of the Management Board, in order to align their mandate contracts with the applicable legal provisions, according to GEO 109/2011 with amendments and completions in force. - Approval of Revision 2 and 3 of Annex 4 2025-2027 to the BVC and of the List of Independent Equipment and Equipment - Approval of the conclusion of a 4-year Framework Agreement with S.S.H. HIDROSERV SA with the object "Provision of services/works in order to carry out standard maintenance works on equipment included in the 2026-2029 annual maintenance programs of S.P.E.E.H. Hidroelectrica S.A.", - Approval of the acquisition of legal consultancy services. - Approval of the establishment by SPEEH Hidroelectrica SA together with EDF Power Solutions International of a joint venture/joint venture, in equal shares of 50% - 50% each, and approval of the Shareholders' Agreement to be concluded by SPEEH Hidroelectrica SA with EDF power solutions International, which defines the terms and conditions regarding the operation of JVC, which will be established by the parties in order to develop the CHEAP Tarnița project. - Approval of the Report on the internal public audit activity for 2025 - Approval of the Multiannual / Annual Internal Audit Plan 2026 -2029.

Advisory Committees

Within Hidroelectrica's Supervisory Board, the following advisory committees have been established:

Nomination and Remuneration Committee ("NRC")

The Nomination and Remuneration Committee is a permanent advisory committee, independent from the Company's executive structures, which reports directly to the Supervisory Board. The Nomination and Remuneration Committee is composed of members of the Supervisory Board. The majority of the Committee's members, including its Chairman, are independent. The Chairman coordinates the Committee's activity and reports on its behalf to the Supervisory Board. The Chairman of the Committee is appointed by its members.

The composition of the Nomination and Remuneration Committee **during 2025** was as follows:

Nomination and Remuneration Committee		
1 January – 4 May 2025	5 May – 23 November 2025	24 November – 31 Dec 2025
1 George-Marius Toniuc - President	George-Marius Toniuc – President	George-Marius Toniuc - President
2 Silviu Razvan Avram - Member	Silviu-Razvan Avram – Member	Silviu Razvan Avram - Member
3 Carmen Radu - Member	Carmen Radu – Member	Carmen Radu - Member
4 Petre-Iulian Nicolescu – Member	Ciprian-Mihail Ene – Member	Catalin-Vladut Popescu - Member
5 Ana-Barbara Bobirca - Member	Ana-Barbara Bobirca – Member	Ana-Barbara Bobirca - Member

Source: Hidroelectrica

According to the Rules of Organization and Functioning of the Supervisory Board, the Nomination and Remuneration Committee has the following responsibilities:

- leads the procedure for nominating new members to the Supervisory Board and makes recommendations to the Board;
- organizes training sessions for Supervisory Board members, formulates proposals regarding the remuneration of Supervisory Board members and Management Board members, in line with the remuneration policy, and supports the Board in evaluating its own performance as well as that of the executive management;
- formulates proposals for the position of Supervisory Board member, develops and proposes to the Supervisory Board the selection procedure for candidates for Management Board positions and other management roles, recommends candidates for the above-mentioned positions and formulates proposals regarding the development of a remuneration policy for Management Board members and other management positions, in line with the Company's strategy, objectives, values and interests;
- proposes the selection criteria for Management Board members, corresponding to the identified profiles, as well as selection criteria for other management positions;
- makes recommendations to the Supervisory Board regarding appointments to Committees (other than the Nomination and Remuneration Committee);
- oversees the implementation of the remuneration policy for the Management Board;
- during its activity, prepares an annual report on the remuneration and other benefits granted to Supervisory Board members and Management Board members during the financial year, in accordance with the Company's approved remuneration policy and applicable legal provisions. The remuneration of Supervisory Board members or any other benefits granted to them may only be established based on a resolution of the Ordinary General Meeting of Shareholders, the mandate agreement and the applicable legal provisions. The report is submitted to the General Meeting of Shareholders that approves the annual financial statements;
- ensures that the report is made available to shareholders on the Company's website and includes at least the following information: (a) the structure of remuneration, including the proportion of variable and fixed components; (b) the performance criteria underlying the variable component and the relationship between achieved performance and remuneration; (c) the rationale for any annual bonus schemes or non-cash benefits; (d) any supplementary or early retirement pension schemes; (e) information on contract duration, negotiated notice period and the level of compensation for dismissal without just cause; (f) the information provided in the remuneration policy approved by the Company, including those required under Article 107(2) of Law No. 24/2017;
- meets periodically to assess the activity of the Management Board and other persons holding management positions, in order to determine the proportionality between the set performance targets and their level of achievement, on the one hand, and the financial or non-financial benefits stipulated in their contracts (whether or not such benefits have been received), on the other hand. At the end of each meeting, the Committee submits a report on its activity to the Supervisory Board;
- monitors the level of achievement of financial and non-financial performance indicators resulting from the management plan for the Company's Supervisory Board members and Management Board members;

- oversees the annual evaluation process of the Supervisory Board and its advisory committees and supports the Supervisory Board in the evaluation of the Management Board members. It also develops the policy/guidelines regarding the evaluation of the Supervisory Board, including the purpose, criteria and frequency of the evaluation process;
- assesses whether Supervisory Board members can be considered independent, based on relevant criteria, by examining whether there are business or other personal relationships that could materially affect their independence and objectivity, as well as their ability to act in the interest of the Company, its shareholders and stakeholders.

Audit Committee (“AC”)

The Audit Committee enhances the Supervisory Board’s oversight capacity with regard to financial reporting, the effectiveness and adequacy of the internal control framework, the conduct of internal and external audit processes, as well as compliance with applicable laws and regulations.

The Audit Committee consists of at least three members, the majority of whom, including the Chairman, are independent. The Chairman of the Audit Committee is appointed by its members.

The majority of members, including the Chairman, must demonstrate appropriate qualifications relevant to the Committee’s roles and responsibilities. The Chairman coordinates the Committee’s activity and reports on its behalf to the Supervisory Board.

The Audit Committee must collectively possess relevant expertise in the Company’s field of activity.

At least one member of the Audit Committee must have expertise in accounting and statutory audit, supported by relevant qualification documents, and at least one member must have the qualifications required by law in the field in which the Company operates.

In accordance with ASPAAS Order No. 123/2022 on the composition of audit committees, at least one member of the Audit Committee must hold the qualification of financial auditor. By way of exception, pursuant to the same Order, a person may also be considered qualified to serve on the Audit Committee if they have at least three years of experience in statutory audit, acquired through participation in statutory audit engagements in Romania, another Member State, an EFTA state, Switzerland or the United Kingdom of Great Britain and Northern Ireland, or within audit committees established at the level of the boards of directors/supervisory boards of public-interest entities, as evidenced by supporting documentation.

The composition of the Audit Committee **during 2025** was as follows:

Audit Committee		
1 January – 4 May 2025	5 May – 23 November 2025	24 November – 31 Dec 2025
1 Carmen Radu – President	Carmen Radu – President	Carmen Radu – President
2 George-Marius Toniuc – Member	George-Marius Toniuc – Member	George-Marius Toniuc – Member
3 Silviu-Razvan Avram – Member	Silviu-Razvan Avram – Member	Silviu-Razvan Avram – Member
4 Cristian-Nicolae Stoina – Member	Anca Mitu – Member	Ana-Barbara Bobirca – Member
5 Mihai-Liviu Mihalache – Member	Ana-Barbara Bobirca – Member	Ion Ariton – Member
6 Ana-Barbara Bobirca – Member	-	-

Source: Hidroelectrica

According to the Rules of Organization and Functioning of the Supervisory Board, the Audit Committee has the following responsibilities:

- performs the duties set out under Article 65 of Law No. 162/2017 on the statutory audit of annual and consolidated financial statements, as subsequently amended and supplemented;
- is informed, through the Supervisory Board, and issues recommendations to the Supervisory Board regarding the selection of the statutory auditor, the evaluation and monitoring of the statutory auditor's independence, as well as the monitoring and outcome of the statutory audit of the annual and consolidated financial statements;
- is informed, through the Supervisory Board, and issues recommendations to the Supervisory Board regarding financial reporting processes and internal managerial control processes within Hidroelectrica;
- performs an annual assessment of the internal control system, as well as the effectiveness of the internal control and management systems. This assessment considers the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports submitted to the Audit Committee, the promptness and effectiveness with which executive management addresses identified deficiencies or weaknesses, and the submission of relevant reports to the Supervisory Board;
- monitors the application of legal standards and generally accepted internal audit standards, oversees the internal audit activity, endorses the internal audit charter, plans and reports, requests periodic and/or ad hoc internal audit engagements and issues recommendations to the Supervisory Board regarding the endorsed internal audit charter, plans and reports, without affecting the independence of internal auditors. Reports or analyses initiated by the Audit Committee are followed by periodic (at least annual) or ad hoc reporting submitted to the Supervisory Board;
- evaluates conflicts of interest related to transactions of the Company and its subsidiaries with related parties;
- ensures that the internal audit function has the appropriate authority, resources and procedures to assist the Supervisory Board in ensuring the effectiveness and efficiency of the Company's risk management and internal control framework;
- agrees on an annual internal audit work plan together with the internal auditor, receives internal audit reports and updates on key audit matters, monitors the implementation of internal audit recommendations and provides necessary guidance;
- oversees the framework for ensuring the Company's compliance with applicable legal and regulatory requirements, as well as with the Company's internal regulations (such as procedures for reporting breaches of the law or of the Company's Code of Conduct), unless this responsibility is assigned to another committee;
- monitors the independence and objectivity of the external auditor, approves a policy regarding the provision of permitted non-audit services by the external auditor in accordance with legal requirements and ensures its implementation. The Committee's findings regarding the external auditor's independence are disclosed in the annual report;

- discusses the annual work plan with the external auditor, covering the scope and materiality of the audit activities. The Audit Committee meets with the external auditor whenever necessary to discuss identified issues and to monitor the quality of the services provided;
- meets as often as necessary, but at least twice a year, in connection with the preparation of semi-annual and annual results, ensuring their proper dissemination to shareholders and the public.

Risk Management Committee (“RMC”)

The Risk Management Committee consists of at least three members. The Chairman of the Committee is appointed by its members. At least one member is independent. The Chairman coordinates the Committee’s activity and reports on its behalf to the Supervisory Board.

The composition of the Risk Management Committee **during 2025** was as follows:

Risk Management Committee		
1 January – 4 May 2025	5 May – 23 November 2025	24 November – 31 Dec 2025
1 Silviu-Razvan Avram – President	Silviu-Razvan Avram – President	Silviu-Razvan Avram – President
2 Cristian-Nicolae Stoina – Member	Marius Persinaru – Member	George-Marius Toniuc – Member
3 Petre-Iulian Nicolescu – Member	George-Marius Toniuc – Member	Ana-Barbara Bobirca – Member
4 Mihai-Liviu Mihalache – Member	Ana-Barbara Bobirca – Member	Catalin Vladut Popescu – Member
5 George-Marius Toniuc – Member	Ciprian-Mihail Ene – Member	Emil Merdan – Member
6 Ana-Barbara Bobirca – Member	-	-

Source: Hidroelectrica

Risk Management Committee:

- ensures the alignment of control activities with the risks arising from the activities and processes subject to control;
- identifies, analyses, assesses, monitors and reports identified risks, the related mitigation or anticipation measures, as well as other actions taken by executive management;
- is responsible for assessing the solvency of the public enterprise, in relation to its usual duties and obligations, and informs or, where appropriate, makes proposals to the Supervisory Board;
- receives and evaluates periodic reports submitted by the risk management function regarding the Company’s risk profile, as well as the implementation status and effectiveness of the risk management system;
- monitors significant risks and ensures their effective management;
- periodically informs the Supervisory Board regarding the main risks assumed by the Company;
- performs at least an annual assessment of the internal control system, focusing on the adequacy of risk management and internal control reports, as well as the promptness and effectiveness with which the Management Board addresses deficiencies identified through internal control;
- informs the Supervisory Board regarding the results of the annual assessment and provides recommendations/proposals for improving the internal control and risk management system.

Governance and Sustainability Committee ("CGS")

The Governance and Sustainability Committee consists of at least three members. The Chairman of the Committee is appointed by its members. The Chairman and at least one member are independent. The Chairman coordinates the Committee's activity and reports on its behalf to the Supervisory Board.

The Governance and Sustainability Committee is an advisory body of the Supervisory Board, playing a key role in ensuring compliance with good corporate governance practices and in promoting sustainability principles within the Company's activities.

The composition of the Governance and Sustainability Committee **during 2025** was as follows:

Governance and Sustainability Committee			
1 January – 4 May 2025		5 May – 23 November 2025	24 November – 31 Dec 2025
1	Ana-Barbara Bobirca - President	Ana-Barbara Bobirca – President	Ana-Barbara Bobirca - President
2	Petre-Iulian Nicolescu - Member	Anca Mitu – Member	Emil Merdan - Member
3	George Marius Toniuc - Member	George-Marius Toniuc – Member	George Marius Toniuc - Member
4	Carmen Radu - Member	Carmen Radu – Member	Carmen Radu – Member
5	Mihai Liviu Mihalache - Member	Marius Persinaru – Member	Ion Ariton - Member

Source: Hidroelectrica

Attributions:

- oversees and monitors the implementation and compliance with the Company's legal and contractual obligations regarding corporate governance, as well as other applicable governance principles, by monitoring decision-making processes and adherence to ethics and transparency rules, and makes recommendations to the Supervisory Board to ensure continuous alignment with national and international standards;
- periodically reviews the Rules of the Supervisory Board and the Company's Articles of Association and formulates recommendations to the Supervisory Board regarding necessary amendments to the corporate governance policy and related documents;
- submits to the Supervisory Board for approval and subsequently periodically reviews the Company's Governance Policy;
- verifies the Company's compliance with national and international corporate governance regulations, safeguarding the interests of shareholders and stakeholders;
- oversees the implementation of the Company's policy on the prevention and management of conflicts of interest, being responsible for evaluating, monitoring and reviewing its application at the level of the Supervisory Board, the Management Board and senior management, and formulates recommendations to ensure transparency, decision-making integrity and the protection of the Company's and shareholders' legitimate interests;
- reviews the principles and policy on delegation of authority within the Company, ensuring the maintenance of an effective and efficient decision-making process, and makes recommendations to the Supervisory Board in this regard;
- formulates recommendations to improve the quality of information flows to the Supervisory Board, the guiding principles for preparing documentation and presentations submitted to the Supervisory Board, and the adequacy of reporting, including monitoring key performance indicators presented to the Supervisory Board; develops and monitors sustainability policies and strategies and their implementation, integrating principles of social responsibility, environmental protection and sound economic practices into the Company's activities;

- periodically reviews internal policies and regulations that impact sustainability objectives, ensuring their alignment with the Company's strategic objectives;
- monitors the quality and compliance of non-financial reporting in accordance with legal requirements and international standards;
- monitors and evaluates the achievement of key performance indicators related to governance and sustainability objectives;
- oversees sustainability-related risks, assessing risks associated with sustainability, including the social and environmental impact of the Company's operations;
- promotes a climate of trust through ongoing communication with investors, in order to understand their areas of interest and priorities, with the aim of ensuring effective governance;
- supports the strengthening of relationships with relevant stakeholders;
- promotes a business environment based on ethical values, transparency and integrity, ensuring that decisions are taken in the long-term interest of the Company and all stakeholders. This Committee plays an important role in aligning the Company's activities with investor expectations and global trends in sustainability and corporate responsibility.

The Supervisory Board may decide to establish additional committees, depending on the Company's specific needs and strategic priorities, determining the mandate, composition and responsibilities of each committee in line with corporate governance objectives.

Information on the meetings of the Supervisory Board and advisory committees in 2025

In 2025, a total of 43 Supervisory Board meetings were held, in compliance with legal and statutory provisions, of which:

- 20 meetings were held in physical/hybrid format; and
- 23 meetings were held by electronic vote.

The table below presents the attendance of Supervisory Board members (in physical/hybrid/electronic format) at the meetings of the Supervisory Board and its committees during 2025.

No.	Name	SB (43 sessions)	NRC (14 sessions)	AC (8 sessions)	RMC (2 sessions)	CGC (5 sessions)
1.	Silviu-Razvan Avram	43	14	8	2	N/A
2.	George Toniuc	43	14	8	2	5
3.	Carmen Radu	43	14	8	N/A	5
4.	Ana-Barbara Bobircă	43	14	8	2	5
5.	Ion Ariton	6	N/A	1	N/A	
6.	Emil Merdan	6	N/A	N/A	-	-
7.	Catalin Popescu	6	5	N/A	-	-
8.	Petre Nicolescu	8	1	N/A	1	1
9.	Cristian Stoina	8	N/A	4	1	N/A
10.	Mihai Mihalache	8	N/A	4	1	1
11.	Ciprian Ene	29	8	N/A	1	N/A
12.	Anca Mitu	29	N/A	3	N/A	4
13.	Marius Persinaru	13	N/A	N/A	1	2

Source: Hidroelectrica

Supervisory Board members who did not attend one or more Supervisory Board/committee meetings granted representation mandates.

During 2025, the **Nomination and Remuneration Committee** held a total of 14 meetings, both with physical attendance at the Company's headquarters and via videoconference or electronic means. Key items on the agenda included: the annual report of the Nomination and Remuneration Committee for the

period 1 January 2024 – 31 December 2024, the consolidated annual report of the Management Board and the Supervisory Board, the evaluation report of the Management Board's activity for 2024 and the evaluation report of the Supervisory Board's activity for 2024.

The Audit Committee held a total of eight meetings in 2025, both in hybrid format and electronically (via email), during which it reviewed the report on internal public audit activity for 2024 carried out at the level of S.P.E.E.H. Hidroelectrica S.A. and submitted recommendations to the Supervisory Board.

The Corporate Governance Committee held a total of five meetings in 2025, both in hybrid and electronic format, during which the following topics were addressed and analysed: the policy on the self-assessment of the Supervisory Board of Hidroelectrica S.A. (including the self-assessment questionnaire), subsequently approved by the Supervisory Board; the Rules of Organization and Functioning of the Supervisory Board – proposals for update and alignment with best corporate governance practices, including the provisions of the new BSE Corporate Governance Code; alignment of the objectives set out in the Management Plan with the results achieved – brainstorming session on strategies to improve the alignment between objectives and execution; as well as other governance-related matters.

The Risk Management Committee held a total of two meetings in hybrid format, during which various topics were addressed, such as: the risk management policy, the review/update of strategic risks and the analysis of risks associated with the energy transition.

Self-assessment of the Supervisory Board's activity

The annual self-assessment of the Supervisory Board is carried out in accordance with the following regulatory and governance instruments:

- Government Emergency Ordinance No. 109/2011 on the corporate governance of public enterprises, as subsequently amended, and its implementing methodological norms;
- the Bucharest Stock Exchange (BSE) Corporate Governance Code, to which the Company adheres as a listed issuer;
- the OECD Principles of Corporate Governance of State-Owned Enterprises;
- the Company's Articles of Association and the Rules of Organization and Functioning of the Supervisory Board;
- best practice standards reflected in the recommendations of the European Corporate Governance Institute (ECGI).

Pursuant to Article 34(2) of Government Emergency Ordinance No. 109/2011, the Nomination and Remuneration Committee is mandated to support the Supervisory Board in assessing its own performance.

The Supervisory Board must continuously assess the balance of its skills mix, review its activity and identify areas for improvement, in order to ensure that it carries out all actions necessary for the administration of the Company's assets in its best interest, for the fulfilment of its object of activity, and exercises the duties conferred by the Articles of Association and the mandate agreement under conditions of efficiency, economy, effectiveness, safety and legality.

The purpose of the self-assessment is to improve the supervision of the Company, enhance the performance of the Supervisory Board, consolidate relevant information, and identify the Board's strengths and weaknesses as a collective supervisory body.

On 28 February 2025, the Supervisory Board approved the policy on the self-assessment of the Supervisory Board, accompanied by a questionnaire structured across eight thematic dimensions, which was distributed to all members. The process comprised three stages:

- (i) individual self-assessment — questionnaires completed independently;

- (ii) collective evaluation — aggregated analysis and collective discussions on the conclusions;
- (iii) improvement plan and reporting — translating the conclusions into an action plan.

The self-assessment questionnaire, annexed to the self-assessment policy, includes eight sections:

- objectives, strategy and mandate;
- performance measurement;
- relationship with key stakeholders;
- governance and decision-making process;
- risk management;
- ethics and compliance;
- Board composition and diversity;
- professional training and Board development.

The sample included all seven members of the Supervisory Board. Six out of seven actively participated. Emil Merdan, appointed in November 2025, chose not to participate in the evaluation for the full 2025 financial year, considering that the duration of his mandate was insufficient for a thorough assessment of the entire reference period. Supervisory Board members responded independently, based on the activity carried out during 2025.

Following the self-assessment process of the Supervisory Board of HIDROELECTRICA S.A., the average rating awarded by the seven members of the Supervisory Board was 4.63 out of 5.

Scores by dimension:

Rating Size	Score (out of 5)	Rating
Objectives, strategy and mandate	4,59	Beyond expectations
Performance measurement	4,63	Beyond expectations
Relationship with key actors (stakeholders)	4,69	Beyond expectations
Governance and decision-making	4,63	Beyond expectations
Risk management	4,83	Exceptional
Ethics and compliance	4,73	Beyond expectations
Board Membership and Diversity	4,55	Beyond expectations
Training and development of the Council	4,42	Beyond expectations
AGGREGATE GENERAL AVERAGE	4,63	Beyond expectations

**The performance self-assessment used the following ratings: 5 = outstanding, 4 = above expectations/very good, 3 = good, 2 = needs improvement, 1 = unsatisfactory.*

Source: Hidroelectrica

Qualitative evaluation:

Size	Rating 2025	Evolution compared to 2024
Structure and powers of the Council	Good	Stable
Functioning of the Council and quality of meetings	Good	Stable
Quality of information provided to the Council	Suitable	Improving
Strategy oversight	Good	Improving
Financial Performance Monitoring	Very good	Stable
Risk management and governance	Suitable	Improving
Functioning of Council committees	Good	Stable
Institutional relationship with the Management Board	Good	Stable
ESG integration	Suitable	Improving

Source: Hidroelectrica

The self-assessment for the 2025 financial year confirms that the activity of Hidroelectrica's Supervisory Board is carried out at a high level of effectiveness and governance maturity, with an aggregate score of 4.63 out of 5.00 and a rating of "Above expectations" across all eight evaluated dimensions.

Key strengths — particularly in Risk Management (4.83), Ethics and Compliance (4.73) and Stakeholder Engagement (4.69) — reflect the Board's robust oversight capabilities and its commitment to the standards of integrity and transparency expected by international investors.

At the same time, the Board has identified clear areas for further development: formalizing the monitoring of decision implementation, strengthening professional development programs, and more deeply integrating risk analysis into strategic deliberations.

The Board considers that Hidroelectrica's governance architecture — comprising specialized committees, oversight processes, ethical standards and risk governance — is aligned with the OECD Guidelines on Corporate Governance of State-Owned Enterprises and with the benchmark practices of European listed energy companies, as reflected in the recommendations of the European Corporate Governance Institute (ECGI).

The Board remains committed to evolving towards an integrated governance model, characteristic of sector leaders at European level, and to supporting Hidroelectrica's long-term sustainable development for the benefit of all its shareholders and stakeholders.

Hidroelectrica has consistently undertaken actions to ensure gender equality, a principle under which men and women receive equal remuneration and have equal rights within the Company.

The Company aims to create a working environment in which individual differences are accepted and valued. Any form of discrimination, whether positive or negative, based on real or perceived individual attributes, is strictly prohibited.

As at the date of this Report, women represent 29% of the Supervisory Board.

Based on the information available, there are no agreements, arrangements or family relationships between members of the Supervisory Board and any other person that contributed to their appointment as members of the Supervisory Board.

As at 31 December 2024, none of the members of the Supervisory Board held shares in Hidroelectrica.

Based on the information available, members of the Supervisory Board have not been involved in any litigation or administrative proceedings related to their activity within the Group over the past five years, nor regarding their capacity to perform their duties within the Company over the same period.

Chairman of the Supervisory Board
Silviu-Răzvan AVRAM

II. Consolidated Report of the Management Board

1. Presentation of the group

Societatea de Producere a Energiei Electrice în Hidrocentrale Hidroelectrica S.A. (“Hidroelectrica” or the “Company”) is a joint-stock company operating under a two-tier system, carrying out its activity in accordance with Romanian legislation. It was established pursuant to Government Decision No. 627 of 13 July 2000 and is registered in Romania with the Trade Register Office attached to the Bucharest Tribunal under no. J2000007426409. The Company’s registered office is located in Romania, Bucharest, District 1, 15–17 Ion Mihalache Boulevard, floors 10–15. It has a unique registration code 13267213 and LEI code 787200IISRQX09PRB732.

Starting from 12 July 2023, the Company’s shares have been traded on the regulated market operated by the Bucharest Stock Exchange.

1.1. Organizational structure

Hidroelectrica is the largest electricity producer in Romania and the main provider of ancillary services, playing a key role in the security of the National Energy System (“NES”).

The Company owns and operates 188 hydropower plants and small hydropower plants (including five pumping stations), with a total installed hydropower generation capacity of approximately 6.3 GW, as well as a wind farm with a total installed capacity of 108 MW.

The Company operates seven hydropower branches and one branch managing the Crucea wind farm, as illustrated below, with Porțile de Fier and Vâlcea being the most significant for the Group in terms of installed capacity and their contribution to the Group’s total electricity production.



*Hidroelectrica branches; *PDF stands for Portile de Fier
Source: Hidroelectrica*

Since its establishment, the Company has been committed to generating electricity exclusively from renewable sources and has played a key role in designing and developing technological and operational concepts that have become benchmarks in its sector. At the same time, Hidroelectrica operates both as

a wholesale electricity seller and as a supplier of electricity directly to end customers, including residential and non-residential clients (covering businesses across various industrial sectors, such as automotive manufacturing, telecommunications and construction, among others).

As a producer of hydropower and wind energy, the Company leverages synergies between its generation and supply portfolios, as well as those arising from the diversification of its generation portfolio (towards other renewable sources, such as wind and solar), by integrating these with its core hydropower operations.

As at 31 December 2025, Hidroelectrica has the following subsidiaries (together, the “Group”):

Subsidiary	Activity	Registered office	% shareholding as of 31 December 2025	% shareholding as of 31 December 2024
Hidroserv S.A. ("Hidroserv")	Services in the energy sector (maintenance, repairs, construction)	Bucharest, Romania	100%	100%
Uzina de Construcții Macchine Hidroenergetice S.R.L. ("UCMH")	Engine & Turbine Manufacturing	Reșița, Romania	100%	100%

Source: Hidroelectrica

Hidroserv provides maintenance and repair services for the Group’s hydropower assets, ensuring the proper functioning of hydropower installations. It offers a wide range of technical services, including preventive and corrective maintenance works, as well as specialized technical consultancy.

Since October 2016, Hidroserv has been under insolvency proceedings, within which a reorganization plan was approved in June 2020 by the Creditors’ Assembly and confirmed by the syndic judge. On 23 October 2023, Hidroserv fully settled the claims registered in the creditors’ table, through the early distribution of amounts related to the final quarters included in the “Final Table of Claims”. As a result of the implementation of the reorganization plan, Hidroserv exited insolvency on 26 June 2025 and is currently in the process of preparing for the initiation of a new growth cycle.

UCMH specializes in the manufacturing of equipment and mechanical components for hydropower plants and other energy installations. UCMH provides technical and production support to Hidroelectrica, contributing to the implementation of maintenance programs, as well as to the refurbishment and modernization of hydropower equipment and infrastructure.

On 22 February 2023, the Company was declared the winning bidder in the sale procedure for the ABC business lines and the Călnicel platform, previously owned by U.C.M. Reșița S.A. In January 2024, following the approval of the Extraordinary General Meeting of Shareholders, a new subsidiary, **Uzina de Construcții Mașini Hidroenergetice S.R.L.**, was established, through which the business of U.C.M. Reșița S.A. was taken over. The main object of activity of the new subsidiary is the manufacture of engines and turbines (NACE code 2811).

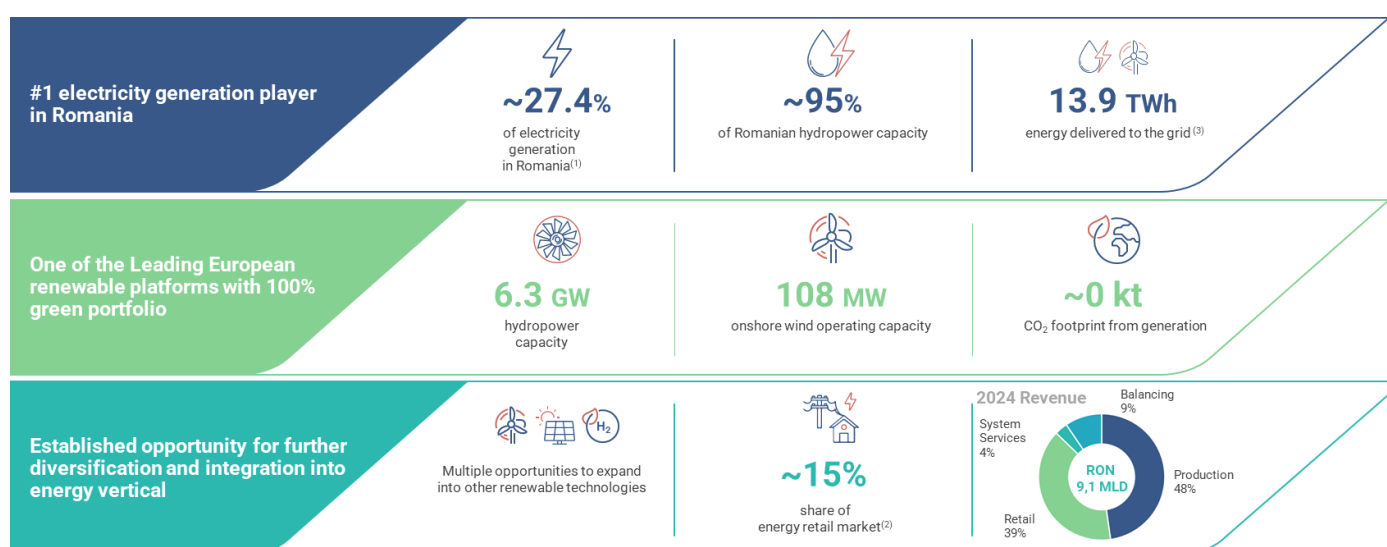
Share capital and main characteristics of the Company’s shares

The Company’s registered share capital amounts to RON 4,498,025,670, fully subscribed and paid in, and is divided into 449,802,567 ordinary, registered and freely transferable shares, each with a nominal value of RON 10 per share, issued in dematerialized form, with ISIN code RO4Q0Z5RO1B6 and traded on the regulated market operated by the Bucharest Stock Exchange under the ticker symbol “H2O”.

1.2. Main activities of the Group

Electricity generation and ancillary services

The Group generates electricity through the operation of 188 hydropower plants and small hydropower plants (including five pumping stations) and 36 wind turbines of 3 MW each, strategically located across eight branches throughout Romania. The portfolio of hydropower plants in operation consists of approximately 54% storage hydropower plants, 46% run-of-river plants and less than 1% pumping capacities. The main generation assets are Porțile de Fier I and Porțile de Fier II, which together account for approximately 22.75% of installed capacity and 42.6% of total electricity production over the past ten years.



Source: Hidroelectrica S.A., annual reports of ANRE (National Energy Regulatory Authority)

Note:

1. Average market shares between 2020 and 2025, based on total energy delivered to the grid, according to company data
2. Based on suppliers' market shares in the competitive market, according to the ANRE report from December 2025
3. Energy delivered in 2025
4. Total GHG (greenhouse gas) emissions per net revenue (tCO₂ equivalent/monetary unit)

Hidroelectrica entered the wind energy generation sector through the acquisition of Crucea Wind Farm, representing 4% of Romania's total wind capacity as at 2022. Subsequently, the General Meeting of Shareholders approved its merger by absorption into Hidroelectrica, effective as of 31 December 2022.

The electricity generated by the Company is marketed both on wholesale electricity trading markets and on the retail market (through supply activities to end customers).

For the operation of its generation capacities, Hidroelectrica operates under License No. 332 dated 24 July 2001, issued by the National Energy Regulatory Authority (ANRE) for the commercial operation of electricity generation capacities, valid until 24 July 2026, in accordance with the applicable regulations and sector-specific rules.

Hidroelectrica is also the main provider of ancillary services in Romania, thus ensuring the stability of the National Energy System ("NES"). The Company provides ancillary services (also referred to as "system technological services") to the national system operator, Transelectrica S.A., under the electricity supply

license and the conditions associated with License No. 2215 dated 6 May 2020. Accordingly, Transelectrica S.A. procures ancillary services from the Company, based on an ANRE-regulated procedure and contractual arrangements, in order to maintain the operational security of the energy system and the quality of electricity transmitted in accordance with applicable regulations.

Supply of electricity to end customers

The electricity market for end consumers in Romania is liberalized, allowing all consumers to freely choose their electricity supplier at negotiated prices. The competitive electricity market enables consumers to select the supplier and the offer that best meet their needs, at competitive prices.

Revenues from the Group's supply segment include active energy as well as pass-through costs, such as green certificates, electricity transmission and distribution costs, costs related to the injection of electricity into the system, and other fixed costs.

1.3. Mission, vision, values

Hidroelectrica's Mission: To create value through the generation and commercialization of electricity, in a manner that is responsible towards the community and the environment, under conditions of quality and performance.

Hidroelectrica's Vision: To strengthen its position as a leader in electricity generation and the provision of ancillary services, while adhering to the principles of sustainable development.

Hidroelectrica's Values: Performance, integrity, social responsibility, creativity, teamwork.

1.4. Elements of strategy

As the national leader in electricity generation, with sustainable operations in terms of social responsibility towards the communities it engages with and environmental protection, Hidroelectrica's overarching objective is to continuously enhance shareholder value by conducting predictable and profitable business activities.

Hidroelectrica aims to rank among Europe's renewable energy producers that operate under high technical quality and safety standards.

The strategy for Hidroelectrica's development and evolution is aligned with European policies and Romania's ambitious targets for the decarbonisation of the economy by 2030, namely achieving 49% renewable energy in total consumption. In this context, the Company directly contributes to the development of new renewable generation capacities, including wind and solar, intended to gradually replace existing fossil fuel-based capacities scheduled for decommissioning.

The main strategic directions pursued by the Management Board of Hidroelectrica are:

- optimizing existing hydropower assets by enhancing operational efficiency, with a focus on maintenance activities (equipment and civil works), correlated with refurbishment works across the asset base, aiming for predictable and stable performance;
- implementing new technologies for hydropower projects at various stages of execution;

- promoting growth and diversification through the development of new generation capacities and the capitalization on potential synergies with other renewable sources, including by exploring mergers and acquisitions opportunities;
- increasing the Company's market share in the electricity supply segment;
- focusing on shareholder value through a balanced approach between operational efficiency and investments to maximize returns, supported by a dividend policy with a payout ratio of at least 90% of profit;
- maximizing cash generation and total shareholder return;
- ensuring reporting in accordance with applicable European legislation and ESG reporting guidelines;
- obtaining a sustainability rating;
- implementing best practices in corporate governance;
- improving the reporting system and communication with investors and analysts.



Source: Hidroelectrica

Given that the energy sector is expected to undergo an unprecedented transformation in the coming period, based on Hidroelectrica's SWOT analysis and in alignment with shareholders' expectations regarding the Company's positioning in the context of the accelerated energy transition—along with the opportunity to become a leader of the energy transition in Romania—the achievement of Hidroelectrica's strategic objectives will be pursued through the following key directions of action:

1. **Organization** – Internal efficiency of the Group, essential for optimally positioning the Group to deliver results. This includes simplifying internal procedures to shorten implementation timelines, improving cost efficiency and optimizing the workforce structure;
2. **Operations** – Condition-based maintenance and the adoption of digitalization solutions, aligned with the refurbishment and modernization program, aimed at increasing the Company's operational efficiency and ensuring the timely completion of ongoing investments;
3. **Development and diversification** – Prioritization of investment projects and monitoring of their implementation, diversification of the generation portfolio and expansion of the supply portfolio;

4. **Governance** – Alignment of the Group with corporate governance standards applicable to listed companies. Allocation of resources to implement an integrated reporting system, both at standalone and consolidated level, enabling dashboard-type customization of information for real-time monitoring of various flows, with the aim of improving response times and overall decision-making. Ensuring compliant and transparent reporting, effective communication with investors, fulfillment of sustainability reporting requirements, and definition and achievement of ESG targets.

One of the Group's long-term strategic objectives is to support the professional development of its employees, through the continuous enhancement of their knowledge and professional competencies.

The Group will continue on its path of sustainable development by upholding the values of its organizational culture and business principles, while protecting, supporting and continuously improving its human, natural and financial capital for the future. In this context, the Group can also contribute to fostering this mindset among the younger generation, who must understand, adopt and apply the principles of sustainable development.

The Management Board's vision for the Company's strategic and sustainable development, with a focus on increasing Hidroelectrica's value, in correlation with the current context, trends and opportunities of the local and regional energy market, as well as with foreseeable projections and perspectives, is to ensure the continuation of a modern, financially viable and economically sustainable company, capable of delivering high-quality services to its customers, acting responsibly towards society, all stakeholders involved in its operations and the environment, in the context of sustainable development.

1.5. Predictable development of the Company

Hidroelectrica continuously pursues the optimal capitalization of the developed hydropower potential by achieving a high level of performance, reliability and availability of the hydropower units in operation, as well as by extending their operational lifecycle by 25–30 years at nominal parameters, under conditions of increased efficiency and safety for modernized and refurbished capacities.

To this end, the Company aims to strengthen Hidroserv's position within the economic circuit and to transform UCMH Reșița S.A. into a general contractor for large-scale energy projects at national level, into a modern, integrated company for the maintenance and modernization of hydropower equipment, combining in one place both manufacturing and installation capabilities. All these actions are aimed at securing the existing generation asset portfolio, thus ensuring the Company's long-term performance.

One of the ongoing priorities of Hidroelectrica's management is the optimal management of the Company's investment budget and investment project portfolio, through the promotion of new projects and the monitoring of those under execution, in order to develop new renewable generation capacities, modernize, rehabilitate and refurbish existing assets, advance business diversification projects, as well as mergers and acquisitions activities.

Business development will primarily be achieved through increasing generation capacity, with a focus on boosting electricity production both by utilizing the existing hydropower potential and by diversifying the

generation portfolio, including through the acquisition and/or development of energy generation capacities from other renewable sources and/or the acquisition of stakes in other companies.

The optimization of the operation of existing generation capacities must take into account the synergies that can be achieved by combining multiple renewable energy sources: hydro–wind, hydro–solar, hydro–solar–hydrogen, hydro–battery storage, wind–battery storage, solar–battery storage. This approach aims to mitigate the impact of climate-related risks to which the Company is constantly exposed, while increasing the predictability of generation forecasts, reducing imbalance costs, and optimizing operating costs. It also generates multiple benefits in energy sales planning and enables the generation of additional revenues through the use of Virtual Power Plants in the management of energy assets.

Within the process of optimizing electricity generation, the Company aims to analyze and implement pilot projects that will significantly contribute to increasing generation capacity, as follows:

- pilot project combining wind energy with battery storage at the Crucea wind farm;
- pilot project combining run-of-river hydropower with battery storage, a solution that can be replicated across similar plants within Hidroelectrica’s portfolio;
- installation of photovoltaic panels at the Company’s own facilities to partially cover internal technological consumption;
- installation of floating photovoltaic panels operating in tandem with hydropower units within the same dispatchable unit;
- implementation of an advanced pilot system for production asset management (SAMA), aimed at optimizing and streamlining the management of critical production assets through the centralization and utilization of relevant data, with key objectives including operational efficiency, predictive maintenance, enhanced decision-making capabilities and a high level of equipment availability.

The integrated production asset management solution will utilize both static and operational data within Enterprise Asset Management (EAM) systems, covering the entire asset lifecycle—planning, procurement, commissioning, operation, maintenance, optimization and decommissioning—as well as Asset Performance Management (APM) solutions. These will incorporate and model operational data from SCADA, IoT and EAM systems, using advanced predictive analytics based on statistical models and artificial intelligence/machine learning (AI/ML) algorithms to identify equipment degradation trends, anticipate failures and support optimized maintenance decision-making;

- development of a pilot Digital Twin project for a hydropower plant, aimed at optimizing operational performance through the simulation of various scenarios and identification of optimal operating parameters, as well as implementing predictive maintenance at asset level;
- operationalization of research and innovation activities within Hidroelectrica, through the establishment of an Innovation and Asset Health Center, involving, alongside Hidroelectrica specialists, researchers, academics and other experts.

The diversification of the generation portfolio into other renewable sources focuses on three main directions of action:

- *Organic growth* – development of own renewable energy projects, including through hybridization with existing hydropower plants (“behind-the-meter”);

- *Growth through acquisitions* – through its M&A activity, Hidroelectrica assesses opportunities to acquire generation capacities at the RTB (“Ready to Build”) stage or at COD (Commercial Operation Date);
- *Strategic partnerships* – establishing partnerships with reputable entities with proven capabilities in operating, building and commissioning renewable energy capacities. These partnerships enable a rapid transfer of know-how and proven expertise in the areas targeted by Hidroelectrica.

The Company’s strategy to implement measures aimed at accelerating the transition to a green energy-based society—through research, innovation, analysis, development and the exploration of new business models—has as its ultimate objective the sustainable growth of Hidroelectrica.

2. Key highlights of 2025

In 2025, macroeconomic developments were characterized by a moderate GDP growth pace, below potential, in a context marked by political uncertainties in the first part of the year, persistent inflationary pressures—including following the liberalization of electricity prices in April—and the continuation of restrictive financial conditions. In this environment, fiscal and budgetary policy focused on deficit consolidation through measures that impacted public investment dynamics and consumption.

Against this backdrop, the economy slowed in the second half of the year, with contractions recorded in both the third and fourth quarters. At the same time, the elevated budget deficit and the dynamics of public debt continued to influence sovereign financing costs.

Differences between initial forecasts and actual developments remained significant in both 2024 and 2025. Despite this complex macroeconomic environment, the Romanian capital market delivered solid performance, with the BET-TR index recording a significant increase throughout the year. At the same time, the evolution of Hidroelectrica's adjusted share price reflected the operational specificities of the year, particularly the unfavorable hydrological conditions, which impacted production levels. This effect was partially offset by the strong performance of the supply segment, where the Company strengthened its position as a leader on the competitive market, as well as by the continuation of its investment programs, despite implementation challenges.

Overall, the Company demonstrated its ability to navigate a complex macroeconomic and operational environment, maintaining a strong market position and a solid operational base for medium- and long-term development.

Against the backdrop of recent developments in the renewable energy generation sector (wind and photovoltaic) at both European and global levels, Hidroelectrica continues to pursue a prudent development strategy in the renewable energy sector, maintaining its objective of entering new investment projects only where the return on investment exceeds the cost of capital.

From a commercial perspective, Hidroelectrica maintained its focus on ensuring revenue predictability through forward energy sales, while adapting its operational and commercial model to the constraints generated by lower production. In this context, the Company more actively integrated energy procurement from the market in order to compensate for the shortfall in its own production and to maintain delivery discipline across its contractual portfolio.

Employees represent Hidroelectrica's most valuable resource, and retaining, motivating and attracting qualified personnel remains an absolute priority in the challenging context of workforce availability and the highly competitive market in which the Company operates.

3. Key events in 2025

3.1. General Meetings of Shareholders

On 25 February 2025, **the Management Board of Hidroelectrica convened the Ordinary General Meeting of Shareholders for 31 March 2025**, following the request of the shareholder, **the Romanian State through the Ministry of Energy**, with the following main items on the agenda:

- approval of the form and content of Addendum No. 2 to the Mandate Agreements concluded with the members of the Supervisory Board of S.P.E.E.H. Hidroelectrica S.A., as proposed by the shareholder, the Romanian State through the Ministry of Energy;
- informing the Ordinary General Meeting of Shareholders regarding the Report of the Supervisory Board of S.P.E.E.H. Hidroelectrica S.A. for the first half of 2024.

All items on the agenda of the Ordinary General Meeting of Shareholders were approved on the date of the meeting by the Company's shareholders, with the majority of votes cast.

On 6 March 2025, **the Management Board of Hidroelectrica** convened the OGMS for **10 April 2025**. Following the request of the shareholder, the Romanian State through the Ministry of Energy, to supplement the agenda, the main items submitted for approval, as per the supplemented convening notice, were as follows:

- approval of the Revenue and Expenditure Budget of S.P.E.E.H. Hidroelectrica S.A. for 2025;
- approval of the ratification and confirmation of the acts and/or actions undertaken and/or performed by KPMG Audit S.R.L., in its capacity as financial auditor for the purpose of limited assurance on sustainability reporting, in accordance with the requirements of Directive (EU) 2022/2464 on corporate sustainability reporting ("CSRD") and Delegated Regulation No. 5303/2023 on the European Sustainability Reporting Standards ("ESRS"), supplementing the CSRD, transposed into national legislation through Order of the Ministry of Public Finance No. 85/2024 on sustainability reporting ("OMFP 85/2024"), for the financial year ended 31 December 2024, based on the Contract and the applicable legal and professional regulations, up to and including the present date;
- revocation of certain members of the Supervisory Board for reasons not attributable to them, in order to comply with Milestone No. 121 of Romania's National Recovery and Resilience Plan, in accordance with the provisions of Article 36.10 of the mandate agreement;
- appointment of interim members of the Supervisory Board;
- approval of the mandate duration of the interim members of the Supervisory Board, appointed for a period of five months, in accordance with the provisions of Government Emergency Ordinance No. 109/2011 on the corporate governance of public enterprises, as subsequently amended and supplemented;
- determination of the gross fixed monthly remuneration of the interim members of the Supervisory Board, at the level established in accordance with Resolution of the Ordinary General Meeting of Shareholders No. 10/28 March 2023;
- approval of the form of the mandate agreement to be concluded with the appointed interim members of the Supervisory Board, as proposed by the Ministry of Energy;
- approval of the initiation of the selection procedure for the vacant positions of members of the Supervisory Board, in accordance with the provisions of Government Emergency Ordinance No.

109/2011 on the corporate governance of public enterprises, as subsequently amended and supplemented. The selection procedure will be carried out by the Ministry of Energy, in its capacity as the public tutelary authority.

At the **meeting held on 10 April 2025**, OGMS resolved the following:

With respect to **item 3** on the agenda, namely:

Revocation of members of the Supervisory Board for reasons not attributable to them, in order to comply with Milestone No. 121 of Romania's National Recovery and Resilience Plan, in accordance with the provisions of Article 36.10 of the mandate agreement (secret vote),

OGMS resolved to revoke the following members of the Supervisory Board, for reasons not attributable to them:

- Mr. Petre-Iulian Nicolescu
- Mr. Mihai-Liviu Mihalache
- Mr. Cristian-Nicolae Stoina

For **item 5** on the agenda, namely:

Election of provisional members of the Supervisory Board (secret ballot),

The OGMS appoints the following persons as provisional members of the Supervisory Board:

- Mr. Marius Persinaru
- Ms. Anca Mitu
- Mr. Ciprian-Mihail Ene

The rest of the items on the agenda of the OGMS were approved on the date of the meeting by the company's shareholders, with a majority of votes cast.

On 26 March 2025, **the Management Board of Hidroelectrica** convened the **Annual OGMS for 29 April 2025**, with the following main items on the agenda:

- approval of the audited standalone annual financial statements of S.P.E.E.H. Hidroelectrica S.A. as at and for the financial year ended 31 December 2024, prepared in accordance with Order of the Minister of Public Finance ("OMFP") No. 2844/2016;
- approval of the audited consolidated annual financial statements of S.P.E.E.H. Hidroelectrica S.A. together with its subsidiary, as at and for the financial year ended 31 December 2024, prepared in accordance with OMFP No. 2844/2016;
- approval of the audited consolidated annual financial statements of S.P.E.E.H. Hidroelectrica S.A. together with its subsidiary, as at and for the financial year ended 31 December 2024, prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the IASB;
- the Annual Report of S.P.E.E.H. Hidroelectrica S.A., including the Management Board Report and the Supervisory Board Report, for the financial year ended 31 December 2024;
- allocation of the net profit for the 2024 financial year, approval of the total gross dividend amount of RON 4,043,229,023, as well as the gross dividend per share amount of RON 8.988897;
- discharge of liability of the Supervisory Board and the Management Board for the financial year ended 31 December 2024;

- the Remuneration Report of the Supervisory Board and the Management Board for the 2024 financial year;
- information regarding the consolidated Revenue and Expenditure Budget of the Hidroelectrica Group for 2025;
- setting 4 June 2025 as the Record Date, 3 June 2025 as the “Ex Date”, and 25 June 2025 as the Payment Date for dividends related to the 2024 financial year;
- the annual evaluation report of the members of the Supervisory Board.

All items on the agenda of the OGMS were approved on the date of the meeting by the Company's shareholders, with the majority of votes cast.

On 19 June 2025, **the Management Board of Hidroelectrica** convened the **EGMS** for **28 July 2025**, following requests from the shareholder, the Romanian State through the Ministry of Energy, and subsequently supplemented the agenda with an item regarding the appointment of the financial auditor. The main items on the agenda were as follows:

- Approval of the financial and non-financial key performance indicators resulting from Hidroelectrica's Management Plan, which will be an annex to the mandate contracts of the members of the Supervisory Board and the Management Board of Hidroelectrica.
- Approval of the form and content of the Addendum to the mandate contract to be concluded with the members of the Supervisory Board of the company in the form and content proposed by the Ministry of Energy.
- Approval of the full component of the selection plan related to the selection procedure for the vacant positions on the Supervisory Board.
- Approval of the appointment of the financial auditor of Hidroelectrica, Ernst & Young Assurance Services SRL, for the provision of the services detailed in the substantiation note presented to the shareholders, for a period of three years, respectively for the financial years 2025, 2026 and 2027.

All items on the agenda of the OGMS were approved on the date of the meeting by the company's shareholders, with a majority of votes cast.

On 10 July 2025, **the Management Board of Hidroelectrica** convened the EGMS for 11 August 2025, with the following main items on the agenda:

- Informing the GSM regarding the approval by the Supervisory Board of the update of the General Estimate on 01.09.2024 in prices valid on 31.08.2024 and of the technical-economic indicators of the investment objective "Pascani Hydropower Development".
- Approval of the new technical-economic indicators of the investment objective "Rastolita Hydropower Development", according to the values resulting from the documentation "Optimization and updating of the technical-economic indicators of the investment objective Rastolita Hydropower Development" – 2025 edition carried out by the Hydroelectric Design Department.
- Approval of the achievement of the investment objective "Refurbishment of the Raul Mare Retezat HPP" according to the new technical-economic indicators resulting from the update of the General Estimate and the technical-economic indicators.
- Approval of the documentation on the basis of which the Certificate of Attestation of the Right of Ownership over the lands in the patrimony of Hidroelectrica occupied by the Premises of the Portile

de Fier 1 Hydrotechnical Node and the premises of MHC Baru Mare – Catchment and Compensatory Basin is to be obtained.

- Informing the General Meeting of Shareholders regarding the conclusion of the contract for the purchase of services for "Renewal of subscriptions to SAP IS-U, S4HANA, SAP Support Services".
- Informing the General Meeting of Shareholders regarding the conclusion of transactions with other public enterprises, according to art. 52 of GEO 109/2011 on the corporate governance of public enterprises, with subsequent amendments and completions.

At the EGMS held on 11 August 2025, all items on the agenda were approved by the Company's shareholders, with the majority of votes cast.

On 1 August 2025, the Management Board of Hidroelectrica convened the OGMS for 8 September 2025, following the request of the shareholder, the Romanian State through the Ministry of Energy, with the following main items on the agenda:

- Dismissal of a provisional member of the Supervisory Board following the termination of his/her term of office on 9 September 2025.
- Withdrawal of the discussion of items 2, 3, 4, 5 and 6 from the agenda of the General Meeting of Shareholders on 08.09.2025.
- Election of a provisional member of the Supervisory Board following the vacancy of the position under item (1) of the agenda, starting with 10 September 2025.
- Establishing the term of office of the provisional member elected in point (2), for a period of 2 months, according to the provisions of GEO no. 109/2011 on the corporate governance of public enterprises, as subsequently amended and supplemented.
- Establishing the monthly gross fixed allowance of the provisional member of the Supervisory Board elected in point (2), in the amount established in accordance with the Resolution of the Ordinary General Meeting of Shareholders no. 10/28.03.2023.
- Approval of the form of the mandate contract to be concluded with the provisional member of the Supervisory Board, elected in point (2), in the form proposed by the Ministry of Energy.
- Extension by 2 months of the term of office for 2 (two) provisional members of the Supervisory Board.
- Approval of the conclusion of the addenda to the mandate contracts regarding the extension of the term of office of the provisional members of the Supervisory Board by 2 (two) months in the form proposed by the Ministry of Energy and the establishment of the indemnity in the amount established in accordance with the Resolution of the Ordinary General Meeting of Shareholders no. 10/28.03.2023.

At **the meeting held on 8 September 2025**, the OGMS decided the following:

For **item 1** on the agenda, namely:

- Dismissal of a provisional member of the Supervisory Board following the termination of his term of office on 09.09.2025 (secret ballot),

The OGMS revokes Mr. Marius Persinaru.

For **item 7** on the agenda, namely:

- Extension by 2 months of the term of office for 2 (two) provisional members of the Supervisory Board,

The OGMS extends the term of office of the following persons – members of the Supervisory Board:

- Ms. Anca Mitu
- Mr. Ciprian-Mihail Ene

Items 2-6 were rejected on the date of the meeting by the company's shareholders, with a majority of votes cast, and the rest of the items (1.1, 9 and 10) were approved on the date of the meeting by the company's shareholders, with a majority of votes cast.

On 29 September 2025, **the Management Board of Hidroelectrica** convened the **OGMS** for **31 October 2025**. Following the request of the shareholder, the Romanian State through the Ministry of Energy, to supplement the agenda, the main items submitted for approval, as per the supplemented convening notice, were as follows:

- Approval of Hidroelectrica's Rectified Income and Expenditure Budget for 2025, according to the Substantiation Note presented to shareholders.
- The Ordinary General Meeting of Shareholders is informed about the Report of the Supervisory Board of Hidroelectrica for the first half of 2025.
- Dismissal of the provisional members of the Supervisory Board of Hidroelectrica, starting with November 9, 2025, following the termination of their term of office.
- Election of the provisional members of the Supervisory Board of Hidroelectrica, starting with November 9, 2025.
- Establishing the term of office of the provisional members of the Supervisory Board elected in point (4), for a period of 5 months, or until the completion of the selection procedure carried out in accordance with the provisions of GEO no. 109/2011 on the corporate governance of public enterprises, with subsequent amendments and completions, if the selection is completed before the mentioned deadline.
- Establishing the monthly gross fixed allowance of the provisional members of the Supervisory Board elected according to point (4), in accordance with the Decision of the Ordinary General Meeting of Shareholders of Hidroelectrica no. 10/28.03.2023.
- Approval of the form of the mandate contract to be concluded with the provisional members of the Supervisory Board elected according to point (4), in the form proposed by the Ministry of Energy.

At the meeting held on 31 October 2025, the OGMS decided the following:

For **item 3** on the agenda, namely:

- Revocation of the provisional members of the Supervisory Board of S.P.E.E.H. Hidroelectrica S.A., starting with 09.11.2025, following the termination of their term of office (secret ballot),

The OGMS revokes Mrs . Anca Mitu and Mr. Ciprian-Mihail Ene.

For **item 4** on the agenda, namely:

- Election of the provisional members of the Supervisory Board of S.P.E.E.H. Hidroelectrica S.A., starting with 09.11.2025 (secret ballot),

The OGMS appoints Mrs . Anca Mitu and Mr. Ciprian-Mihail Ene.

The rest of the items on the agenda were approved on the date of the meeting by the company's shareholders, with a majority of votes cast.

On 17 October 2025, **the Hidroelectrica Management Board convened the OGMS for 20 November 2025**. Following the request of the shareholder Romanian State through the Ministry of Energy to complete the agenda, received on 5 November 2025, the main points subject to approval, according to the completed convening notice, are the following:

- information on the reasons for, and the mutual termination of, the mandate contracts of Mr. Károly Borbély – Chairman of the Management Board (CEO) and Mr. Marian Fețița – Member of the Management Board (CFO), as well as the context and conditions of such termination;
- dismissal of the interim members of the Supervisory Board of Hidroelectrica, effective as of the date of the meeting, following the completion of the selection procedure;
- election of the members of the Supervisory Board of Hidroelectrica, effective as of the date of the meeting;
- determination of the term of office of the Supervisory Board members elected under item (3), starting from the date of the meeting until 28 March 2027, corresponding to the end of the mandate of the Supervisory Board members appointed by OGMS Resolution No. 10 of 28 March 2023;
- determination of the gross fixed monthly remuneration of the Supervisory Board members elected under item (3), in accordance with Article 4 of OGMS Resolution No. 10 of 28 March 2023;
- approval of the form of the mandate agreement to be concluded with the Supervisory Board members elected under item (3), as proposed by the Ministry of Energy.

At **the meeting held on 20 November 2025**, the OGMS decided the following:

For **item 2** on the agenda, namely:

- Revocation of the provisional members of the Supervisory Board of SPEEH Hidroelectrica SA, starting with the date of the meeting, following the completion of the selection procedure (secret ballot),

The OGMS revokes Mrs . Anca Mitu and Mr. Ciprian-Mihail Ene.

For **item 3** on the agenda, respectively:

- Election of the members of the Supervisory Board of SPEEH Hidroelectrica SA, starting with the date of the meeting (secret ballot):

The OGMS appoints Mr. Catalin Vladut Popescu, Mr. Ion Ariton and Mr. Emil Merdan.

The rest of the items on the agenda submitted to the vote were approved on the date of the meeting by the company's shareholders, with a majority of votes cast.

On 13 November 2025, **the Management Board of Hidroelectrica convened the OGMS for 17 December 2025**. Following the request of the shareholder Romanian State through the Ministry of Energy to complete the agenda, received on November 28, 2025, as well as to complete the Hidroelectrica Management Board, the main points subject to approval, according to the completed convening notice, are the following:

- Approval of the form and content of the addendum to the mandate contracts of the members of the Hidroelectrica Supervisory Board, for the implementation of the amendments brought to GEO 109/2011 on the corporate governance of public enterprises, as amended by Law no. 158/2025, in the forms proposed by the company.
- Approval of the form and content of the addendum to the mandate contracts of the members of the Hidroelectrica Supervisory Board, for the implementation of the amendments brought to GEO 109/2011 on the corporate governance of public enterprises, as amended by Law no. 158/2025, in the form proposed by the Ministry of Energy.

The addendum to the mandate contracts of the members of the Hidroelectrica Supervisory Board was approved on the date of the meeting by the company's shareholders, in the form proposed by the Ministry of Energy, with the majority of votes cast, the other forms proposed by the company being rejected in the OGMS. The rest of the items on the agenda were approved on the date of the meeting by the company's shareholders, with a majority of votes cast.

On 23 December 2025, **the Management Board of Hidroelectrica convened the EGMS for 27 January 2026**. The main points submitted for approval, according to the completed convening notice, were the following:

- Approval:
 - (i) Establishment by Hidroelectrica together with EDF power solutions International of a Joint Venture Company (JVC) in equal shares of 50% - 50% each;
 - (ii) The Shareholders' Agreement (SHA) to be concluded by Hidroelectrica with EDF power solutions International, which defines the terms and conditions regarding the operation of a company (Joint Venture Company - JVC) that will be established by the parties in order to develop the Tarnița Pumped Storage Hydroelectric Power Plant (CHEAP) project – Proposed Investment/Opportunity.
- Approval of the acquisition of legal advisory services in connection with the process of increasing the share capital of Hidroelectrica.
- Approval of the documentation prepared in order to obtain the Certificate of Attestation of the Right of Ownership over the lands in the patrimony of Hidroelectrica, for six premises, of which five located in Maramureș County and one enclosure located in Bihor County.
- Approval of the acquisition of legal advisory services considering the acquisition company's objective at the commissioning of the CHEAP Frasin-Pângărați plant, with an installed capacity of 300 MW to be developed and built by Hidro Blue Energy SRL.
- Information on the approval by the Supervisory Board of the new technical-economic indicators for the investment objective "Refurbishment of the Petrimanu, Jidoaia and Lotru-Aval high-power pumping stations – HP DORIN PAVEL", resulting from the update of the General Estimate and the technical-economic indicators.
- Information on the approval by the Supervisory Board of the investment objective "Refurbishment of the Gogoșu HPP", according to the Feasibility Study and the related technical-economic indicators.
- Information on the approval by the Supervisory Board of the new technical-economic indicators for the investment objective "Refurbishment of the Bradișor HPP", resulting from the update of the General Estimate and the technical-economic indicators.
- Information regarding the approval by the Supervisory Board of the update of the general estimate for the investment objective "Refurbishment of the Stejaru HPP", in order to continue the works "remainder to be executed", according to the new technical-economic indicators resulting from the documentation "Feasibility study. Update of the general estimate and technical-economic indicators" - April 2024.
- Information regarding the conclusion of transactions with other public enterprises, according to art. 52 of GEO 109/2011 on the corporate governance of public enterprises, with subsequent amendments and completions.

Information regarding the resolutions of the EGMS of 27 January 2026 can be found in the chapter [Subsequent events](#).

3.2. Changes in management structures

Composition of the Supervisory Board

At the OGMS held on 10 April 2025, the shareholders approved the revocation of the following members of the Supervisory Board for reasons not attributable to them, in order to comply with Milestone No. 121 of Romania's National Recovery and Resilience Plan, in accordance with the provisions of Article 36.10 of the mandate agreement:

- Mr. Petre-Iulian Nicolescu
- Mr. Mihai-Liviu Mihalache
- Mr. Cristian-Nicolae Stoina

Also, at the same meeting, the OGMS appointed the following persons as provisional members of the Supervisory Board:

- Mr. Marius Persinaru
- Ms. Anca Mitu
- Mr. Ciprian-Mihail Ene

On September 8, 2025, the OGMS approves the revocation of Mr. Marius Persinaru, following the On 8 September 2025, the OGMS approved the revocation of Mr. Marius Persinaru, following the expiry of his mandate on 9 September 2025, and extended by two months the mandates of Ms. Anca Mitu and Mr. Ciprian-Mihail Ene.

On 20 November 2025, the OGMS revoked the interim members of the Supervisory Board and appointed three members with mandate contracts valid until 28 March 2027, following the completion of the selection procedure, as follows:

- Mr. Catalin Vladut Popescu
- Mr. Ion Ariton
- Mr. Emil Merdan

Appointment of Chairman of the Supervisory Board and establishment of the composition of the advisory committees

On 5 May 2025, the Supervisory Board decided to appoint Mr. Silviu-Razvan Avram as Chairman of the Supervisory Board and decided the composition of the advisory committees.

Following the appointment of the 3 permanent members of the Supervisory Board on 20 November 2025, a new composition of the advisory committees was established on 24 November 2025. Thus, their structure during 2025 is as follows:

Nomination and Remuneration Committee		
1 January – 4 May 2025	5 May – 23 November 2025	24 November – 31 dec 2025
1 George-Marius Toniuc - President	George-Marius Toniuc – President	George-Marius Toniuc - President
2 Silviu Razvan Avram - Member	Silviu-Razvan Avram – Member	Silviu Razvan Avram - Member
3 Carmen Radu - Member	Carmen Radu – Member	Carmen Radu - Member
4 Petre-Iulian Nicolescu – Member	Ciprian-Mihail Ene – Member	Catalin-Vladut Popescu - Member
5 Ana-Barbara Bobirca - Member	Ana-Barbara Bobirca – Member	Ana-Barbara Bobirca - Member

Audit Committee		
1 January – 4 May 2025	5 May – 23 November 2025	24 November – 31 dec 2025
1 Carmen Radu – President	Carmen Radu – President	Carmen Radu – President
2 George-Marius Toniuc – Member	George-Marius Toniuc – Member	George-Marius Toniuc – Member
3 Silviu-Razvan Avram – Member	Silviu-Razvan Avram – Member	Silviu-Razvan Avram – Member
4 Cristian-Nicolae Stoina – Member	Anca Mitu – Member	Ana-Barbara Bobirca – Member
5 Mihai-Liviu Mihalache – Member	Ana-Barbara Bobirca – Member	Ion Ariton – Member
6 Ana-Barbara Bobirca – Member	-	-

Risk Management Committee		
1 January – 4 May 2025	5 May – 23 November 2025	24 November – 31 dec 2025
1 Silviu-Razvan Avram – President	Silviu-Razvan Avram – President	Silviu-Razvan Avram – President
2 Cristian-Nicolae Stoina – Member	Marius Persinaru – Member	George-Marius Toniuc – Member
3 Petre-Iulian Nicolescu – Member	George-Marius Toniuc – Member	Ana-Barbara Bobirca – Member
4 Mihai-Liviu Mihalache – Member	Ana-Barbara Bobirca – Member	Catalin Vladut Popescu – Member
5 George-Marius Toniuc – Member	Ciprian-Mihail Ene – Member	Emil Merdan – Member
6 Ana-Barbara Bobirca – Member	-	-

Governance and Sustainability Committee		
1 January – 4 May 2025	5 May – 23 November 2025	24 November – 31 dec 2025
1 Ana-Barbara Bobirca - President	Ana-Barbara Bobirca – President	Ana-Barbara Bobirca - President
2 Petre-Iulian Nicolescu - Member	Anca Mitu – Member	Emil Merdan - Member
3 George Marius Toniuc - Member	George-Marius Toniuc – Member	George Marius Toniuc - Member
4 Carmen Radu - Member	Carmen Radu – Member	Carmen Radu – Member
5 Mihai Liviu Mihalache - Member	Marius Persinaru – Member	Ion Ariton - Member

Source: Hidroelectrica

Composition of the Management Board

At the meeting held on 19 September 2025, the Supervisory Board, together with Mr. Károly Borbély – Chairman of the Management Board/CEO, and Mr. Marian Fețița – Member of the Management Board/CFO, agreed on the mutual termination of their mandate agreements, effective as of 19 September 2025. The decision was adopted by the Supervisory Board in the interest of the Company and all its shareholders, taking into account the obligations arising from Milestone 121 (PNRR), the context established by the European Commission Decision C(2025) 3490/28 May 2025, and Hidroelectrica's status as a company listed on a regulated market.

Also, during the meeting of 19 September 2025, the Supervisory Board decided to assign the CEO responsibilities to Mr. Bogdan-Nicolae Badea, Member of the Management Board, and the CFO responsibilities to Mr. Radu-Ioan Constantin, Member of the Management Board, as a result of the vacancy of the two positions within the Management Board and in order to ensure the stability of the Company's governance and operations.

On 22 September 2025, the Supervisory Board resolved to initiate the selection procedure for the two vacant positions of CEO and CFO, to be conducted by an independent expert specialized in human resources recruitment, whose services are contracted in accordance with applicable legal provisions.

Accordingly, on 3 October 2025, the announcement regarding the recruitment and selection of candidates for the CEO and CFO positions was published, including the eligibility requirements and the evaluation/selection criteria, in accordance with Article 35(6) of Government Emergency Ordinance No. 109/2011 on the corporate governance of public enterprises, as subsequently amended and supplemented. The deadline for submitting applications was 4 November 2025.

On 19 November 2025, the procedure initiated by the Supervisory Board Resolution of 22 September 2025 for the position of Management Board member – CFO was declared closed, as no eligible candidate was identified for nomination, according to the report of the independent human resources recruitment expert.

On 26 November 2025, the Supervisory Board noted that no candidate fully met the requirements for the CEO position at that time and, in accordance with Government Emergency Ordinance No. 109/2011 and the principles of transparency, competitiveness and integrity, decided to immediately relaunch the selection process. In order to ensure operational continuity until the completion of the selection process, the Supervisory Board maintained the interim arrangements regarding the delegation of CEO and CFO responsibilities.

Additional information regarding the composition of the governing bodies, namely the composition of the Supervisory Board, its advisory committees and the Management Board, can be found in Chapters [the Report of the Supervisory Board](#) and the [Management Board](#) of this Report.

3.3. Investments

Completion of the tender for the Li-ion storage system at Crucea Nord

On 7 April 2025, Hidroelectrica announced the completion of the tender procedure for the procurement of a Li-ion battery storage installation at the Crucea Nord Wind Farm, through the signing of the contract with the winning bidder, namely the consortium formed by Prime Batteries Technology S.R.L. and Enevo Group S.R.L. The installation will be deployed within the Crucea Substation of the Crucea Nord Wind Farm, owned and operated by Hidroelectrica, with an installed capacity of 108 MW.

The main objective of the investment is to reduce internal imbalances within the wind farm in Hidroelectrica's portfolio, provide balancing services to the national energy system, improve the performance of wind turbines and reduce the wear of turbine electromechanical systems.

The contract value amounts to RON 80 million, excluding VAT, and the implementation period is 12 months from the date of contract signing.

Upon commissioning, the storage installation will have a nominal power of 36 MW and a nominal energy storage capacity of 72 MWh.

Contract for photovoltaic project in power plants on the middle and lower sector of the Olt River

On 9 May 2025, Hidroelectrica announced the signing of a works contract for the turnkey implementation of the project “Harnessing the photovoltaic potential within the electricity generation plants located on the middle and lower sections of the Olt River.”

The contract was awarded following a competitive procedure, with Servelect S.R.L. designated as the winning bidder, together with its subcontractor Electroplus S.R.L.

The main objective of the investment is to increase renewable electricity generation capacity by installing photovoltaic systems on the rooftops of 20 hydropower plants owned by Hidroelectrica, located along the middle and lower sections of the Olt River.

The contract value amounts to RON 9 million, excluding VAT, with an implementation period of 24 months (4 months for design and 20 months for execution).

The photovoltaic system consists of 620 W panels, 100 kW inverters and energy optimizers, with a total installed panel capacity of 2,955.58 kW and an estimated annual energy production of 3,710.87 MWh.

This investment marks a first for the Company, being the first project involving the installation of photovoltaic panels within Hidroelectrica.

The targeted objectives include leveraging the region’s photovoltaic potential through the development of renewable energy generation systems, reducing CO₂ emissions, and lowering internal technological consumption (CPT), thereby optimizing production costs and improving operational efficiency, as a result of the synergies between photovoltaic and hydropower generation at the same sites.

Signing of the contract for the refurbishment of Stejaru Hydroelectric Power Plant

On 13 October 2025, Hidroelectrica signed the works contract for the project “Refurbishment of Stejaru Hydropower Plant – Refurbishment of Units HA1–HA4 and Power Plant Installations,” one of the most significant investment projects in the Company’s portfolio.

The contract, with a value of EUR 97 million excluding VAT, was awarded to Societatea de Servicii Hidroenergetice HIDROSERV S.A., which will collaborate with the following subcontractors: Uzina de Construcții Mașini Hidroenergetice, General Design Tech, Compania de Consultanță în Energie și Mediu S.A., Hydro Proiect Invest, Electromontaj, Nibaco and Electromontaj Carpați S.A.

The investment is financed from Hidroelectrica’s own funds, and the contract was awarded through an open tender procedure, based on the “best price-quality ratio” criterion, in accordance with the legislation on sectoral procurement (Law No. 99/2016).

The project aims to fully modernize and refurbish the four type I hydropower units (HA1–HA4), as well as the general installations of the plant, contributing to increased energy efficiency, enhanced operational safety and the extension of equipment lifetime. The contract duration is 66 months.

Located in Neamț County, the Stejaru Hydropower Plant (also known as “Dimitrie Leonida HPP”) is part of the Bistrița River hydrotechnical development and represents a technological landmark of the Romanian energy industry. The refurbishment works will include design, equipment supply, installation, commissioning and post-implementation monitoring components.

Signing of the contract for the refurbishment of the Petrimanu, Jidoaia and Lotru high-power pumping stations

On 10 November 2025, Hidroelectrica signed the contract for the implementation of the project “Refurbishment of High-Power Pumping Stations Petrimanu, Jidoaia and Lotru – downstream of the Dorin Pavel Hydropower Development,” following the completion of the award procedure conducted through competitive negotiation.

The contract, with an estimated value of RON 487 million (EUR 98 million) excluding VAT, was awarded at a final value of EUR 98 million excluding VAT to ELECTROMONTAJ S.A., together with its subcontractors ELIN MOTOREN GmbH, VOITH HYDRO GmbH & Co. KG and BUTAN GRUP S.R.L.

The refurbishment of the three high-power pumping stations—Petrimanu, Jidoaia and Lotru—located downstream of the Dorin Pavel Hydropower Development represents one of Hidroelectrica’s most significant energy infrastructure investments in recent years, with a direct impact on increasing energy efficiency, operational flexibility and the balancing capacity of the National Energy System.

The project will extend the operational lifetime of the pumping installations by at least 30 years, improve the efficiency of electromechanical equipment and control systems, and integrate modern automation and digital control technologies compatible with the SCADA/EMS standards used within the Company. At the same time, the refurbishment will contribute to enhancing the rapid response capability of the National Energy System in situations of energy imbalance and to better integrating renewable energy generation.

3.4. Other key events

Publication of preliminary key operational indicators

- On 10 February 2025, Hidroelectrica published the preliminary key operational indicators for Q4 2024;
- On 29 April 2025, Hidroelectrica published the preliminary key operational indicators for Q1 2025;
- On 29 July 2025, Hidroelectrica published the preliminary key operational indicators for Q2 2025;
- On 29 October 2025, Hidroelectrica published the preliminary key operational indicators for Q3 2025.

Closure of the insolvency procedure of S.S.H. Hidroserv S.A.

In accordance with the Decision pronounced on 25 June 2025 by the Bucharest Tribunal, in the file no. 36365/3/2016, the court closed the insolvency procedure against the debtor S.S.H. Hidroserv SA, a subsidiary of Hidroelectrica, by reinsertion into the economic circuit. We remind you that, on 10 October 2016, S.S.H. Hidroserv S.A. entered the general insolvency procedure, in accordance with the provisions of Law no. 85/2014.

Market Maker Services

Starting from 7 March 2025, Hidroelectrica has benefited from Market Maker services provided by BRK Financial Group, a participant in the Bucharest Stock Exchange trading system, which has undertaken the role of supporting the liquidity of the Company’s shares. Accordingly, the provider will display firm bid and ask quotes for a minimum of 11,000 shares, for at least 90% of the trading session, with a maximum spread of 2.5%.

Annual information on gender balance

On 14 July 2025, the Company informed stakeholders regarding gender representation within its governing bodies. The Supervisory Board consists of seven non-executive members, of whom four are male and three are female. The underrepresented gender among non-executive members (female) accounts for 43%. **Accordingly, Hidroelectrica meets the objective set out under Article 109³ letter (a) of Law No. 24/2017, namely that “members of the underrepresented gender shall hold at least 40% of non-executive board positions,” with the share of the underrepresented gender among the non-executive members of the Supervisory Board standing at 43%.**

Further information can be found in the chapter [Subsequent events](#).

3.5. Dividend distribution

On 28 April 2025, the General Meeting of Shareholders approved the distribution of dividends from the 2024 profit to shareholders registered as at 4 June 2025, in the amount of RON 4,043 million, representing 100% of the 2024 net profit eligible for distribution in accordance with the Company’s statutory standalone financial statements.

3.6. Transactions with related parties according to art. 108 of Law no. 24/2017

On 13 February 2025, Hidroelectrica reported the transactions carried out with Exim Banca Românească during the period 28 June 2024 – 10 January 2025, whose cumulative value exceeded the threshold of 5% of Hidroelectrica’s net assets. The report was prepared in accordance with the provisions of Article 108 of Law No. 24/2017 on issuers of financial instruments and market operations, republished.

In addition, the independent limited assurance reports of the financial auditor for the second half of 2024 and the first half of 2025 were published on 31 January 2025 and 30 July 2025, respectively.

4. Hidroelectrica on the capital market

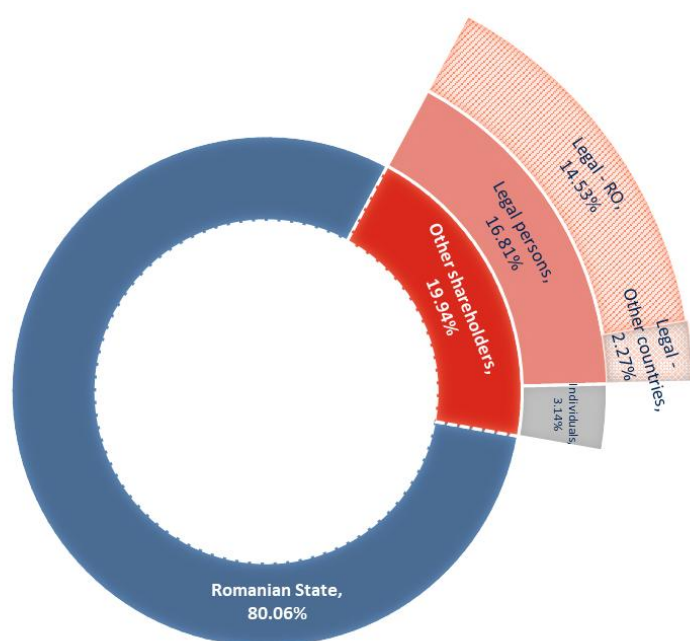
4.1. Hidroelectrica's Initial Public Offering

Between 23 June and 4 July 2023, the initial public offering (IPO) of shares issued by Hidroelectrica, representing up to 19.94% of the total shares issued by the Company, was carried out by Fondul Proprietatea S.A., attracting a total of over 50,000 purchase orders. Following the exercise of the over-allotment option granted by Fondul Proprietatea to the designated intermediary banks, the entire holding of the Fund, consisting of 89,708,177 shares, was sold through the transaction conducted on the Bucharest Stock Exchange.

The first trading day was 12 July 2023.

4.2. Shareholding structure and share price evolution

Shareholding structure as of 31 December 2025



Source: Hidroelectrica, Central Depository

The shareholding structure as of 31 December 2025 is presented in the table below:

Shareholder	Holdings as of 31 December 2025	Percentage of holdings of the share capital at 31 December 2025	Holdings as of 31 December 2024	Percentage of holdings of the share capital at 31 December 2024
The Romanian State through the Ministry of Energy	360,094,390	80.0561%	360,094,390	80.0561%
Legal entities	75,600,136	16.8074%	73,287,787	16.2933%
Individuals	14,108,041	3.1365%	16,420,390	3.6506%
Total	449,802,567	100.0000%	449,802,567	100.0000%

Source: Hidroelectrica, Central Depository

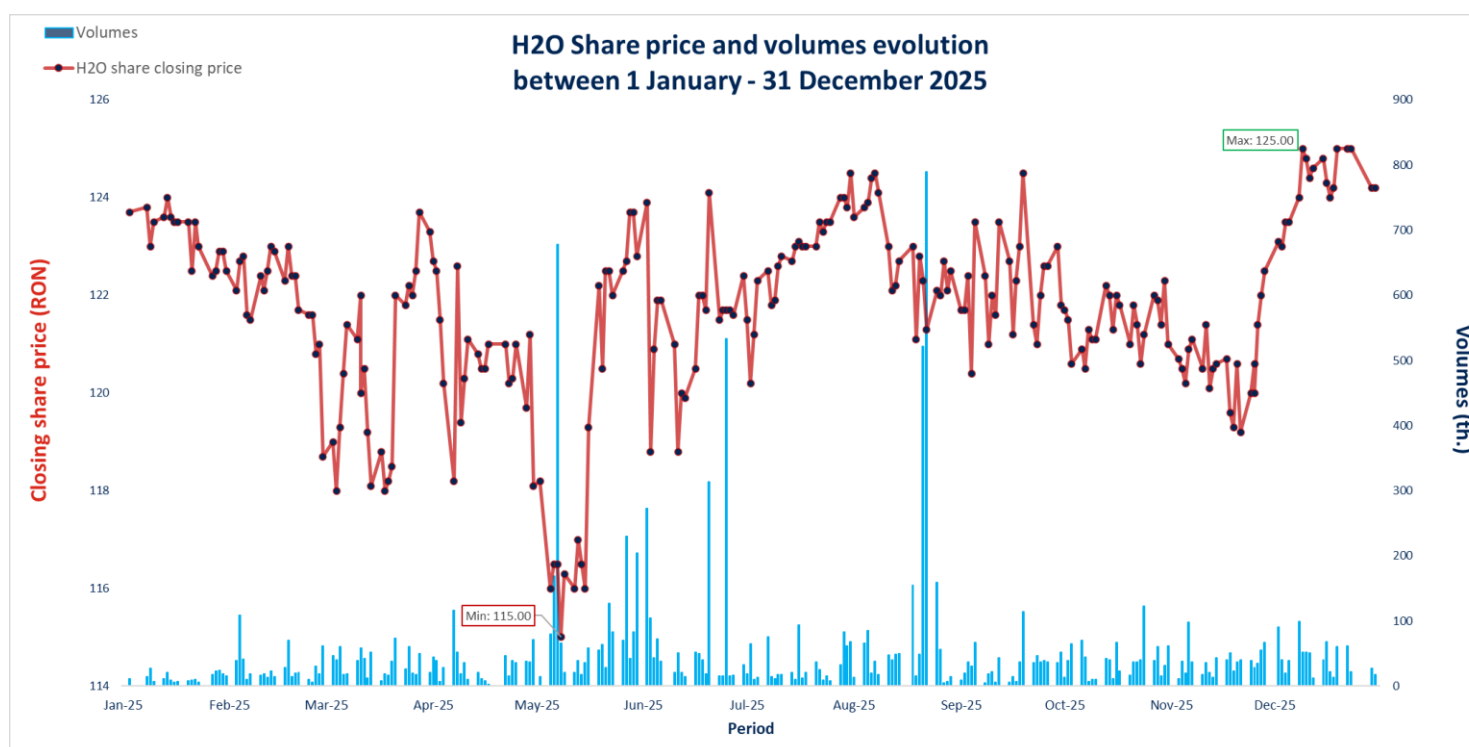
Starting from 12 July 2023, Hidroelectrica's shares have been included in a series of BSE indices, including the BET index (the benchmark index of the local capital market, reflecting the performance of the most traded companies on the BSE regulated market), as well as the BET-NG index (the sectoral index reflecting the performance of companies listed on the BSE regulated market operating in the energy sector).

In the period immediately following the listing/IPO, Hidroelectrica was included in international MSCI and FTSE Russell indices, based on fast-entry mechanisms specific to IPOs, due to the Company's significant size.

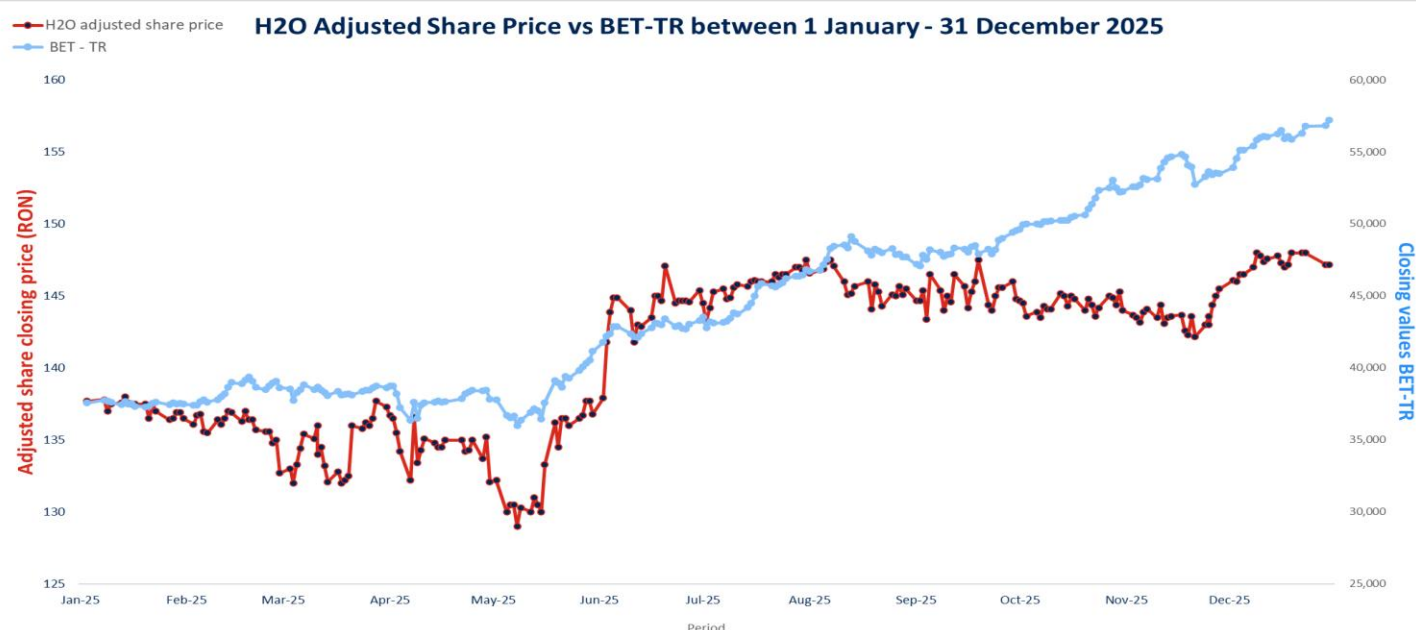
During the period 1 January – 31 December 2025, according to information published by the BSE, Hidroelectrica's shares recorded a minimum closing price of RON 115 per share (8 May 2025) and a maximum closing price of RON 125 per share (19 December 2025), with an average closing price of RON 121.72 per share.

As at 31 December 2025, Hidroelectrica ranked second among Romanian companies listed on the BSE in terms of market capitalization, reaching a value of RON 55.9 billion.

During the financial year ended 31 December 2025, there were no transactions related to the acquisition of treasury shares by Hidroelectrica.



Source: Hidroelectrica, BSE



**The adjusted price is calculated by cumulating the closing price of the H2O share with the dividend value of RON 13.99 to reflect the total yield, including dividends, thus providing a picture of the stock's performance for investors.*

Source: Hidroelectrica, BSE

In 2025, Hidroelectrica's shares and the broader market (BET-TR) recorded predominantly negative performances in the first part of the year (until May). In the second half, Hidroelectrica saw a strong appreciation in its adjusted share price up to July, followed by a period of sideways trading until November and a notable recovery in December, resulting in an overall adjusted price performance of 9.2% for the full year 2025.

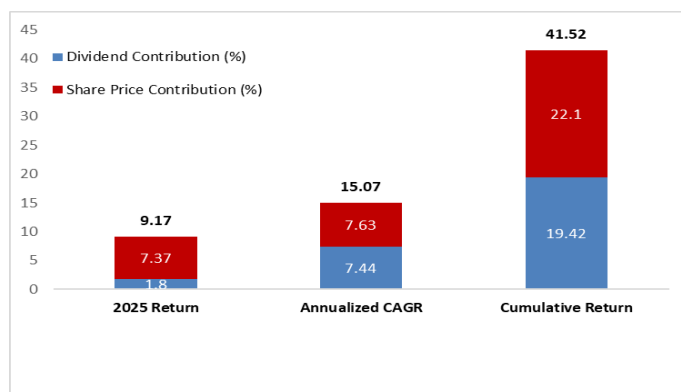
In terms of the adjusted share price return of 9.17% in 2025, this resulted from a 1.80% return of the share price on the BSE and a 7.37% dividend yield.

As at 31 December 2025, the annualized return of the share (CAGR), including dividends, relative to the listing price of RON 104, was 15.07%, of which 7.44% was driven by the appreciation of the share price on the BSE.

As at the same date, the aggregate return of the share (calculated as the ratio between the closing price as at 31 December 2025, including dividends, and the listing price of RON 104) was 41.52%, resulting from a 19.42% price appreciation on the BSE and a 22.10% return from dividends.

Indicator	Jul 2023-Dec 2024	2025	2024	2025 vs 2024
Volume traded (number of shares)	63,879,579	12,316,507	21,819,840	-43.6%
Average daily turnover (number of shares)	98,580	49,663	81,115	-38.8%
Value traded (bld. RON)	7,6	1,5	2,7	-45.3%
Average price (RON)	119,73	121,52	125,49	-3.2%
Capitalization - end of the period (bld. RON)	50,9	50,9	50	1.8%
Minimum closing price (RON)	108	115	116	-1.1%
Maximum closing price (RON)	137	125	137	-8.9%
Final closing period price (RON)	124,20	124,20	122,00	1.8%
Dividend(s) H2O (RON)		8,988,897	13,99	-35.7%
H2O Yield for Share (%)	19.4%	1.8%	-5.1%	-
Price-adjusted yield* H2O (%)	41.5%	9.2%	5.7%	-
Dividend yield** H2O(%)	22.1%	7.4%	10.9%	-32.3%
Dividend yield** BET-TR (%)	30.6%	9.1%	7.4%	22.8%

Source: Hidroelectrica, BSE



Source: Hidroelectrica, BSE

At the General Meeting of Shareholders held on 29 April 2025, the total gross dividend amount of RON 4,043 million was approved, as well as the gross dividend per share of RON 8.988897, corresponding to a dividend yield* of 7.57%.

*The dividend yield is calculated by dividing the gross dividend per share of RON 8.988897 by the closing price on the ex-date—3 June 2025—of RON 118.8.

4.3. Investor Relations

As a company listed since July 2023, Hidroelectrica has established within its organizational structure a dedicated function for communication with shareholders and investors (Investor Relations Service, “IR”), both through capital market-specific channels and through the organization and participation in conferences presenting the Company’s performance.

In line with the financial calendar, Hidroelectrica organized conference calls to present the financial results for the year 2025 (March 2025), for the first and third quarters of 2025 (May and November 2025, respectively), and for the first half of 2025 (August 2025).

During 2025, Hidroelectrica representatives participated in the following conferences:

- “Conviction Equity Investors Conference 2025”, organized by ERSTE, on 29 Jan 2025, in London;
- “WOOD’s EM-E NYC Conference”, organized by Wood & Company, on 3–4 April 2025, in New York;
- “The Finest CEElection Investor Conference 2025”, organized by ERSTE, on 26–29 May 2025, in Warsaw;
- “Frontier Investor Day”, organized by Wood & Company, on 3 June 2025, in London;
- “Romania Investor Days”, organized by Wood & Company, on 1 October 2025, in Bucharest;
- “European Utilities and Energy Summit 2025”, organized by Morgan Stanley, on 9 Sept 2025.

At the same time, upon specific requests from analysts, shareholders or investors, the IR function organizes meetings with the Company’s relevant representatives, in order to clarify aspects related to Hidroelectrica’s activity.

Enhancing transparency and the quality of investor communication through continuous disclosure remains one of the Company’s key objectives. In this regard, all relevant information required by stakeholders for investment decision-making is available on the Company’s website, www.hidroelectrica.ro, within the Investor Relations section. The content of these sections is continuously updated, in compliance with legal requirements and best practices in the field.

Furthermore, the Company obtained, for the second consecutive time, the maximum score of 10 for the Vektor indicator, which assesses the implementation of best practices in investor relations and compliance with the Bucharest Stock Exchange Corporate Governance Code, in line with the expectations of both institutional and individual investors. This indicator is published on the BSE website, on the issuer’s page.

5. Corporate Governance

Corporate governance in Hidroelectrica is carried out in accordance with the provisions of the Companies Law no. 31/1990, republished, with subsequent amendments and completions, of Law no. 24/2017 on issuers of financial instruments and market operations, republished and of the secondary legislation adopted by the FSA for the application of Law no. 24/2017, of the BSE Code and of the BSE Corporate Governance Code, as well as in accordance with the provisions of the Articles of Association in force and the applicable internal regulations.

At the same time, Hidroelectrica falls under the provisions of GEO no. 109 of 30 November 2011 on the corporate governance of public enterprises, with subsequent amendments and completions, approved by Law no. 111/2016.

Hidroelectrica shares have been traded, starting from 12 July 2023, on the regulated market operated by the Bucharest Stock Exchange, Premium category, under the symbol "H2O".

Hidroelectrica aligns with capital market requirements and best practices in corporate governance by continuously developing and adapting its corporate governance framework.

All holders of financial instruments benefit from equal treatment, with the Company ensuring efficient, active and transparent communication with its shareholders through regulated communication channels (BSE platform, ASF platform), as well as by publishing all relevant documents on its website, www.hidroelectrica.ro.

The Company has also implemented policies and procedures governing its corporate governance framework, which are continuously updated in line with the provisions of the BSE Corporate Governance Code. These can be consulted on the Company's website, www.hidroelectrica.ro, in the Investor Relations – Corporate Governance – Corporate Governance Documents section, as follows:

- the Articles of Association, as in force, approved at the EGMS held on 22 June 2023;
- the Procedure on the Organization and Conduct of GMS meetings, which comprehensively sets out shareholders' rights in relation to the GMS and facilitates their participation and the exercise of their rights, including participation by proxy, by correspondence or through electronic voting. It also specifies the set of documents to be made available to shareholders for each GMS, including, but not limited to, informational materials for each agenda item;
- the Investor Communication Commitment, which establishes the framework through which Hidroelectrica ensures open, transparent and effective communication with investors and other stakeholders, in compliance with capital market regulations and its commitment to the highest corporate governance standards;
- the Code of Ethics;
- the Related Party Transactions Policy;
- the Corporate Social Responsibility Policy;
- the Sponsorship Policy;
- the Remuneration Policy for the members of the Supervisory Board and the Management Board of Hidroelectrica;
- the Dividend Policy.

5.1. General Meetings of Shareholders

The General Meeting of Shareholders represents the main corporate governance body within Hidroelectrica, making decisions according to the competences defined in the Articles of Association.

The GSM meetings are convened by the Hidroelectrica Management Board whenever necessary, or by the shareholders who individually or jointly hold at least 5% of the share capital, in this case the general meeting of shareholders being convened by the Management Board within 30 days and meeting within 60 days from the date of receipt of the request.

The OGMS convenes at least once a year, within no more than four months from the end of the financial year.

The OGMS has the following attributions:

- to discuss, approve or amend the annual financial statements, based on the reports submitted by the Management Board and the Supervisory Board and the statutory auditor, in accordance with the law;
- distribute the profit and fix the dividend;
- appoint and dismiss the members of the Supervisory Board;
- appoint and dismiss the statutory auditor and set the minimum duration of the audit contract;
- to set the general limits of the remuneration of the members of the Management Board;
- to establish the level of remuneration of the members of the Supervisory Board, as well as the terms and conditions of the mandate contract concluded with each of the members of the Supervisory Board;
- to pronounce on the management of the members of the Management Board and the members of the Supervisory Board, to evaluate their performance and to discharge them from management, under the conditions of the law;
- to decide on the initiation of the liability action against the members of the Management Board and the Supervisory Board, as well as the financial auditors, for damages caused to the Company by them by breaching their duties towards the Company;
- approve the revenue and expenditure budget;
- approve the financial and non-financial performance indicators resulting from the Management Plan;
- to approve the reports of the Supervisory Board on the activity carried out;
- to approve the pledge, lease or dismantling of one or more units (work points) of the Company;
- perform any other duties established by law.

The EGMS decides the following:

- changing the legal form of the Company;
- change of the main object of activity;
- increasing and reducing the share capital of the Company or its reunification through the issuance of new shares, lifting the shareholders' right of preference to subscribe for new shares issued by the Company and any share buyback;
- merger with other companies, division or spin-off;
- the early dissolution of the Company;
- Convert actions from one category to another.
- the issuance of bonds and the conversion of bonds from one class to another class or into shares;

- the conclusion of acts of acquisition, disposal, exchange or provision as collateral of assets in the category of fixed assets of the Company, the value of which exceeds, individually or cumulatively, during a financial year, 20% of the total fixed assets, less receivables;
- leases of tangible assets, for a period of more than one year, whose individual or cumulative value vis-à-vis the same co-contractor or persons involved or acting in concert exceeds 20% of the value of the total fixed assets, less the receivables at the date of conclusion of the legal act;
- approval of the incorporation or participation in the incorporation of companies or any other type of for-profit legal entities, subject to prior approval by the Management Board and the Supervisory Board;
- approval of the admission to trading on a regulated market of any financial instruments issued by the Company;
- the conclusion by the Company of any contract, the assumption of any obligation or commitment that could involve expenses or the assumption of any other important obligation by the Company, according to the limits of competence provided in Annex no. 1 to the Articles of Association;
- approval of the final documents of the transactions related to the merger/acquisition of shareholdings/transfer of business/asset transfer processes, after the entire procedure has been carried out beforehand, respectively the submission of non-binding and binding offers, as well as the negotiation of all contractual clauses that are the basis for the completion of the transaction;
- any amendments to the Articles of Association or any other decision for which the approval of the extraordinary general meeting is required.

The convening, functioning, voting method, as well as other provisions related to the General Shareholders' Meeting are detailed in the Company's Articles of Association and in the Procedure for the Organization and Conduct of the General Shareholders' Meeting Meetings, available on the Hidroelectrica website, www.hidroelectrica.ro, section Investor Relations - Corporate Governance - Corporate Governance Documents.

Information regarding the Resolutions of the General Meetings of Shareholders of Hidroelectrica in 2025 can be consulted in the chapters [Key events in 2025](#) and [Subsequent events](#).

5.2.Shareholders' rights

Hidroelectrica respects and protects the rights and legitimate interests of all shareholders, ensuring equal and non-discriminatory treatment through continuous disclosure regarding General Meetings of Shareholders, corporate changes and significant events within the Company. The rights of minority shareholders are protected in accordance with the applicable legal provisions and the Articles of Association. Relevant documents necessary for the exercise of shareholders' legitimate rights are available on Hidroelectrica's website, www.hidroelectrica.ro, in the Investor Relations section.

5.3.Dividend policy

Hidroelectrica's dividend policy, approved at the OGMS of June 22, 2023, aims to establish the principles governing the distribution of net profit in the form of dividends, in compliance with the legal provisions in the field of net profit distribution, dividend declaration, dividend payment, as well as the Articles of Association.

Being a company with majority state capital, the distribution of Hidroelectrica's net profit must comply with the provisions of Government Ordinance no. 64/2001 on the distribution of profit in national entities,

national companies and companies with full or majority state capital, as well as in autonomous companies, with subsequent amendments and completions. Thus, according to the provisions of Government Ordinance no. 64/2001, the minimum dividend distribution rate is 50% of the net profit remaining after the distributions provided for in art. 1 para. (1) letter a)-e) of OG no. 64/2001.

The proposal for the distribution of dividends formulated by the Management Board is subject to the vote of the OGMS, in a favorable market environment and with the approval of the OGMS, special dividends could also be distributed, provided that the Company's investment plans are financed.

When proposing the dividend distribution rate in accordance with the dividend policy, the Management Board will consider the following:

- at least 90% of the annual distributable net profit, reported on the basis of the audited annual individual financial statements;
- the distribution, at its sole discretion, of extraordinary dividends from the Company's deferred earnings, if it is usable and if the Company's investment plans have secured financing;
- Hidroelectrica's investment needs and opportunities;
- contributions of non-monetary items to the reported net profit;
- the financial resources available for the payment of dividends, as well as the degree of indebtedness of Hidroelectrica;
- dividend yield comparable to that of other listed companies in industry or related sectors;
- the provisions of Government Ordinance no. 64/2001 and any law or norm applicable to Hidroelectrica

The dividend policy is available on the company's website, www.hidroelectrica.ro, section Investor Relations – Corporate Governance – Corporate Governance Documents – Policies and other corporate documents (<https://www.hidroelectrica.ro/article/590fab57-1bca-e084-14b3-070d6f43d30c>).

5.3.1. Dividend distribution

The table below shows the dividends distributed by the Company in the years 2025, 2024, 2023 and the distribution rate for the mentioned periods:

	RON million		
	2025	2024	2023
Total dividends distributed to the Company's shareholders	4,043	6,293	4,349
Special dividends distributed from the retained earnings representing the amortized revaluation reserve to the Company's shareholders	-	-	435
Normal dividends distributed to the Company's shareholders from the net profit of the previous year	4,043	6,293	3,914
Net profit according to the Company's individual financial statements prepared in accordance with OMFP no. 2844/2016 for the previous year	4,071	6,352	4,394
Legal reserve (5%)	-	-	40
Other reserves representing tax facilities provided for by law	28	59	25
Net profit remaining to be distributed	4,043	6,293	4,329
Payout Rate (Total Dividends/Net Profit to be distributed)	100%	100%	100%

Source: Hidroelectrica

5.4. Supervisory Board

Hidroelectrica is a joint-stock company, organized and operating in accordance with Romanian law, managed under a dualistic system by a Management Board under the supervision of a Supervisory Board.

According to the Articles of Association in force, the Supervisory Board consists of seven members. Members of the Supervisory Board may also be shareholders of the Company; however, they cannot be members of the Management Board, nor can they simultaneously hold the position of Supervisory Board member and employee of the Company.

The members of the Supervisory Board are non-executive and are selected in accordance with the legal provisions on the corporate governance of public enterprises and the provisions of the Articles of Association, being appointed by the OGMS. The Romanian State, represented by the competent authority in accordance with the law, may not nominate more than six candidates for the position of member of the Supervisory Board.

The mandate of the Supervisory Board members is four years and may be renewed by resolution of the General Meeting of Shareholders, following the evaluation of the member's activity and subject to the proper fulfillment of the duties and obligations undertaken under the mandate agreement.

Information regarding the composition of the Supervisory Board, the members' CVs, the advisory committees, their responsibilities, the number of meetings, as well as any other relevant information can be found in the chapter "[Report of the Supervisory Board](#)".

5.5. The Management Board

The management of the Company is exclusively the responsibility of the Management Board. The members of the Management Board are elected by the Supervisory Board for a period of 4 years, selected according to the relevant legal provisions, with the possibility of being re-elected for successive periods.

Composition of the Management Board as of January 1, 2025:

Name	Position	Mandate start date	Date of termination of mandate
Karoly BORBELY*	CEO	7 November 2023	19 September 2025
Bogdan Nicolae BADEA	CIO	7 November 2023	6 November 2027
Radu Ioan CONSTANTIN	CAO	7 November 2023	6 November 2027
Marian FETIȚA*	CFO	7 November 2023	19 September 2025
Ianăș RĂDOI	COO	7 November 2023	6 November 2027

Source: Hidroelectrica

**Considering the Supervisory Board resolution of 19 September 2025 regarding the mutual termination of the mandate agreements of Mr. Károly Borbély – CEO, and Mr. Marian Fețița – CFO, taking into account the obligations arising from Milestone 121 (PNRR), the context established by the European Commission Decision C(2025) 3490/28 May 2025, and Hidroelectrica's status as a company listed on a regulated market, during the same meeting the Supervisory Board decided to assign the CEO responsibilities to Mr. Bogdan-Nicolae Badea, Member of the Management Board, and the CFO responsibilities to Mr. Radu-Ioan Constantin, Member of the Management Board, as a result of the vacancy of the two positions within the Management Board.*

Thus, the composition of the Management Board as at 31 December 2025 is as follows:

Name	Position	Mandate start date	Date of termination of mandate
Bogdan Nicolae BADEA	CEO (CIO)	7 November 2023	6 November 2027
Radu Ioan CONSTANTIN	CFO (CAO)	7 November 2023	6 November 2027
Ianăș RĂDOI	COO	7 November 2023	6 November 2027

Source: Hidroelectrica

The professional experience of the members of the Management Board is summarized as follows:

Bogdan-Nicolae Badea has been a member of Hidroelectrica’s Management Board since 7 November 2023, having previously served as Chairman of the Management Board. During the period July 2017 – November 2023, as CEO of Hidroelectrica, he delivered outstanding results for the Company, including record profits in 2022 (RON 4 billion) and 2023 (RON 6.3 billion), clarification of legacy investment projects, business expansion into wind energy through the acquisition of the Crucea Wind Farm—the first M&A transaction of a state-owned energy company—entry into the supply market and significant expansion of the customer portfolio, implementation of a Mercer-based remuneration system starting in 2018, and the introduction of a project-oriented organizational model. He also oversaw the commissioning of investment projects (development and refurbishment) between August 2017 and 2023, with a total value exceeding RON 1.37 billion.

Mr. Badea successfully led Hidroelectrica’s IPO in 2023, considered the third largest globally at the time, demonstrating strong leadership and business management capabilities. The listing represented a landmark event for the Romanian capital market, with a transaction value of approximately EUR 2 billion, through which Fondul Proprietatea fully exited its ~20% stake in Hidroelectrica. The listing process involved a significant transfer of know-how, preparing the Company to meet the reporting and governance standards applicable to listed entities.

He has extensive experience in the energy sector, having held key positions such as member of the Supervisory Board of OMV Petrom (2015–2016), member of the Board of Directors of Rompetrol Rafinare (2015), General Manager of BNB Renewable Consulting (2009–2013, 2014), Director of Strategy and Development at Electrica S.A. (2007–2009), Chairman of the Board of Electrica Bio-Heat S.A. (2008–2009), and member of the Boards of Enel Energie Muntenia and Enel Energie S.A. (2007–2009). He also held the position of State Secretary for Energy (2014–2015) and State Secretary within the Ministry of Economy (2013–2014), gaining a comprehensive perspective on the national energy system.

Mr. Badea holds an engineering degree and a Master’s degree in Defence Diplomacy from Lucian Blaga University of Sibiu (2009), with a thesis on “Globalization, European Integration and Romania’s Energy Security.”

Radu-Ioan Constantin has been a member of Hidroelectrica’s Management Board since 7 November 2023, following the completion of the selection procedure. Holding dual qualifications as an engineer and economist, he graduated from the Polytechnic University of Bucharest (German section) and the Romanian Banking Institute, and holds an MBA from the Bucharest University of Economic Studies and Gelsenkirchen University (2007–2009).

He has built his professional career within Hidroelectrica since 2008. Over 17 years, he has progressed through various roles, contributing as a department manager to the development and modernization of key commercial components in trading and supply, supporting the Company's leading position in the energy market. He was also a member of the committees involved in the preparation and execution of the H2O IPO and acted as expert/witness in international arbitration proceedings (ICSID) in Paris and Luxembourg, representing both the Ministry of Energy and Hidroelectrica.

Ianaș Rădoi has been a member of Hidroelectrica's Management Board since 7 November 2023. Between September 2015 and November 2023, he served as Chief Engineer at the Caransebeș Hydropower Plant, where his responsibilities included plant and branch management, coordination and supervision of personnel, management of electricity generation processes, maintenance of equipment and infrastructure, and involvement in development, refurbishment and maintenance projects.

Previously, he held the position of Head of Hydropower Plant at the Caransebeș branch (November 2006 – August 2014), as well as roles as hydropower dispatcher and engineer within Hidroelectrica. He holds an engineering degree from the Faculty of Energy Engineering, Polytechnic University of Bucharest (2005), and a Master's degree in Hydraulic Engineering and Hydropower from the same institution.

The full CVs of the Management Board members are available on the Company's website, www.hidroelectrica.ro, in the "About us – Management" section.

The main responsibilities of the Management Board, as defined in the Articles of Association in force, are as follows:

- develops and implements the Company's strategies and policies;
- convenes the Ordinary or Extraordinary General Meeting of Shareholders and prepares the documentation required for holding such meetings;
- implements the resolutions of the General Meetings of Shareholders;
- ensures the management and coordination of the Company;
- approves the Company's participation/association for the purpose of accessing non-reimbursable funds;
- submits to the General Meeting of Shareholders and the Supervisory Board the Company's economic and financial position, as well as the annual activity report;
- submits for approval to the General Meeting of Shareholders the report on the annual financial statements and profit and loss account for the previous year, as well as the draft revenue and expenditure budget for the current year;
- approves the mandates of the Company's representatives in the General Meetings of Shareholders/Associates of companies in which Hidroelectrica holds participations, including mandates granted in creditors' meetings;
- approves the conclusion by the Company of any type of legal acts regarding the establishment of or participation in partnerships or non-profit associations, with the Supervisory Board being informed;
- exercises any powers delegated by the Extraordinary General Meeting of Shareholders in accordance with the law and performs any other duties, except for those assigned by law to the Supervisory Board and the General Meeting of Shareholders.

According to the information available, there is no agreement, understanding or family relationship between the members of the Management Board and any other person who contributed to their appointment as administrator.

As of 31 December 2025, the following members of the Management Board hold Hidroelectrica shares:

- Radu-Ioan CONSTANTIN – 32 actions

According to the information available, the members of the Management Board have not been involved in any litigation or administrative proceedings related to their activity within the Company over the past five years, nor in relation to their capacity to perform their duties within the Company during the same period.

5.6. Remuneration of the members of the Supervisory Board and the Management Board

The Company considers employee remuneration and motivation as essential elements of its long-term strategy, given the specific nature of its activity and the competitive market in which it operates. In this context, prior to the Company's listing on the BSE, a Remuneration Policy for the members of the Supervisory Board and the Management Board was developed, aligned with the Company's strategy and values, providing transparency over the compensation framework and ensuring fair remuneration.

This policy was approved at the OGMS held on 22 June 2023 and is available on the Company's website, www.hidroelectrica.ro, in the Investor Relations – Corporate Governance – Corporate Governance Documents section.

Considering the legislative changes regarding the remuneration of governing bodies, namely the provisions of Government Emergency Ordinance No. 109/2011 on the corporate governance of public enterprises, as subsequently amended and supplemented, as well as the new Corporate Governance Code of the Bucharest Stock Exchange, the Remuneration Policy is currently under review and will subsequently be submitted for approval to the OGMS.

At the same time, the members of the Supervisory Board and the Management Board have concluded addenda to their mandate agreements in order to reflect the applicable legal provisions.

The principles governing remuneration and bonus decisions are as follows:

- attracting and motivating competent and experienced people within the Board and the Management Board; ensuring the long-term sustainability of the profits of the public enterprise and its activity and generating long-term value;
- remuneration of the members of the Supervisory Board and the Management Board at competitive levels and with a substantial performance-based component;
- maintaining competitiveness in the remuneration market;
- the consistency of remuneration in relation to the Company's business strategy;
- aligning remuneration with good governance recommendations;
- promoting transparency on remuneration and the criteria for setting it;
- aligning the bonus scheme with international recommendations and practices on good governance;

- maintaining a fair balance between the fixed allowance, the variable component of remuneration and other forms of bonuses in line with good corporate governance practices.

Remuneration of the members of the Supervisory Board

The remuneration of the members of the Supervisory Board consists of a fixed monthly allowance and other benefits, in accordance with good corporate governance practices.

The monthly fixed allowance may not exceed a maximum of two times the average over the last 12 months of the average gross monthly salary for the activity carried out according to the main object of activity registered by the company, at class level, according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment.

The members of the Supervisory Board may also receive benefits borne by the Company, such as: reimbursement of expenses related to the fulfillment of the mandate, provided that the total benefits granted in one year of mandate do not exceed the value of two monthly gross fixed allowances due to the members of the Supervisory Board, the provision of equipment for logistical support, the Directors & Officers Liability insurance policy.

The members of the Supervisory Board may benefit, under the law, from specialized assistance for substantiating/motivating the decisions taken within the Supervisory Board, as well as legal assistance in the event of filing claims by a third party and directed against the member of the Board, participation in a professional training program and other forms of bonuses for specific objectives.

The remuneration of the members of the Supervisory Board is set by the General Meeting of Shareholders.

Until 17 December 2025, the date of the agreement of the mandate contracts in force with the new provisions of GEO 109/2011 on the corporate governance of public enterprises, with subsequent amendments and completions, the members of the SC benefit from the variable component through the pro-rata application, in relation to the activity carried out prior to the entry into force of the Addendum of 17 December 2025, depending on the total degree of achievement of the Key Performance Indicators.

Remuneration of the members of the Management Board

The Company grants remuneration to the members of the Management Board consisting of a fixed component, a variable component and other forms of bonuses, in accordance with the Remuneration Policy and corporate governance best practices.

The fixed monthly remuneration may not exceed five times the average gross monthly salary over the last 12 months for the activity carried out according to the Company's main scope of activity, at class level, in accordance with the national classification of economic activities, as published by the National Institute of Statistics prior to appointment, and is determined by the Supervisory Board in accordance with the applicable legal provisions.

The variable component is granted annually and may not exceed two times the average gross monthly salary over the last 12 months for the activity carried out according to the Company's main scope of activity, at class level, as published by the National Institute of Statistics prior to appointment.

The variable component is awarded depending on the overall level of achievement of the Key Performance Indicators (KPIs), established in accordance with Government Decision No. 639/2023, as amended and supplemented, as negotiated and approved. It is calculated and paid for a completed financial year after the approval of the financial statements and the Annual Report.

Benefits borne by the Company and granted to members of the Management Board include: reimbursement of expenses incurred in the performance of the mandate, based on supporting documents and in accordance with the law (including, but not limited to, accommodation, transport, telephone, per diem and protocol expenses), as well as any other expenses related to the execution of the mandate, whether incurred domestically or abroad, provided that the total annual benefits do not exceed the equivalent of two gross fixed monthly remunerations; coverage of training and professional development costs; professional liability insurance; reimbursement of legal assistance costs related to claims brought against them for damages caused to third parties; damages equivalent to all rights under the mandate agreement; the right to use inventory items/fixed assets necessary for carrying out their activity; and access to a compensation and benefits package, including medical services and/or health insurance, as well as other forms of bonuses for specific objectives.

The remuneration of the members of the Management Board is determined by the Supervisory Board.

In accordance with Article 107 of Law No. 24/2017 on issuers of financial instruments and market operations, republished, Hidroelectrica prepares a Remuneration Report for the members of the Supervisory Board and the Management Board for the previous financial year, with the purpose of providing a comprehensive overview of the remuneration and benefits granted and/or due during the last financial year to each member individually, including newly appointed and former members, in line with the Company's Remuneration Policy.

The report is subject to a consultative vote of the shareholders within the OGMS and is available on the Company's website, in the Investor Relations – General Meeting of Shareholders section, as of the date indicated in the convening notice.

The Remuneration Report for 2024 was submitted for approval at the OGMS held on 29 April 2025 and was approved with 39,119,264 votes, representing 61.059783% of the valid votes cast and 8.696985% of the share capital.

5.7. Process management

Hidroelectrica has implemented the necessary internal regulations establishing the framework for analysis and responsibilities related to the maintenance and development of the Process Management System, in accordance with Order No. 600/2018 issued by the General Secretariat of the Government approving the Internal Managerial Control Code of public entities, as well as with SR EN ISO 9001:2015 Quality Management Systems – Requirements. The compliance of Hidroelectrica's Process Management System with the requirements of SR EN ISO 9001:2015 is certified by SRAC under Certificate No. 325, and was recertified on 1 November 2024, valid until 31 October 2027 (subject to annual surveillance). The objectives established at Company/management level include components related to the development and maintenance of the management system at the level of each department, based on Hidroelectrica's Policy.

5.8. Internal audit

The internal public audit activity within the Hidroelectrica group is carried out at the level of SPEEH Hidroelectrica SA through the Internal Public Audit Department, subordinated to the Company's Supervisory Board (Audit Committee) and at the level of Hidroserv SA through the Internal Public Audit Department, having as reference the requirements established by Law no. 162/2017 on statutory audit, Law no. 672/2002 (updated) on internal public audit, OSGG no. 600/2018 updated for the approval of the Code of Internal Managerial Control of Public Entities and of the ISO 19011:2018 standard – Guidelines on the auditing of management systems.

The internal public audit activity is carried out based on the Multi/Annual Internal Audit Plans, developed/updated according to the evolution of risks, so as to ensure the audit of the significant activities within the group at least once every 4 years. The Multiannual Internal Audit Plan of SPEEH Hidroelectrica SA is endorsed by the Audit Committee and approved by the Supervisory Board, and that of Hidroserv SA is approved by the Board of Directors.

The Internal Public Audit Department of SPEEH Hidroelectrica SA carried out assurance and advisory missions during 2025, with the mission of providing objective assurance and advice to the members of the Company's management on the effectiveness of the internal management and control system.

Thus, the internal audit missions carried out during 2025 continued to address the electricity supply activities that recorded a significant increase in the share of the company's revenues, the activities regarding the recovery of receivables with a deposit payment term and the activities regarding equipment maintenance. The annual evaluation of the internal control system was also carried out.

The Internal Public Audit Department of Hidroserv SA carried out internal audit missions during 2025 regarding specific transport, accounting, financial and asset management activities.

5.9. Key features of internal control and risk management systems in relation to the financial reporting process

The financial reporting process within Hidroelectrica is carried out through the implementation, within internal regulations (the Organization and Functioning Regulation, the Internal Regulation, system procedures and operational procedures), of managerial internal control tools, with the following ongoing objectives (in accordance with Order No. 600 of 7 May 2018 approving the Internal Managerial Control Code of public entities):

- a) objectives regarding the effectiveness and efficiency of operation include the objectives related to Hidroelectrica's purposes and the economical, effective and efficient use of resources, including the objectives regarding the protection of Hidroelectrica's resources from inappropriate use or losses, as well as the identification and management of liabilities;
- b) objectives regarding the reliability of external and internal information include the objectives related to the keeping of adequate accounting, the quality of the information used in Hidroelectrica or disseminated to third parties, as well as the protection of documents against two categories of fraud: concealment of fraud and distortion of results;

- c) Compliance objectives with respect to laws, regulations and internal policies comprise objectives related to ensuring that the entity's activities are carried out in accordance with the obligations imposed by laws and regulations, as well as compliance with internal policies.

The framework of the company's internal control system is defined by the Sustainability Management System Regulation, approved by the Supervisory Board, which defines/details at the level of the Supervisory Board, the Management Board and the functional compartments the way to establish the objectives/requirements/obligations applicable to the company and the way to analyze and implement the procedures necessary to ensure the performance of activities.

According to the Regulation on the Process Map & Internal Managerial Control System of Hidroelectrica, an annual assessment of the functioning of the internal managerial control system is carried out, resulting in a report on the internal managerial control system. Based on the Report for 2025, approved by the Company's management (No. 00012335/09.02.2026) and communicated to the Ministry of Energy through Address No. 00012419/09.02.2026, it was confirmed that the internal managerial control system is partially implemented (15 out of 16 standards are implemented), with the completion of the implementation of all procedures defined in Hidroelectrica's Process Map still required.

The Internal Managerial Control Department and CFG are responsible for carrying out the activities of internal managerial control and financial management control.

The internal managerial control activities are carried out based on the service orders issued following the approval of the Annual Management Internal Control Plan, as well as the decisions of the Management Board and are completed with internal managerial control reports on the audited activities, approved by the Management Board, which contain findings, responsible persons and recommendations/measures to remedy the deficiencies, where applicable. The main internal managerial control missions carried out in 2025 aimed at implementing and/or complying with the Internal Managerial Control Standards at the level of the Security, Patrimony, Purchasing, Trading, Legal, Personal Data Protection and Process Management departments. Punctually, at the level of the entire company, the implementation of *Standard 11 – Business Continuity* was achieved, by developing the Business Continuity Plan.

The financial management control (CFG) activities are carried out on the basis of the service orders issued following the approval of the CFG Annual Plan, as well as the decisions of the Management Board and end with CFG reports on the audited activities, approved by the Management Board, which contain findings, responsible persons and measures to remedy deficiencies and recover damages, where applicable.

The Inspection, Compliance and Prevention Department's prevention-based strategic approach in 2025

During 2025, the Compliance, Inspection and Prevention Department operated under a strategy focused on identifying and proactively mitigating situations that could generate deficiencies, before they materialize into significant operational and/or financial issues. During the reporting period, seven inspection and prevention missions were carried out, of which three were included in the Annual Inspection and Prevention Plan (PAIP 2025), approved by Decision No. 677/04.03.2025, and four were initiated on an ad-hoc basis by the Management Board of Hidroelectrica.

An essential component of the prevention activity was the monitoring of the supply segment, where extensive checks led to the implementation of permanent measures. These actions were aimed not only at correcting specific deviations, but also at establishing robust control mechanisms to prevent recurrence and to ensure the accuracy of the data underlying financial reporting.

The activity of the Compliance, Inspection and Prevention Department in 2025 represented a significant step towards the adoption of the COSO framework, through the integration of its five core components: control environment, risk assessment, control activities, information and communication, and monitoring. The emphasis on prevention and the implementation of recommendations resulting from inspection missions confirms the Company's commitment to aligning its internal control system with corporate governance principles. By translating findings into concrete preventive measures, Hidroelectrica strengthens its organizational resilience and ensures a stable and transparent control environment.

5.10. Events and sponsorships in 2025

Hidroelectrica, as a company operating in the energy sector, assumes responsibility towards the communities in which it operates and encourages employee involvement in corporate social responsibility initiatives. The amount of RON 9 million represents Hidroelectrica's contribution to sponsorships in 2025, with the main projects including the following:

Engagement for a cleaner environment – “Let's Do It, Romania!”

In 2025, Hidroelectrica volunteers participated in the national “Let's Do It, Romania!” campaign, taking part in environmental clean-up activities carried out in the Hațeg and Subcetate areas. Through this initiative, the Hidroelectrica team contributed to environmental protection and strengthened a sense of responsibility towards nature and the community.

Politehnica Timișoara Foundation

Hidroelectrica supported cultural and educational initiatives developed by the Politehnica Timișoara Foundation, aimed at promoting dialogue between education, technology and innovation. The supported projects brought together the academic community, students and the general public through events dedicated to idea exchange, professional development and the promotion of academic culture. Through this collaboration, the Company reaffirms its commitment to education and the development of future generations of specialists.

Ascendo Association

Through its partnership with the Ascendo Association, Hidroelectrica supported the development of scientific projects carried out by high-performing young individuals in the fields of technology and research. The supported initiative focused on an innovative aeronautical project aimed at using autonomous technologies to identify high-risk areas. This approach highlights the importance of investing in education, research and innovation, as well as supporting young people contributing to impactful societal solutions.

Intelligent Energy Association – “Warm Homes” project

Hidroelectrica supported the “Warm Homes” project carried out by the Intelligent Energy Association, an initiative aimed at assisting vulnerable families. The program seeks to ensure the resources necessary for heating homes during the cold season, contributing to improved living conditions for disadvantaged communities. Through this involvement, the Company reaffirms its social responsibility and commitment to supporting communities in need.

Blondie Association – “Share for Another” project

Hidroelectrica supported the “Share for Another” project carried out by the Blondie Association, an initiative dedicated to facilitating access for Romanian patients to urgent medical treatments in clinics across Europe. The project aims to develop a humanitarian air ambulance service capable of providing specialized medical transport for patients of all ages. Through this partnership, the Company contributes to saving lives and improving access to essential healthcare services.

Metropolis Philanthropic Foundation

Hidroelectrica supports the initiatives of the Metropolis Philanthropic Foundation aimed at improving children’s access to medical services. The supported project focuses on developing medical infrastructure for pediatric mental health treatment, contributing to the creation of a modern and safe environment for patient care. This initiative reflects the Company’s commitment to supporting the healthcare system and protecting children’s well-being.

Romanian Rugby Federation

Hidroelectrica supported the activities of the Romanian Rugby Federation, contributing to the preparation of the national team for international competitions. This support aims to enhance sports performance and promote the values associated with rugby, such as discipline, teamwork and respect. Through such initiatives, the Company supports high-performance sports and strengthens Romania’s image on the international sports stage.

Fii Independent Sports Club Association

Hidroelectrica supported initiatives of the Fii Independent Sports Club Association aimed at social inclusion and supporting persons with disabilities. The supported project involved organizing educational activities for students preparing to obtain their driving license, providing guidance and practical information. Through this involvement, the Company contributes to promoting equal opportunities and personal autonomy among young people.

“Dear Santa, I wish...” – solidarity for children in communities

In 2025, Hidroelectrica carried out the “Dear Santa, I wish...” campaign, in partnership with the ASSA Foundation, dedicated to children in local communities. Through the involvement of company employees, children’s letters were transformed into gifts and moments of genuine joy. The campaign brought smiles to children in Neamț, Constanța and Ialomița counties, reaffirming the importance of solidarity and community engagement.

Hidroelectrica alongside students at Career Days 2025

In 2025, Hidroelectrica participated in “Career Days” events organized by technical universities in Romania, strengthening its connection with the academic environment and promoting career opportunities in the energy sector. Company representatives engaged with hundreds of students, presenting Hidroelectrica’s activity, strategic projects and internship and employment programs dedicated to young professionals.

Support for AIEE initiatives for developing young specialists

Hidroelectrica participated in the first edition of AIEE Energy Day, an event dedicated to professional dialogue and the development of the next generation of energy specialists. The Company also joined the educational project “Dispatcher for a Day,” offering young people the opportunity to understand the responsibilities and processes behind the operation of energy systems.

5.10.1. Comply or Explain Statement

Prev No.	Provision (detailed)	Yes	Partial	No	Explanation
SECTION A: GOVERNING BODIES					
A.1. The Board shall ensure the long-term success and sustainability of the Company, in the interest of the Company and its shareholders, and taking into account the interests of other stakeholders. The Council must clearly define and make its role and responsibilities fully public.					
A.1., 1	The Board must have an internal regulation that formalises and clearly specifies its role and responsibilities. The Articles of Association, the Rules of Procedure of the Board and other internal regulations must clearly delineate the role and powers between the Board, the General Meeting of Shareholders (GSM) and the Executive Management.	✓			The company is managed in a two-tier system by the Management Board and the Supervisory Board. The structure and principles of corporate governance, as well as the powers and responsibilities of the General Shareholders' Meeting, the Supervisory Board and the Management Board are described in the Articles of Association, the Organizational and Operating Regulations ("ROF") of the AC and the Management Board's ROF, as well as other internal procedures. The Articles of Association can be consulted on the company's website, www.hidroelectrica.ro, Corporate Governance – Corporate Governance Documents section.
A.1., 2	The Rules of Procedure of the Board shall include, inter alia, the duties of the Board, as well as the fiduciary responsibilities of the members of the Board to act in full knowledge of the facts, in good faith, with due diligence and care and in the interest of the Company, its shareholders and taking into account the interests of other interested parties, in accordance with legal requirements.	✓			The competencies and responsibilities of the Supervisory Board and the Management Board are set out in the Articles of Association, the Supervisory Board Rules of Procedure and the Management Board Rules of Procedure, as well as in other internal procedures.
A.1., 3	To support the Company's long-term viability and success, the Board should: • Oversee the development and approval of the Company's strategy and ensure that it also integrates sustainability considerations, including social and environmental (E&S) considerations and climate-related risks and opportunities; • Appoint and dismiss the Chief Executive Officer and other members of the Management Board who have been delegated executive management responsibilities (referred to as "Executive Management") and ensure succession planning for them; • Oversee the performance of executive management, the role of executive management in addressing material risks and opportunities related to sustainability, and align executive management remuneration with the long-term interests and sustainability of the Company, in accordance with the provisions of the Company's	✓			The competencies and responsibilities of the Supervisory Board and the Management Board are set out in the Articles of Association, the Supervisory Board Rules of Procedure and the Management Board Rules of Procedure, as well as in other internal procedures.

Prev No.	Provision (detailed)	Yes	Partial	No	Explanation
	remuneration policy;• Ensure that there is a robust framework for internal control and risk management;• Ensure that there is a robust framework for internal control and risk management;• Ensure that the ensure that the Company has procedures in place to enable effective communication with shareholders and other stakeholders.				
A.1., 4	The duration of the appointment of Board members and executive management should be clearly established and should, as far as possible, promote stability and predictability.	✓			According to the Articles of Association, the members of the SB are appointed for a period of 4 years

A.2. The Council must have the right balance of competences, experience, gender diversity, knowledge and independence in order to be able to carry out its duties and responsibilities effectively.

A.2., 1	The Board must have at least five members.	✓			The CS consists of seven members. Details – in the Annual Report – chapter of the Supervisory Board Report
A.2., 2	The Board must have a diversity policy on the Board and executive leadership and ensure that diversity in terms of gender, age, experience and skills is incorporated into the Nomination Policy.		✓		The selection procedures for the members of the Supervisory Board are carried out by the Ministry of Energy, as a Public Supervisory Authority, in accordance with the provisions of GEO no. 109/2011 on the corporate governance of public enterprises. Within this legal framework, the responsibility for initiating and conducting the selection process, including establishing the eligibility and evaluation criteria, lies with the Public Supervisory Authority, in compliance with the principles of transparency, professional competence and non-discriminatory treatment.
A.2., 3	The Board must develop a profile of the Board specifying the characteristics and desirable traits of its members, including factors such as independence, diversity, integrity, specific skills and experience, knowledge of industry, ability and willingness to devote adequate time and effort to the responsibilities of the Board, in the context of the needs of the Board and its committees and their exercise of the strategic and supervisory role of the Board. The Board's profile may be part of the Nomination Policy.	✓			According to the provisions of GEO 109/2011 on the corporate governance of public enterprises, with subsequent amendments and completions, the Ministry of Energy, as the Guardianship Public Authority, issues the Letter of Expectations establishing the expected performance from the Company's management bodies, together with the Profile of the Supervisory Board. These documents related to the selection of CS members are published on the company's website, www.hidroelectrica.ro , section <i>Corporate Governance - Selection of members of management structures</i>

Prev No.	Provision (detailed)	Yes	Partial	No	Explanation
A.2., 4	The majority of Board members must be non-executives. At least one third of the members of the Board must be independent. Each independent member of the Board must submit a declaration of independence at the time of his nomination for election or re-election, as well as when any change in his statute occurs, in accordance with the independence criteria provided for in the legislation and in Annex A to the Code.	✓			According to the Articles of Association, the Members of the Supervisory Board cannot be members of the Management Board.
A.2., 5	The Nomination and Remuneration Committee (or the entire Board if there is no Nomination and Remuneration Committee) will assess whether the members of the Board can be considered independent on the basis of the factors considered, examining whether there are any business or other personal relationships that could significantly affect the independence and objectivity of the Board member and his or her ability to act in the interest of the Company, shareholders and stakeholders.	✓			The NRC's attribution is defined in the ROF of the Committee.
A.2., 6	The positions of Chairman of the Board and Chief Executive Officer should be held by different persons.	✓			According to the Articles of Association, the Members of the Supervisory Board cannot be members of the Management Board.
A.2., 7	If the positions of Chairman of the Board and Chief Executive Officer are held by the same person, it is advisable that the Company appoint an independent Vice-Chairman.	✓			This is not the case, according to the Articles of Association, the Members of the Supervisory Board cannot be members of the Management Board

A.3. The Board shall ensure that a formal, rigorous and transparent procedure is put in place for the appointment of new members to the Board.

A.3., 1	The Society will develop and publish a Board Member Nomination Policy that shall define the processes and procedures for nominating, electing, or replacing a member of the Board. The nomination policy, approved by the relevant governance body, will describe how the Company receives and evaluates nominations from shareholders (including minority shareholders) or members of the Board, including with regard to the profile of the Board, independence and diversity.		✓		According to the provisions of GEO 109/2011 on the corporate governance of public enterprises, with subsequent amendments and completions, the Ministry of Energy, as the Guardianship Public Authority, issues the Letter of Expectations establishing the expected performance from the Company's management bodies, together with the Profile of the Supervisory Board. According to the Articles of Association, the Romanian State, represented by the competent authority in accordance with the law, may not nominate more than six candidates for the position of member of the Supervisory Board. These documents related to the selection of CS members are published on the company's website, www.hidroelectrica.ro , Corporate Governance - Selection of members of management structures section

Prev No.	Provision (detailed)	Yes	Partial	No	Explanation
A.3., 2	The Board, through the Nomination and Remuneration Committee, if any, shall monitor the process of nominating candidates for the position of member of the Board.		✓		The selection procedures for the members of the Supervisory Board are carried out by the Ministry of Energy, as a Public Supervisory Authority, in accordance with the provisions of GEO no. 109/2011 on the corporate governance of public enterprises. Within this legal framework, the responsibility for initiating and conducting the selection process, including establishing the eligibility and evaluation criteria, lies with the Public Supervisory Authority, in compliance with the principles of transparency, professional competence and non-discriminatory treatment. According to the Articles of Association, the Romanian State, represented by the competent authority in accordance with the law, may not nominate more than six candidates for the position of member of the Supervisory Board.
A.3., 3	The Company will inform shareholders of the experience and CV of the candidates for the position of member of the Board, which they need to make an informed decision on the appointment or renewal of the term of office of the members of the Board, including the following: • the professional commitments and involvement of the candidates, including executive and non-executive positions in companies, public authorities, non-profit organisations and other organisations; • any existing or potential conflict of interest, including whether they have business, family or other relationships that could affect their performance as a member of the Board; • which shareholder or member of the Board has proposed each candidate for the position of member of the Board.	✓			All information regarding the experience and CVs of the candidates for the position of member of the Supervisory Board are made available to shareholders, on the company's website, www.hidroelectrica.ro , the <i>General Meeting of Shareholders</i> section.

A.4. The Board shall set up committees to assist it in carrying out its key responsibilities, addressing strategic challenges and managing sensitive issues with a high potential for conflict of interest.

A.4., 1	The Board will establish an Audit Committee to enhance its oversight capacity over financial reporting, the internal control framework, internal and external audit processes, and compliance with applicable laws and regulations. If it is not required by law or a dedicated risk management committee is not already established, the Audit Committee will also include responsibilities for monitoring the effectiveness of the risk management framework.	✓			The SB has set up an Audit Committee ("CA"). AC includes members with qualifications appropriate to the functions and responsibilities they hold on the AC. The president of the Committee is Mrs. Carmen Radu. Details regarding the Audit Committee are presented in the Annual Report, in the chapter of the Supervisory Board Report.

Prev No.	Provision (detailed)	Yes	Partial	No	Explanation
A.4., 2	It is advisable that the composition of the Audit Committee should include only the non-executive members of the Board. It is also advisable that the majority of the members of the Committee be independent, including the Chair of the Committee. The Audit Committee must have, overall, relevant competences in the field in which the Company operates. The Committee and its members must comply with the requirements of the applicable national and European legislation.				AC is composed of 6 non-executive members, of which 5 are independent. Details regarding the Audit Committee are presented in the Annual Report, in the chapter of the Supervisory Board Report.
A.4., 3	The Board of Companies listed in the Premium Category must establish a Nomination and Remuneration Committee consisting of the non-executive members of the Board. It is advisable that the majority of the members of the Committee be independent, including the Chair of the Committee. The Board may also establish a separate Nomination Committee or a Remuneration Committee, if the composition of the Board so permits and if it is justified, given the size and complexity of the business and the governance structures of the Company.	✓			The CS has set up a Nomination and Remuneration Committee ("NRC"). The president of NRC is Mr. George-Marius Toniuc. NRC has 5 non-executive members, of which 4 are independent. Details regarding the Nomination and Remuneration Committee are presented in the Annual Report, in the chapter the Supervisory Board Report.
A.4., 4	In addition to its specific responsibilities as set out in this Code, the Nomination and Remuneration Committee: i. Reviews and recommends to the Board the size and composition of the Board and leads the creation and ongoing review of the Board's profile; ii. Identify persons qualified to become members of the Board and Executive Management, if requested; evaluates candidates for executive management positions; evaluates the candidates proposed by shareholders or members of the Board for positions of member of the Board and informs the General Shareholders' Meeting in detail; iii. Makes recommendations to the Board on appointments to committees (other than the Nomination and Remuneration Committee); iv. Coordinate an annual evaluation of the Board, Board members and committees in accordance with the provisions of Principle A.5.; v. Assists the Board in fulfilling its responsibilities related to the Company's remuneration policy; vi. Assists the Board in the development of succession plans for executive management, as well as emergency succession plans and the recruitment process for the Director-General, as appropriate; vii. Oversees the administration of the Company's compensation and benefits plans.	✓			<i>Regarding points i. and ii.:</i> The selection procedures for the members of the Supervisory Board are carried out by the Ministry of Energy, as a Public Supervisory Authority, in accordance with the provisions of GEO no. 109/2011 on the corporate governance of public enterprises. Within this legal framework, the responsibility for initiating and conducting the selection process, including establishing the eligibility and evaluation criteria, lies with the Public Supervisory Authority, in compliance with the principles of transparency, professional competence and non-discriminatory treatment.

Prev No.	Provision (detailed)	Yes	Partial	No	Explanation
A.4., 5	The role and responsibilities of the Board committees shall be defined in separate internal regulations (operating regulations) and published on the Company's website. If the Company chooses not to establish any of the committees of the Board that are not required by law, the corresponding tasks and responsibilities shall be carried out by the Board and shall be duly referred to in the Board's rules of procedure.	✓			The role and attributions of the advisory committees set up at the SB level are defined in the Regulations related to each committee.
A.4., 6	The assessment of the independence of committee members, including members of committees appointed by the AGM, shall be carried out in accordance with the same procedure as for independent members of the Board.	✓			All members of the committees are members of the SC. Based on the declarations of independence submitted, 6 out of 7 members are independent.
A.4., 7	The Chairs of the Audit Committee and the Nomination and Remuneration Committee shall not be the Chair of the Board or other committees, unless justified by the size of the Board.	✓			The Presidents of the AC and NRC (Mrs. Carmen Radu, respectively Mr. Marius-George Toniuc) are members other than the President of the SB (Mr. Silviu-Razvan Avram).
A.5. The Board must put in place robust procedures for the functioning of the Board, as well as mechanisms for the evaluation and continuous development of the Board in order to improve the competences of the members of the Board and their ability to carry out their responsibilities effectively.					
A.5., 1	The President of the Board is primarily responsible for ensuring that the Board functions properly. The Board's Rules of Procedure must contain the role and responsibilities of the President of the Board, and the President of the Board must, at least:• Establish the agenda for Board meetings, chair these meetings and ensure that minutes of such meetings are drawn up;• Ensure that the Board receives accurate, timely, useful, succinct information to enable the Board to take correct decisions;• Ensure that the Board has sufficient time for consultation and decision-making;• To allow for the proper functioning of the committees and for effective communication with the Board's committees, including operative and relevant reports from the committees to the entire Board;• To ensure that the performance of the Board is evaluated and discussed at least once a year and publicly disseminated in accordance with D.1., 3;• To ensure that the Board has an appropriate working relationship with the executive management. The Director General and the Chairman of the Board (if the positions are held by different persons) meet regularly;• Address and manage internal disputes and conflicts of interest concerning the members of the Board.	✓			All aspects mentioned in requirement A.5.,1 are provided for in ROF SB
A.5., 2	The Board shall meet whenever necessary, but not less than six (6) times a year.	✓			During 2025, 43 meetings of the SB took place. Details regarding the SB meetings can be consulted in the chapter the Supervisory Board Report.

Prev No.	Provision (detailed)	Yes	Partial	No	Explanation
A.5., 3	The Board may request the appointment of the Secretary-General to assist the Board in complying with its obligations under the law, the Board's rules of procedure and other policies. The Secretary General shall be a senior expert within the Society, responsible for assisting the Board and its committees in organizing their activities, preparing meetings, annually evaluating the performance of the Board and committees, and training programs for Board members, if necessary.	✓			According to ROF SB, the Chairman of the SB appointed two Secretaries, whose attributions are defined in the Regulation.
A.5., 4	The Board must clearly define the rights and responsibilities, the scope of authority and other matters relating to the Secretary-General.	✓			According to the ROF SB, the President of the Council appointed two Secretaries, whose attributions are defined in the Regulation.
A.5., 5	The Board and its committees must draw up and approve an annual internal work plan identifying the topics to be addressed during the year before the end of the previous year. The plan must take into account the decisions required to be proposed to the GSM, the reporting by the executive management and internal control functions, the required frequency of Board meetings and committees, and must be reviewed by the President with the support of the Secretary General.	✓			The Supervisory Board carries out its activity according to the internal work plan.
A.5., 6	The Board shall carry out an annual evaluation of the composition, activity and dynamics of the Board and its committees, individually and as a whole, which shall be coordinated by the Nomination and Remuneration Committee.	✓			The SB annually conducts an evaluation process of its activity based on a self-evaluation policy whose form has been approved by the SB. The self-evaluation is carried out under the direction of the NRC. Based on the self-assessment questionnaires (annex of the self-assessment policy), the Annual Self-Assessment Report is drafted and approved by the SB. The report of this self-assessment for 2025 is presented in the Chapter the Supervisory Board Report.
A.5., 7	The Nomination and Remuneration Committee must share the results of the Board's evaluation with the entire Board and set out follow-up actions, if necessary, including professional development and training plans for the Board, to fill the gaps.	✓			The self-assessment report approved by the SB includes further actions for the development/improvement of the activity.

Prev No.	Provision (detailed)	Yes	Partial	No	Explanation
A.5., 8	The Board's Rules of Procedure shall impose induction programs for newly appointed Board members, provided by the Society's internal staff. The Board's rules of procedure may refer to continuing education programmes for Board members if necessary. The implementation of the orientation and continuing training programmes for Board members (as decided by the Board) is carried out under the supervision of the Nomination and Remuneration Committee, with the support of the Secretary General. Based on the results of the annual evaluation of the Board, the Nomination and Remuneration Committee together with the Chair of the Board will develop professional development programmes focusing on areas where capacity should be built among Board members.	✓			Participation in professional training courses is an obligation of the members of the Supervisory Board according to the mandate contracts.
A.6. The executive management is responsible for the day-to-day management of the Company. The Board must ensure that executive management is able to effectively lead the Company, and the composition, competence, roles, and incentives of executive management support the successful implementation of the Corporation's strategy and plans.					
A.6., 1	The executive management must direct the Society and be accountable to the Board. The division of responsibilities between the Board and the executive management and between the various members of the executive management must be clearly articulated in the Company's Articles of Association and the Company's internal regulations.	✓			The structure, powers and responsibilities of the Management Board are described in the Articles of Association, the Rules of Organization and Functioning ("ROF") of the Management Board, as well as other internal procedures. The Articles of Association can be consulted on the company's website, www.hidroelectrica.ro , Corporate Governance – Corporate Governance Documents section.
A.6., 2	When the roles of Chairman of the Board and Chief Executive Officer are exercised by the same person, the different responsibilities of the Chairman of the Board and the Chief Executive Officer must be clearly defined and differentiated in the Articles of Association of the Company.	✓			According to the Articles of Association, the Members of the Supervisory Board cannot be members of the Management Board.
A.6., 3	The Board must ensure that the executive management is made up of individuals with the appropriate knowledge, skills, diversity and experience to support the success of the Society's performance, and that there are measures in place to ensure the orderly succession of executive management.	✓			The selections carried out by the Supervisory Board for the election of the members of the Management Board are subject to the provisions of GEO no. 109/2011 on the corporate governance of public enterprises. Within this legal framework, the responsibility for initiating and conducting the selection process, including establishing the eligibility and evaluation criteria, lies with the Supervisory Board, in compliance with the principles of transparency, professional competence and non-discriminatory treatment.

Prev No.	Provision (detailed)	Yes	Partial	No	Explanation
A.6., 4	The Board, with the support of the Nomination and Remuneration Committee, shall annually assess the performance of the executive management, the effectiveness of its cooperation with the Board, including the information provided to the Board.	✓			The annual evaluation report of the Management Board is subject to the approval of the Supervisory Board.

SECTION B: RISK MANAGEMENT FRAMEWORK AND INTERNAL CONTROL

B.1. The company shall have an adequate and effective internal control and risk management framework, taking into account its strategy, size, complexity of operations and risk profile, including the potential environmental and social impact of its activities.

B.1., 1	The Board determines the nature and extent of the risks that the Company is willing to assume as necessary to achieve the Company's strategic objectives (i.e. the Company's risk appetite) and must ensure that clear structures, policies and procedures are in place to identify, assess, report, manage and monitor material and emerging risks, including sustainability-related risks, cybersecurity and the use of digital technologies. The Board must explain in the annual report the mechanisms and processes put in place to identify and manage risks.	✓			The operationalization of the risk management framework is achieved by: 1. Governance and oversight The Audit and Risk Committee, established at the level of the Supervisory Board, shall ensure the independent oversight of the risk management system. The Committee meets quarterly or as necessary and reports to the Council on the conclusions of the evaluations carried out. 2. Risk identification and assessment The Company maintains a regularly updated Risk Register, in accordance with the procedures, which includes significant and emerging risks classified by probability, impact and speed of materialization. 3. Reporting and monitoring The Board receives regular reports on the evolution of the Company's risk profile, including emerging risks identified during the reporting period. The reporting shall include the status of significant risk mitigation measures. 4. Specific risks — sustainability, cyber and digitalization The company is in the process of formally expanding its risk management framework to explicitly integrate sustainability risks and ESG factors as well. These categories are operationally monitored.
B.1., 2	The Board must adopt a formal risk management policy to ensure the accurate, complete and timely identification, measurement and reporting of risks, the existence of adequate and feasible risk control measures, and the integration of E&S risks into the risk management framework in order to implement the Company's strategy.	✓			The Risk Policy is drafted and is to be adopted by the SB. The policy covers the following elements: 1. Identifying and measuring risks 2. Accurate, complete and timely reporting 3. Appropriate risk control measures 4. Integration of environmental and social (E&S) risks

Prev No.	Provision (detailed)	Yes	Partial	No	Explanation
B.1., 3	The Board and the Audit Committee need to understand the emerging changes related to information technology and artificial intelligence so as to mitigate cybersecurity risks. Time must be given to the risks and opportunities of AI and cybersecurity on the Board's agenda to ensure an understanding of cyber protection.	✓			The Board and the Audit Committee receive regular briefings from executive management on the evolution of the cyber threat landscape, the status of the protection measures implemented and the relevant incidents recorded during the reporting period. These briefings ensure a continuous flow of relevant information to the supervisory level.
B.1., 4	It is advisable that the Company establish a risk management function responsible for ensuring the accurate, complete and timely identification of risks, ensuring that appropriate and feasible risk control measures are in place and risk management procedures are monitored. The risk management function, through the Risk Management Officer (CRO), if any, must have direct communication and functional reporting to the Board and the Audit Committee (if there is no dedicated Risk Committee).	✓			The organizational structure of the Company includes a department dedicated to risk management – the Risk Management Department.
B.1., 5	The Board, assisted by the Audit Committee, shall assess at least annually the adequacy and effectiveness of the Company's risk management and internal control framework (including operational and compliance controls) and make relevant recommendations. The assessment shall take into account the effectiveness and scope of the internal audit function, the adequacy of risk management and compliance, the internal control reports, if required by applicable law, addressed to the Board Audit Committee, the responsiveness and effectiveness of management in addressing identified weaknesses or weaknesses in internal control, and the submission of relevant reports to the Board.	✓			The Risk Management Department prepares an annual report on the risk management activity that includes the evaluation of the risk management system, which is presented to the Risk Management Committee of the Supervisory Board.
B.1., 6	The Board shall develop and make available on the Company's website, free of charge, a whistleblowing mechanism that allows employees and other interested parties to disclose alleged violations or irregularities under applicable law.	✓			Through the Hidroelectrica Code of Ethics, a document approved and updated by the Supervisory Board, a whistleblowing mechanism is implemented that allows employees and other interested parties to make disclosures regarding alleged violations or irregularities according to the applicable legislation in force (comportament.etic@hidroelectrica.ro).

B.2. The Audit Committee shall assist the Board in ensuring the integrity of financial and non-financial reporting, establishing an effective risk management and internal control framework, and maintaining an appropriate relationship with the Company's external auditors.

B.2., 1	In addition to its responsibilities set out in the legislation and other parts of the Code, the Audit Committee shall:• Review the Company's internal controls and risk management framework;• Monitor the development and implementation of the Company's policies on conflicts of interest and transactions with related parties;• Ensure	✓			The evaluation of the internal managerial control system (which also includes the risk management system) is carried out completely at the level of the Company within a period of 3 years, in which the executive and 3 branches are

Prev No.	Provision (detailed)	Yes	Partial	No	Explanation
	independence and review the effectiveness of the Company's internal audit function and make recommendations to the Board;• Oversee the internal audit function;• Oversee the preparation of sustainability reports and the information included therein, unless this task is assigned to another committee;• Oversee the framework for ensuring the Company's compliance with applicable legal and regulatory requirements, as well as the Company's internal regulations (such as procedures for reporting violations of the law or the Company's Code of Conduct), unless this task is assigned to another committee.				evaluated, in turn, in the first year, and subsequently in the 2nd and 3rd years the executive and the rest of the branches. The year 2025 represented the second year of an ISO recertification cycle (it is carried out once every three years, correlated with the requirements for ISO 9001, ISO 14001, ISO 45001 and ISO 37001 certification) in which the Functional Departments within the Executive and the Bistrita and Portile de Fer branches were evaluated. Following these evaluations, the Internal Audit Report on the status of the implementation of the Internal Managerial Control System / ISO was issued, registered with no. 123139/12.11.2025, which was presented to the Audit Committee on October 13, 2025 and approved by the SB by Decision 134/13.11.2025. The internal public audit activity at the level of the Company is carried out through its own audit structure, thus complying with the requirement established by Law no. 672/2002, on internal public audit - art. 10 paragraph (1), republished with subsequent amendments and completions. Taking into account the requirements of the National Anti-Corruption Strategy and ISO 37001 Anti-Bribery Management Systems Requirements with User Guide, the Internal Public Audit Department, subordinated to the Audit Committee, annually conducts the evaluation of the corruption monitoring and prevention system and issues an audit report, endorsed by the Audit Committee and approved by the Supervisory Board. On 10 September 2025, the Internal Public Audit Department prepared a report that includes the conclusions in relation to conflicts of interest, a report analyzed and endorsed at the meeting of the Audit Committee on October 13, 2025 and approved by the SB by Decision 134/13.11.2025.

Prev No.	Provision (detailed)	Yes	Partial	No	Explanation
B.2., 2	Whenever the Code mentions reviews or analyses to be carried out by the Audit Committee, they must be followed by periodic (at least annual) or ad-hoc reports to be submitted to the Board.	✓			For each meeting of the Audit Committee, a Report of the Audit Committee is drawn up, which includes, where appropriate, proposals for measures, deadlines and those responsible for meeting certain requirements or eliminating certain deficiencies. After the approval of the measures by the SC, the established officials inform the SB how to fulfill them. The Internal Public Audit Department prepares a report that monitors the status of implementation of the recommendations included in the internal audit reports, endorsed by the Audit Committee and approved by the SC. The Internal Public Audit Department prepares the Annual Report of the internal audit activity within the Company, in which the operating framework of the internal audit function is presented. The report is analysed, evaluated and endorsed at a meeting of the Audit Committee and subsequently approved by the SC. Each internal audit report, resulting from the conduct of the internal audit missions, is presented to the Audit Committee, which after its analysis, endorses it and sends it to the SB for approval.
B.2., 3	The Audit Committee must monitor the independence and objectivity of the external auditor. The Committee should approve a policy on the provision of non-audit services permitted by the external auditor, in accordance with legal requirements, and ensure the implementation of this policy. The Committee's findings on the independence of the external auditor shall be made public in the annual report.		✓		According to the updated SB ROF, the Audit Committee monitors the independence and objectivity of the external auditor. The provision of non-audit services allowed by the external auditor can be achieved only with the approval of the Supervisory Board, based on the recommendation of the Audit Committee, having as reference LAW no. 162 of 6 July 2017 on the statutory audit of the annual financial statements and consolidated annual financial statements and REGULATION (EU) NO. 537/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 16 April 2014 on specific requirements relating to the statutory audit of public-interest entities. In the next period, the policy/procedure regarding the provision of non-audit services allowed

Prev No.	Provision (detailed)	Yes	Partial	No	Explanation
					by the external auditor will be finalized and implemented.
B.2., 4	The Audit Committee must discuss the annual work plan with the external auditor, covering the scope and materiality of the activities to be audited. The Audit Committee must meet with the external auditor whenever necessary to discuss the problems identified and to monitor the quality of the services provided.	✓			According to the updated SB ROF, the Audit Committee discusses the annual work plan with the external auditor, covering the scope and materiality of the activities to be audited. The Audit Committee meets with the external auditor whenever necessary to discuss the problems identified and to monitor the quality of the services provided, but at least twice a year when preparing the half-yearly and annual results, when ensuring their dissemination to shareholders and the general public.

B.3. The Board shall ensure the independence of the internal audit function. The Company's internal audit function must provide independent and objective assurance on the effectiveness of the risk management and internal control framework.

B.3., 1	The Board must ensure that internal audit has the appropriate authority, resources and procedures to assist the Board in ensuring the effectiveness and efficiency of the Company's risk management and internal control framework.	✓			The internal audit is carried out, according to the Hydroelectrica Organization Chart and ROF through the Internal Public Audit Department, a level that ensures the necessary authority at the company level. According to Law no. 672 of 19 December 2002 (*republished*) regarding the internal public audit, the specific resources and procedures are ensured based on the multiannual evaluations, reflected by the Multi/Annual Internal Public Audit Plans, approved by the Supervisory Board (for the year 2025 The Annual Plan was approved by Decision no. 90/30.10.2024
B.3., 2	In order to ensure that the core functions of internal audit are carried out, the person responsible for this function must be appointed and report functionally directly to the Board through the Audit Committee, which is responsible for approving his or her appointment and dismissal. This is without prejudice to administrative reporting to the Chief Executive Officer and the exchange of information with the Company's executive management, in accordance with legal requirements and professional standards.	✓			The internal public audit activity at the level of the Company is carried out through the Internal Public Audit Department, functionally subordinated to the Supervisory Board / Audit Committee, according to the Organizational Chart and ROF, thus complying with the requirement established by Law no. 672/2002, on internal public auditing - art. 10 paragraph (1), republished with subsequent amendments and completions, by the BSE Regulation and by the International Standards of Internal Auditing.

Prev No.	Provision (detailed)	Yes	Partial	No	Explanation
B.3., 3	The internal audit function must be established in accordance with applicable legal requirements and industry standards (e.g. the Institute of Internal Auditors). The internal audit authority, composition, remuneration, annual budget, working procedures and other relevant matters will be regulated in an internal internal audit regulation, approved by the Board, following the recommendation of the Audit Committee.	✓			The internal public audit activity at the level of the Company is carried out through the Internal Public Audit Department, functionally subordinated to the Supervisory Board / Audit Committee, according to the Organizational Chart and ROF, thus complying with the requirement established by Law no. 672/2002, on internal public auditing - art. 10 paragraph (1), republished with subsequent amendments and completions, by the BSE Regulation and by the International Standards of Internal Auditing.
B.3., 4	The Audit Committee must agree on an annual internal audit work plan with the internal auditor, receive internal audit reports, updates on key audit aspects, monitor the implementation of internal audit recommendations and provide the necessary guidance.	✓			According to the specific internal public audit procedures, the annual audit plan is established according to the aforementioned legal requirements, by the manager of the internal public audit department, with prior consultation with the Audit Committee. The annual audit plan is approved by Decision of the Supervisory Board, and its progress is reported periodically and annually.

C: PERFORMANCE, MOTIVATION AND REWARD

C.1. The members of the Board shall receive remuneration commensurate with the volume and importance of their duties and responsibilities, rather than the performance of the management or the Company. The structure and amount of remuneration for the Board member shall enable the Company to attract, retain and motivate competent and qualified Board members.

C.1., 1	Board members must receive remuneration, according to the Company's Remuneration Policy. Members who are also members of the Board's committees must receive additional remuneration for this activity. But in no case will the remuneration be linked to the number of meetings of the Board or the Committee.	✓			According to the provisions of GEO no. 109/2011 on the corporate governance of public enterprises, the remuneration of the members of the Supervisory Board consists of a fixed monthly allowance and other benefits. The monthly fixed allowance may not exceed a maximum of two times the average over the last 12 months of the average gross monthly salary for the activity carried out according to the main object of activity registered by the company, at class level, according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment.

C.2. The Board shall ensure that there is a formal and transparent policy and procedure for determining executive management remuneration that is aligned with the Company's long-term interests and the Company's strategy. This policy will be presented to the GSM, by way of approval, in accordance with legal requirements.

Prev No.	Provision (detailed)	Yes	Partial	No	Explanation
C.2., 1	The Board shall determine the annual remuneration of executive management, based on the recommendations of the Nomination and Remuneration Committee and in accordance with the Company's Remuneration Policy. The remuneration policy must be drawn up in accordance with the relevant legal requirements.	✓			According to the provisions of GEO no. 109/2011 on the corporate governance of public enterprises, the members of the Management Board benefit from a remuneration composed of a fixed monthly allowance, a variable allowance and other benefits. The monthly fixed allowance may not exceed a maximum of 5 times the average over the last 12 months of the average gross monthly salary for the activity carried out according to the main object of activity registered by the company, at class level, according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment and established by the Supervisory Board in accordance with the legal provisions in force. The variable component is granted annually and cannot exceed a maximum of twice the average over the last 12 months of the average gross monthly salary for the activity carried out according to the main object of activity registered by the company, at class level, according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment.
C.2., 2	The levels of remuneration for the members of the executive management and the key performance indicators taken into account in determining the variable (performance-based) part of the remuneration must be established in advance and be measurable and appropriate in relation to the agreed strategy and risk appetite, the economic environment in which the Company operates, and the remuneration and conditions of the Company's employees. In particular, they should include indicators relating to non-financial performance and appropriate sustainability targets.	✓			According to the provisions of GEO no. 109/2011 on the corporate governance of public enterprises, the total degree of achievement can be: i. below expectations, if the total degree of achievement of the KPI is up to 85%; i. as expected, if the total degree of implementation of the KPI is between 85% and 100%; i. beyond expectations, if the total degree of achievement of the KPI is over 100%. The PCI weights, which together represent a percentage share of 100%, are established according to the model below: a) 50-75% financial KPIs; b) 25-50% non-financial – operational KPIs.

Prev No.	Provision (detailed)	Yes	Partial	No	Explanation
C.2., 3	The Company's shares and/or stock options must represent a significant portion (e.g. not less than 10%) of the total variable remuneration of the executive member.			✓	Not Applicable

D: REPORTING AND INVESTOR RELATIONS

D.1. The Company shall ensure adequate communication with shareholders, investors, regulators and other stakeholders and establish appropriate systems for financial and sustainability reporting.

D.1., 1	The Company shall ensure that it provides accurate, complete and timely financial and operational information, including quarterly, half-yearly and annual reports, as well as current reports. Companies must ensure that all relevant information is easily accessible to investors, including through the Company's website and other sources of public information, as appropriate.	✓			Information relevant to investors, including periodic reports, is published in accordance with the Financial Calendar and is available on the company's website, www.hidroelectrica.ro , Investor Relations section.
D.1., 2	It is advisable for the Company to have an Investor Relations (IR) function and must appoint a dedicated person responsible for the IR function. The contact details of the person or persons responsible for the IR function will be available on the Company's website. The IR function will report directly to the Chief Executive Officer/Chief Financial Officer, emphasizing his importance in the Company's hierarchy and emphasizing his central role in managing and communicating the Company's commitments and status on the capital market. The company must organize periodic initiation and training courses, if necessary, for the IR function, adapted to its specific needs and responsibilities.	✓			The company has an Investor Relations Service, which is indirectly subordinated to the Chairman of the Management Board, through the M&A and Investor Relations Department.
D.1., 3	The Company must include on its website a section dedicated to Investor Relations, with all relevant information of interest to investors, available in both Romanian and English.	✓			On the Company's website, there is a section dedicated to this activity, <i>Investor Relations</i> , which contains all relevant documents, in Romanian and English.
D.1., 3	The Company must include in the Investor Relations section:• The main corporate regulations: the updated Articles of Association, the procedures of the General Shareholders' Meeting, the internal regulations of the Board and the internal regulations of the Board committees;	✓			The Articles of Association and the Procedure regarding the Organization and Conduct of the GSM Meetings are available on the Company's website, <i>Investor Relations – Corporate Governance – Corporate Governance Documents section</i> .
D.1., 3	The company must include in the section dedicated to Investor Relations:• List of current members of the Board, of the Board committees and of the Executive Management, mentioning their updated status of independence, professional CVs (containing at least: name, surname, gender, nationality, age; professional experience by years, position and company; studies, field of study and academic or professional institution awarding the degree), other professional	✓			Available on the Company's website, <i>About Us – Management section</i> .

Prev No.	Provision (detailed)	Yes	Partial	No	Explanation
	commitments, including executive and non-executive positions on boards of directors in companies, non-profit organizations and state institutions; the relationship with the shareholders who hold at least 5% of the voting rights/shares issued by the Company; the duration of the appointment of the members of the Board, the committees and the executive management, specifying the date from which they were appointed;				
D.1., 3	The Company must include in the section dedicated to Investor Relations:• Current and periodic reports (quarterly, half-yearly and annual reports);	✓			Available on the Company's website, <i>Investor Relations – Results and Reports section</i> .
D.1., 3	The Company must include in the section dedicated to Investor Relations:• Information regarding the General Shareholders' Meeting: agenda, supporting materials and decisions taken; procedure for holding the General Shareholders' Meeting; The Nomination Policy, together with the professional CVs (containing at least: name, surname, gender, nationality, age; professional experience by years, position and company; studies, field of study and academic or professional institution awarding the diploma), as well as any other information specified in A.3., 3; communication channels through which shareholders can ask questions to the Company; replies to shareholders' questions related to the agenda; the declarations of independence of the candidates to the Board and the assessments made by the Nomination and Remuneration Committee/Board for the candidates, including on their compliance with the independence criteria;	✓			Available on the Company's website, <i>Investor Relations – General Meeting of Shareholders section</i> .
D.1., 3	The Company must include in the section dedicated to Investor Relations:• Information on the Board's evaluation, carried out in accordance with A.5., 7 including the evaluation criteria and process, as well as a summary of the results of the evaluation and the actions that have been or will be taken as a result of the evaluation;	✓			Information regarding the annual evaluation of the Supervisory Board is included in the chapter Supervisory Board Report .
D.1., 3	The Company must include in the Investor Relations section:• Information about corporate events, such as the payment of dividends and other distributions to shareholders or other events that lead to the acquisition or limitation of a shareholder's rights, including the terms and principles applied to such transactions. This information must be published in a timeframe that allows investors to make investment decisions;	✓			Available on the Company's website, <i>Investor Relations section</i> .

Prev No.	Provision (detailed)	Yes	Partial	No	Explanation
D.1., 3	The Company must include in the Investor Relations section:• Corporate policies, including the Code of Conduct, the Dividend Policy, the Remuneration Policy, the Forecasting Policy, the Investor Communication Policy, the Social Responsibility (CSR) / Sponsorship Policy, the Related Party Transactions Policy, the Diversity Policy, equity and inclusion and the Whistleblowing Policy (if not already part of the Code of Conduct);		✓		Available on the Company's website, <i>Investor Relations – Corporate Governance – Corporate Governance Documents</i> .
D.1., 4	The company must hold at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions must be published in the IR section of the Company's website at the time of meetings/teleconferences.	✓			The Company organizes teleconferences with analysts and investors for each financial reporting, minimum 4 teleconferences/year. The related information, as well as the login details are available on the Company's website, <i>Investor Relations – Results and Reports section</i> .
D.1., 5	The Company must disclose significant and reportable non-financial and sustainability issues, with a focus on environmental, social and governance (ESG) issues of its business and operations, in accordance with the recognized sustainability reporting standard. The Company's sustainability statements will be published on its website.	✓			The Sustainability Statement is an integral part of the Annual Report and is published on the company's website on the date of the Annual General Meeting of Shareholders.
D.1., 6	The company must have a CSR/sponsorship policy to guide the activity in the field of supporting CSR activities and sponsorship.	✓			Available on the Company's website, <i>Investor Relations – Corporate Governance – Corporate Governance Documents</i> .

D.2. The Company shall ensure the fair and equitable treatment of all shareholders, as well as the availability of the means and information necessary to enable shareholders to exercise their rights in relation to the Company.

D.2., 1	The Company must have a dividend policy as a set of directions that the Company intends to follow in terms of distributing net profit.	✓			Available on the Company's website, section <i>Investor Relations – Corporate Governance – Corporate Governance Documents</i> .
D.2., 2	The procedure for holding the General Shareholders' Meeting must not restrict the participation of shareholders in the General Shareholders' Meeting and the exercise of their rights. The amendments to the procedure for holding the GSM must enter into force, at the earliest, from the next GSM.	✓			The Company has adopted the Procedure regarding the organization and conduct of the General Shareholders' Meetings, through which shareholders have the opportunity to participate in the meetings by all legal means, including through electronic means, through the eVote platform.
D.2., 3	External auditors must attend the General Shareholders' Meeting where the reports are presented to them, in order to answer shareholder questions.	✓			The external financial auditor will be present at the general meeting of shareholders where the financial statements will be approved and the related audit reports will be presented.
D.2., 4	The Board shall submit to the Annual General Meeting a summary of the assessment of the adequacy and effectiveness of the risk management and internal control framework, in accordance with the incidental information included in the annual report.	✓			-

Prev No.	Provision (detailed)	Yes	Partial	No	Explanation
D.2., 5	The Company must foster engagement with shareholders and investors by: • Encouraging active shareholder participation in General Meetings of Shareholders, including ensuring the conditions for virtual participation;• Organising regular investor briefings and updates, especially during significant corporate events;• Establishing channels through which shareholders can provide feedback and ask questions, ensuring that answers are provided at the time and comprehensive.	✓			The Company's shareholders have the opportunity to participate in the General Meetings of Shareholders through the electronic voting platform, eVote. Shareholders are informed about the relevant news through the official channels and through the distribution list. Also, shareholders can ask questions during the OGMS meetings, or to the email address ir@hidroelectrica.ro .
D.2., 6	Any professional, consultant, expert or financial analyst may participate in the GSM at the prior invitation of the Chairman of the Board. Accredited journalists may also participate in the GSM, unless the President decides otherwise.	✓			Accredited journalists may participate in the general meeting of shareholders provided that the Chairman of the Management Board approves their attendance.

E: SUSTAINABILITY AND STAKEHOLDERS

E.1. The company shall integrate sustainability aspects into its strategy and mitigate any adverse material, social and environmental impacts of its operations, to the extent possible.

E.1., 1	The Board must ensure that sustainability, environmental and social considerations are integrated into the Company's strategy and operations, risk management and remuneration practices and oversees this integration. A specialised sustainability committee or one of the Board's standing committees assists the Board in carrying out these tasks.	✓			Sustainability aspects are integrated into the Company's strategy and business model, including through the 2023–2027 Management Plan and the Sustainability Strategy. The Governance and Sustainability Committee operates at the level of the Supervisory Board, which monitors the implementation of the ESG strategy, the analysis of impacts, risks and opportunities (IRO) and their integration into decision-making and risk management processes.
E.1., 2	The Board must ensure that the Company's operations are conducted in accordance with national and international E&S standards and that the Company's E&S policies are consistent with its long-term objectives. In particular, the Company must have internal documents relating to its environmental and social responsibilities, as well as policies and procedures that enable it to identify significant factors and assess the impact on the Company's activities.	✓			The company conducts activities in accordance with national and international environmental and social standards, including ESRS requirements, EU legislation and relevant ISO standards (ex. ISO 14001, ISO 45001). There are internal policies and procedures that allow for the identification and assessment of environmental and societal impacts, including through double materiality analysis and the integrated management system.
E.1., 3	Whenever a decision to be taken by the Board has a potential significant and negative impact on the E&S sphere, the Board shall receive from the Executive Management (i) an analysis of how this decision is aligned with the Company's sustainability objectives and E&S policies or (ii) the proposal of measures to mitigate the negative E&S impact.	✓			Environmental and social impacts are analysed in internal processes, in particular through double materiality analysis and regulatory and approval procedures. The results of this analysis are progressively integrated into business strategy and decision-making processes. The full integration of ESG impacts into all decision-making

Prev No.	Provision (detailed)	Yes	Partial	No	Explanation
					processes and the risk management system is being strengthened.
E.2. The Company must have a process for identifying stakeholders affected by the Company's operations. The Board must take into account the interests of stakeholders and ensure that there is active communication between the Company and stakeholders.					
E.2., 1	The Board must ensure that there is a formal process in place to identify the Company's stakeholders, including investors, creditors, customers, employees and suppliers, as well as specific approaches for engaging priority stakeholders.	✓			The company has a structured process for identifying and involving stakeholders, including employees, investors, customers, suppliers, authorities, local communities and NGOs. This process is carried out in particular through the double materiality analysis, which includes direct consultation with stakeholders (e.g. questionnaires, workshops, interviews) and the integration of the results into the sustainability strategy and business model.
E.3. The Board shall adopt a Code of Conduct (Code of Ethics) with an appropriate scope, including guiding principles reflecting the Company's commitment to ethics, integrity and quality of performance.					
E.3., 1	The Board must develop a statement of purpose and a vision statement, as well as articulate the values of the Society so that the entire organization understands the strategic direction of the Society.	✓			The company has defined strategic directions and operating principles through relevant internal documents, including the 2023–2027 Management Plan and the Sustainability Strategy, which reflect the organization's vision, objectives and values. These are complemented by policies and commitments assumed at group level (e.g. the UN Global Compact principles, the UN Sustainable Development Goals and the BSE Corporate Governance Code), which promote ethics, integrity and responsibility in carrying out activities. These elements are communicated at the organizational level and contribute to the alignment of employees with the strategic direction of the Company.
E.3., 2	The Board must adopt a Code of Conduct for Board members, executive management and employees of the Society, with clear provisions aimed at preventing and sanctioning fraud and bribery. The Board shall not allow any derogation from the ethics requirements for any member of the Board, executive management or employee.	✓			The Company has adopted a Code of Conduct (Code of Ethics) applicable to members of management bodies, executive management and employees, which sets out the principles of integrity, professional ethics and legal compliance. The Code includes provisions on preventing and combating

Prev No.	Provision (detailed)	Yes	Partial	No	Explanation
					corruption, fraud and bribery, as well as rules of conduct in business relations. Compliance with the Code of Conduct is mandatory throughout the organization, and violation of its provisions is subject to disciplinary measures according to internal regulations. The company promotes an organizational culture based on ethics and does not tolerate deviations from established principles.
E.3., 3	The Board must ensure that the policies in the Code of Conduct are integrated into the Company's practices and incorporated into the process of integrating new employees into the Company. The Board must ensure the effective implementation and monitoring of compliance with the Code of Conduct and review it regularly.	✓			The principles and policies set out in the Code of Conduct are reflected in the Company's current practices and are supported through internal policies, operational procedures and employee training programs. The company carries out training and awareness activities in the field of ethics, compliance and sustainability, including for existing staff. The implementation and compliance with the principles of conduct are monitored through internal control and governance mechanisms, including internal audit and compliance processes. Internal policies are subject to processes of continuous updating and improvement, depending on developments in the regulatory framework, internal practices and compliance requirements.

6. Operational data

6.1. Operational segments

6.1.1. Electricity Production Activity

Management of energy reserves in large storage facilities

The management of the energy reserve was done in conditions of deficient hydraulics for the entire period of 2025. The main objectives regarding the management of reserves were the inclusion in the programs agreed monthly with ANAR and the possibility of inclusion in the winter program approved by HG1222/02.10.2024 and HG916/30.10.2025.

The gross energy production of the Hidroelectrica Group in 2025 amounted to 12,215 GWh, representing a decrease of 2,009 GWh compared to the previous year, when total production reached 14,224 GWh.

Status of cascade headworks

	Filling level In usable volume (%)	Usable volume Total (million cubic meters)	Energy reserve (GWh)
2025	66.14%	1,723.94	2,099.27
2024	56.49%	1,472.31	1,858.63

Source: Hidroelectrica

Availability coefficient (%) of PI>MW 10 hydropower units for 2025

	2025	2024
SH CLUJ	55.19%	87.92%
SH CURTEA DE ARGEȘ	68.39%	86.71%
SH HAȚEG	87.42%	89.57%
SH P.de FAIR	86.96%	85.91%
SH RÂMNICU VÂLCEA	91.75%	91.78%
SH SEBEȘ	91.46%	92.85%
Total HIDROELECTRICA	85.67%	90.54%

Source: Hidroelectrica

Available and assured power

	Power Installed	Discounts Permanent	Available power	(GW) Power Ensured
2025	6.2	0.2	6	5
2024	6.2	0.2	6	5.1

*Reporting is for 10 MW Pi > 10 MW HPPs under commercial exploitation license

Source: Hidroelectrica

6.1.2. Trading Activity – Wholesale Electricity Sales

In 2025, electricity trading on the wholesale market recorded a downward trend, reflecting both the decrease in available generation (in the context of the most hydrologically challenging year recorded in the past 30 years) and the implementation of a prudent portfolio management strategy, focused on securing obligations within the retail portfolio.

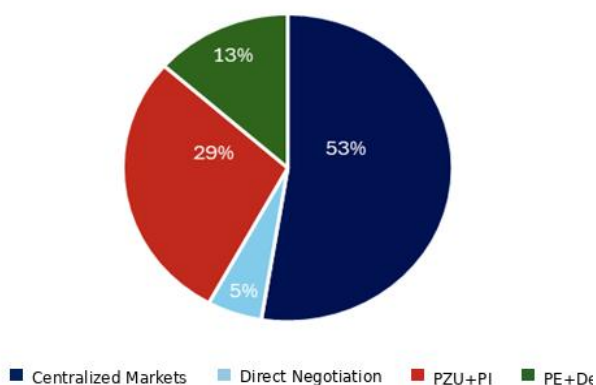
In the short term, electricity was traded on the Day-Ahead Market (DAM) in order to optimize the operating schedule and to efficiently manage deviations from hydrological forecasts. In 2025, the total volume sold on this segment accounted for 29% of the total quantity delivered on the wholesale market.

Hidroelectrica also traded electricity forward in a transparent and competitive manner, both through platforms operated by the two market operators (OPCOM and BRM), as well as through directly negotiated bilateral contracts (NC).

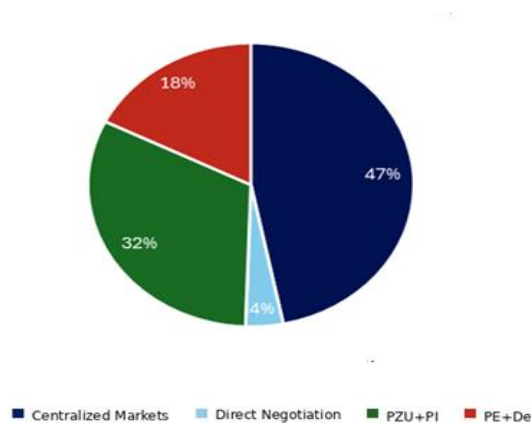
Against the backdrop of extremely low hydrological conditions, the trading team continuously monitored market acquisition opportunities in order to optimize and protect the primary resource. At the same time, through specialized analysis of profiled sales offers received from counterparties, essential technical support was ensured to reduce procurement costs for covering retail contractual obligations.

The structure of electricity sales on the wholesale market in 2025 is presented in the charts below:

Sales Volume Structure in 2025



Sales Value Structure in 2025



Source: Hidroelectrica

6.1.3. Electricity Supply Activity

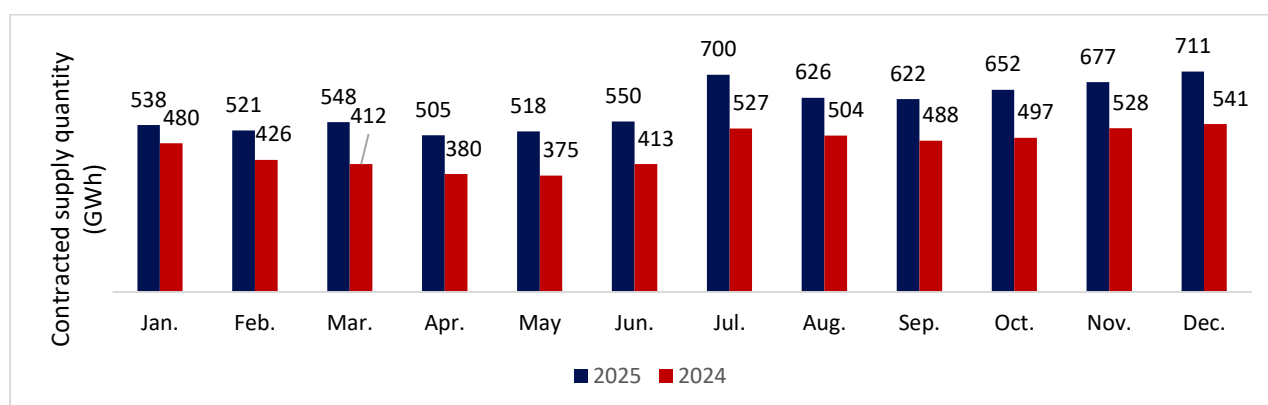
Hidroelectrica carries out its electricity supply activity based on Supply License No. 2215/2020, updated by ANRE Decision No. 718/06.06.2020, valid for a period of 10 years. In this context, the Supply Department operates in compliance with the rights and obligations set out in the license.

Electricity supply includes the processes of offering, contracting, billing, collection, customer information, handling and resolution of complaints/requests/inquiries related to the services provided, as well as receivables recovery. All these processes are aligned with primary legislation and ANRE regulations.

Currently, the supply activity is undergoing a significant growth and transformation process, aimed at improving operational performance, in a period when the energy market itself has experienced substantial changes.

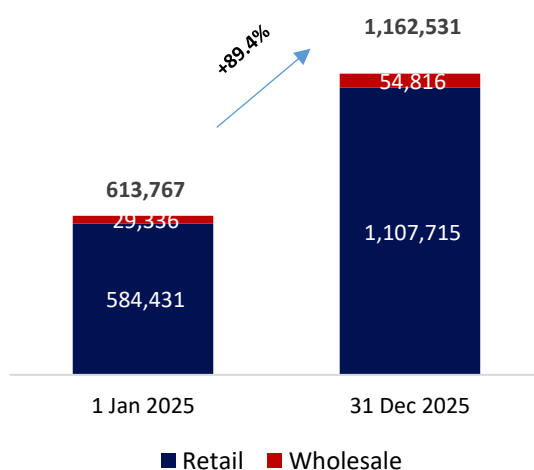
Increase in electricity volumes

The monthly contracted volumes for 2025 recorded a significant increase, driven by the onboarding of customers with high monthly electricity consumption, as well as a large number of household customers.

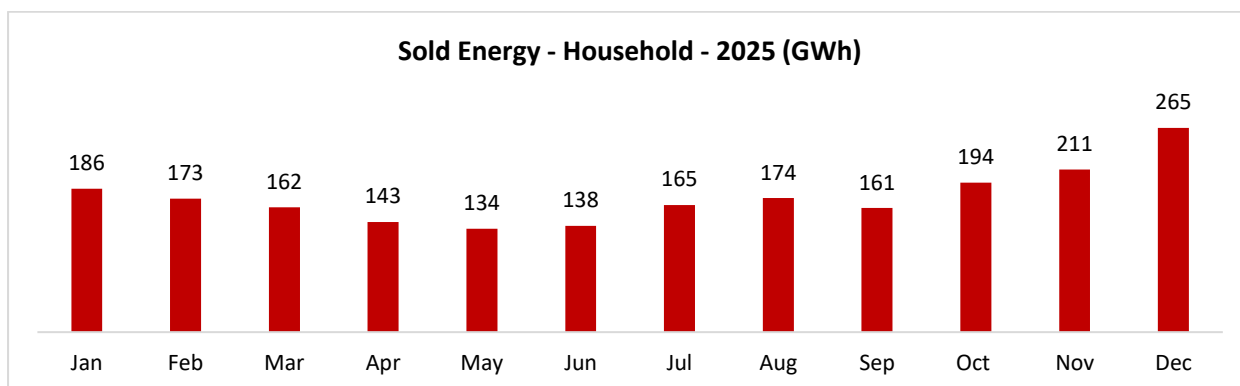


Source: Hidroelectrica

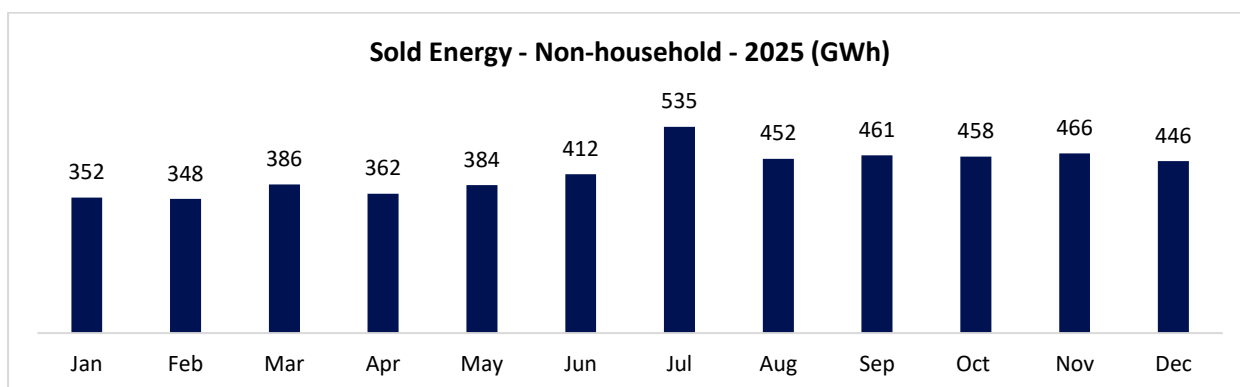
The evolution of the number of consumption sites registered as at 31 December 2025 compared to 1 January 2025 is presented as follows:



Source: Hidroelectrica

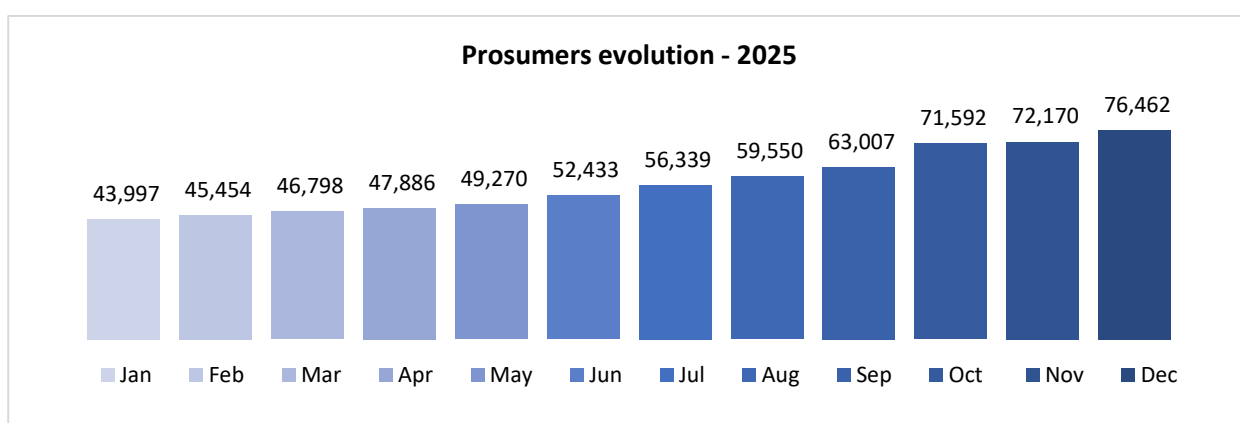


Source: Hidroelectrica



Source: Hidroelectrica

The number of prosumers increased exponentially following the implementation of the automated contracting system within the contracting portal.



Source: Hidroelectrica

6.2. Maintenance Activity

Maintenance Activity – Equipment

In 2025, maintenance services/works were scheduled for execution on equipment and installations within hydropower developments and those related to the Crucea Wind Farm, amounting to RON 454 million. The planned value corresponded to 5,225 scheduled maintenance works, in addition to unplanned (corrective) maintenance works.

The contracted value amounted to RON 447 million, corresponding to 5,184 scheduled and unplanned (corrective) maintenance works, while maintenance services/works on equipment totaling RON 386.6 million were settled, corresponding to 4,962 scheduled and unplanned (corrective) maintenance works.

The Company's main provider of equipment maintenance services is Societatea de Servicii Hidroenergetice "Hidroserv" S.A., as an affiliated entity. The contracted value with SSH Hidroserv amounted to RON 350 million, of which RON 307 million was settled.

Unplanned (corrective) maintenance services/works settled in 2025, both with Hidroserv and other contractors, amounted to RON 56.45 million (of which RON 29.76 million represented additional works to planned maintenance), out of the total settled value of RON 386.6 million in 2025.

It is worth noting that, as at 31 December 2025, all maintenance works necessary to ensure the safe operation of installations and equipment within hydropower developments had been completed.

Equipment maintenance achievements in 2025 – physical progress, compared to 2024

Branch	2025				2024			
	Number of estimated works	Number of contracted works	Number of works completed	Percentage of achievement	Number of estimated works	Number of contracted works	Number of works completed	Percentage of achievement
PORTILE DE FIER	768	763	741	96.48%	768	762	733	95.44%
HATEG	445	445	439	98.65%	585	578	565	96.58%
BISTRITA	356	355	353	99.16%	410	406	406	99.02%
COURT OF ARGES	1,129	1,121	1,039	92.03%	1,224	1,222	1,125	91.91%
RAMNICU VALCEA	1,180	1,161	1,097	92.97%	1,019	979	894	87.73%
CLUJ	605	604	590	97.52%	690	679	645	93.48%
SEBES	537	531	499	92.92%	530	528	520	98.11%
WIND	203	202	202	99.51%	197	161	159	80.71%
EXECUTIVE	2	2	2	100.00%	3	3	3	100.00%
TOTAL	5,225	5,184	4,962	94.97%	5,426	5,318	5,050	93.07%

Source: Hidroelectrica

Value-based achievements of equipment maintenance in 2025, compared to 2024

RON million

Branch	2025						2024					
	Estimated work value		Value of contracted works		Value of completed works		Estimated work value		Value of contracted works		Value of completed works	
	TOTAL	Of which HIDRO SERV	TOTAL	Of which HIDRO SERV	TOTAL	Of which HIDRO SERV	TOTAL	Of which HIDRO SERV	TOTAL	Of which HIDRO SERV	TOTAL	Of which HIDRO SERV
PORTILE DE FIER	125.76	98.62	122.98	98.27	102.81	85.19	100.45	86.36	99.79	86.32	91.83	76.21
HATEG	49.44	37.25	48.97	37.18	39.93	32.93	34.17	32.46	33.24	32.3	26.74	25.91
BISTRITA	45.22	36.79	44.94	36.79	41.77	33.76	37.2	32.68	36.67	32.68	33.86	30.12
CURTEA DE ARGES	66.95	48.11	66.88	48.09	53.14	35.98	39.86	37.58	38.83	37.56	32.39	31.54
RAMNICU VALCEA	67.89	59.78	65.51	58.70	60.88	54.78	78.79	66.61	75.62	65.71	63.15	54.27
CLUJ	31.99	31.69	32.01	31.69	28.31	28.01	38.11	36.99	36.8	36.06	30.77	30.08
SEBES	41.97	39.79	41.11	39.58	38.02	36.60	36.35	31.56	36.03	31.56	29.98	25.53
WIND	24.91	-	24.80	-	21.75	-	22.63	0	21.27	0	15.03	0
EXECUTIVE	0.006	-	0.006	-	0.006	-	0.008	0	0.007	0	0.007	0
TOTAL	454.12	352.02	447.21	350.29	386.60	307.26	387.56	324.24	378.25	322.18	323.76	273.66

Source: Hidroelectrica

In 2025, maintenance works were scheduled for a total of 78 hydropower units, with all planned maintenance works being contracted. As at 31 December 2025, 64 maintenance works on hydropower units had been completed, 13 were under execution, and one maintenance work was rescheduled for 2026.

Thus, out of the total RON 386.6 million of equipment maintenance works carried out in 2025, RON 145 million (see table below) represents maintenance related to works performed on hydropower units.

Physical and value-based achievements of maintenance works on hydropower units in 2025 compared to 2024

RON million

BRANCH	Maintenance at Hydro Aggregates – 2025						Maintenance at Hydro Aggregates – 2024					
	ESTIMATE		CONTRACTED		DONE		ESTIMATE		CONTRACTED		DONE	
	Number	Value	Number	Value	Number	Value*	Number	Value	Number	Value	Number	Value*
PORTILE DE FIER	16	47.52	16	47.38	16	41.59	20	44.64	20	44.68	17	18.55
HATEG	9	22.93	9	22.93	9	17.51	11	9.36	11	9.36	11	8.93
BISTRITA	15	17.87	15	17.87	15	17.52	14	13.83	14	13.83	13	8.50
CURTEA DE ARGES	7	30.37	7	30.37	6	31.06	12	9.67	12	9.67	11	6.46
RAMNICU VALCEA	18	18.40	18	18.38	18	19.00	24	24.68	24	24.68	21	17.28
CLUJ	5	8.19	5	8.19	5	5.75	5	13.11	5	12.79	3	4.61
SEBES	8	11.76	8	11.76	8	12.66	8	15.10	8	15.1	6	4.3
TOTAL	78	157.04	78	156.88	77	145.08	94	130.39	94	130.11	82	68.63

* the realized value includes the additional works performed, settled from corrective maintenance funds

Source: Hidroelectrica

6.3. Maintenance Activity – Civil Works and Monitoring of Hydropower Structures Behavior ("UCCH")

For 2025, the civil works maintenance program was prepared in the amount of RON 86.06 million, to be executed by third parties, covering a total of 275 maintenance works. As at 31 December 2025, works contracted with third parties amounted to RON 77.40 million, while civil maintenance works executed by third parties reached RON 57.50 million.

From a capitalization (CAPEX) perspective, as at 31 December 2025, works amounting to RON 31.64 million were completed, representing 79.11% of the estimated capitalized works.

Construction maintenance works carried out in 2025, compared to 2024

Physical Stage

Crt. No.	Branch	Cumulative 2025				Cumulative 2024			
		Number of works estimated according to the WFP 2025	Number of contracted works	Number of works completed	Percentage of achievement 2025	Number of works estimated according to the PAM 2024	Number of contracted works	Number of works completed	Percentage of achievement 2024
1	PORTILE DE FIER	42	41	38	90.48%	32	32	32	100.00%
2	HATEG	34	32	31	91.18%	36	36	36	100.00%
3	BISTRITA	17	14	14	82.35%	28	28	28	100.00%
4	CURTEA DE ARGES	41	40	37	90.24%	40	39	34	85.00%
5	RAMNICU VALCEA	83	79	77	92.77%	15	15	14	93.33%
6	CLUJ	20	18	12	60.00%	29	26	24	82.76%
7	SEBES	34	31	25	73.53%	42	39	35	83.33%
8	WIND	4	3	3	75.00%	6	2	2	33.33%
TOTAL		275	258	237	86.18%	228	217	205	89.91%

Source: Hidroelectrica

Value Achievements

No. Crt.	Branch	Cumulative 2025				Cumulative 2024			
		Estimated value of works PAM 2025	Value of contracted works	Value of completed works	Percentage of achievement 2025	Estimated value of works PAM 2024	Value of contracted works	Value of completed works	Percentage of achievement 2024
1	PORTILE DE FIER	12.12	11.29	10.16	83.81%	24.68	22.86	17.74	71.88%
2	HATEG	18.89	17.80	17.11	90.59%	15.29	15.19	10.63	69.52%
3	BISTRITA	9.62	8.72	3.16	32.87%	7.8	7.47	7.27	93.21%
4	THE COURT OF ARGES	14.78	14.40	8.81	59.56%	6.54	6.15	5.84	89.30%
5	RAMNICU VALCEA	18.66	14.81	12.73	68.21%	6.28	5.02	3.83	60.99%
6	CLUJ	5.60	5.01	1.75	31.31%	2.48	1.28	0.74	29.84%
7	SEBES	5.42	5.18	3.60	66.39%	5.98	5.74	5.57	93.14%
8	WIND	0.96	0.19	0.18	18.65%	0.89	0.28	0.23	25.84%
TOTAL		86.06	77.40	57.50	66.81%	69.94	63.99	51.86	74.15%

Source: Hidroelectrica

6.4. Investment Activity

The Investment Strategy of S.P.E.E.H. Hidroelectrica S.A. includes ongoing hydropower projects, new projects aimed at diversifying the business portfolio, as well as refurbishment and modernization projects covering structures, installations/systems, assemblies/sub-assemblies, equipment and components of electricity generation capacities, classified as fixed assets.

In recent years, Hidroelectrica has reaffirmed its commitment to maintaining its focus on renewable energy, with preserving its status as a 100% green company being at the core of its values.

In this context, all development projects are centered around environmentally friendly and sustainable generation technologies. While a significant share of these projects is focused on hydropower and the development of the national hydrological potential, they are not limited to this area. The Company is also pursuing investments in onshore and offshore wind farms, photovoltaic parks, and hydrogen production through electrolysis.

Hidroelectrica acknowledges the priorities of the National Energy System (NES), as well as the urgent need to add new capacity to the national energy infrastructure and is prepared to mobilize the necessary resources in this regard. Accordingly, the Company is making sustained efforts to complete investment projects currently at various stages of execution, which are expected to contribute a significant additional volume of energy to the NES in the short to medium term.

The 2025 investment program was achieved at a rate of 95% relative to the allocated budget; the comparison with the previous year is presented in the table below:

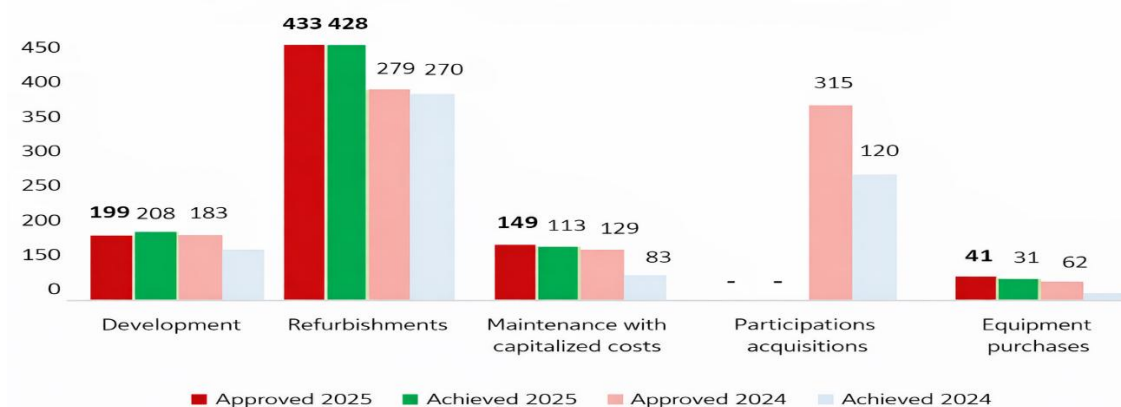
Activity	RON million					
	Approved	Achieved	Degree of	Approved	Achieved	Degree of
	2025	2025	achievement 2025 (%)	2024	2024	achievement 2024 (%)
Development	199	208	105%	183	102	56%
Refurbishment	433	428	99%	279	270	97%
Equipment capitalization maintenance	108	81	75%	74	51	69%
Capitalized maintenance of hydrotechnical constructions	40	32	79%	43	32	74%
Maintenance with capitalization of rehabilitation works, administrative constructions	1	1	83%	12	0.70	6%
Acquisitions of shares	0	0	-	315	120	38%
Facilities	41	31	77%	62	16	26%
TOTAL	822	781	95%	968	591	61%

**The degree of achievement represents the ratio of the values achieved to those allocated*

Source: Hidroelectrica

Total CAPEX investments increased in 2025 compared to 2024, from RON 591 million to RON 781 million. Notable achievements relative to the allocated budget were recorded in refurbishment and modernization projects—where both the budget and the actual investments increased by more than RON 150 million—as well as in development projects.

CAPEX Investments – Budget vs Achievements 2025 vs 2024



The percentage variation of investment project achievements as at 31 December 2025 compared to 31 December 2024 is presented as follows:

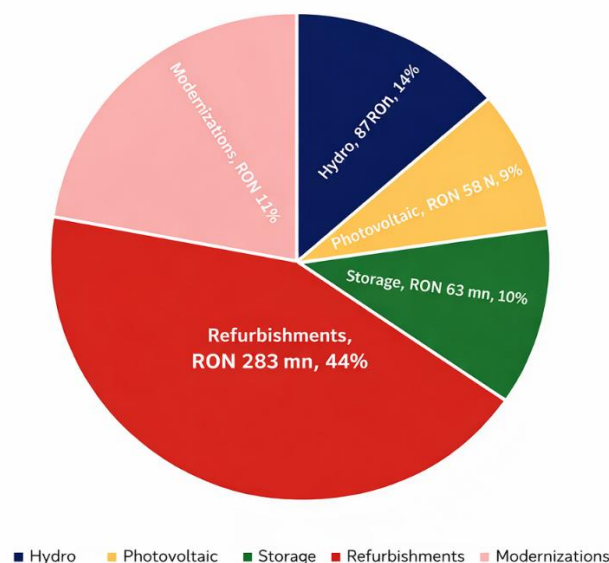
	2025	2024	Variation
	RON million	RON million	%
Investments in Development Projects	208	102	103%
Investments in Refurbishment	428	270	58%
Investments in Maintenance	113	83	37%
Independent equipment and machinery	31	16	97%
Other capital investments	0	120	-100%
TOTAL INVESTMENTS	781	591	32%

Source: Hidroelectrica

The investments presented above were fully financed from own sources.

In 2025, investments in development and refurbishment/modernization projects amounted to a total of RON 636 million. The portfolio includes investments in hydropower development projects, photovoltaic projects, storage capacities, as well as refurbishment and modernization initiatives.

Categories of investments carried out in 2025 (RON mn)



Source: Hidroelectrica

A share of 24% of total investments in construction and installation works, equipment deliveries or other expenditures related to development and refurbishment/modernization projects—amounting to RON 107 million out of RON 444 million (excluding advances)—was executed through contracts concluded with Hidroelectrica's two subsidiaries, Hidroserv and UCMH Reșița S.R.L.

The dynamics of investment execution were significantly influenced by factors external to the Company, mainly procedural, administrative and legislative, which do not reflect Hidroelectrica's operational capacity, but rather the regulatory context and the complexity of the strategic projects under implementation.

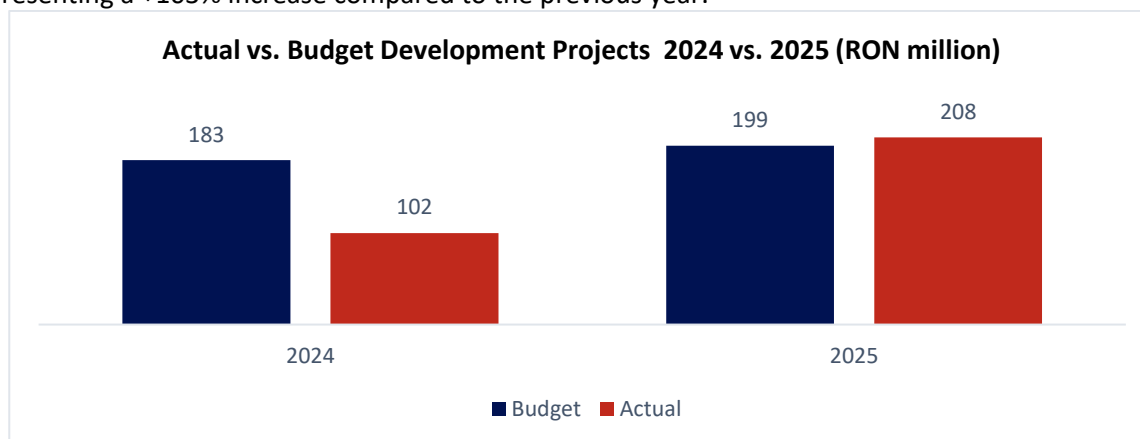
Investments in development, refurbishment and modernization have been impacted by delays in execution, suspension or even discontinuation of certain projects, largely due to constraints and conditions beyond the control of project managers or contract responsible parties, such as:

- procurement procedures cancelled due to the absence of bidders, bids exceeding the value allocated through the approved general estimate, or offers not meeting the required commissioning deadlines;
- extension of procurement procedures due to additional ex-ante verification stages carried out by ANAP, leading to delays in contract signing but ensuring, over the medium term, compliant and transparent execution;
- contractors in insolvency or bankruptcy, as well as the absence of a general designer, leading to difficulties in contract execution according to agreed timelines and lack of responses to requests for quotations;
- unfavorable resolution of certain litigations pending before courts and suspension of works through injunctions, with such cases currently under legal resolution;
- delays or suspension of deforestation activities, generating knock-on effects on the continuation of works;
- delays in the issuance of environmental approvals for certain major projects, requiring rescheduling and timeline adjustments, without affecting the commitment to complete these investment projects;
- suspension or cancellation of environmental approvals for certain major projects (e.g., Răstolița HPP, Livezeni–Bumbești HPP);
- lack of Government decisions regarding land expropriations;
- overlap with other road or railway infrastructure projects;
- constraints related to connection to the National Energy System (NES);

Despite these constraints, the investment plan has maintained its integrity and delivery outlook, while the remedial measures adopted (rescheduling, relaunching procurement procedures, updating technical documentation and intensifying dialogue with authorities) enabled an acceleration of execution in Q4 2025, a trend expected to continue into 2026.

6.4.1. Activity in development projects

In 2025, investment achievements in development projects amounted to a total of RON 208 million, representing a +103% increase compared to the previous year.



Source: Hidroelectrica

Investments under development: In 2025, a total of 9 projects were carried out, with aggregate investments exceeding RON 86 million:

- **Pașcani HPP** – ongoing project, with subcontracts progressing according to schedule (reservoir works, Pașcani HPP, grid connection to the NES, dam equipment), with no significant constraints or conditions that could jeopardize the project completion date;
- **Vânători HPP** – ongoing contract, progressing in line with the schedule;
- **Răstolița HPP** – project facing constraints due to: unfavorable resolution of court litigations (deforestation and removal from the forestry fund), the general contractor Hidroconstrucția S.A. being in insolvency, and the absence of a general designer (ISPH Project Development S.A. – bankrupt). Works not dependent on deforestation and forestry clearance are ongoing. Until the litigations are resolved, the project completion/commissioning date remains uncertain;
- **Surduc–Siriu HPP** – ongoing contracts for construction works and equipment related to Surduc Dam, pressure node and headrace; lack of bids for Nehoiașu II HPP equipment and the 110 kV substation may generate delays. Constraints depend on the resolution of court actions initiated by the Declic Association regarding the construction continuation permit;
- **Cerna–Belareca HPP** – ongoing project; urban planning certificate, Environmental Approval and Water Management Permit have been obtained. Ongoing: steps for NES connection, land acquisition and procurement of construction and installation works (non-binding offers requested);
- **Bistra–Poiana Mărului HPP** – ongoing project, with remaining works for Rueni and Râul Alb sections. Ongoing: preparation of procurement procedures for cadastral documentation related to expropriations (issuance of the Urban Planning Certificate is conditional upon completion of expropriations) and steps to obtain Government approval for updating technical-economic indicators;
- **Cerna–Motru–Tismana Hydrotechnical and Energy Complex** – Phase II – as at 31 December 2025, ongoing: issuance of Environmental Approval (obtained in March 2026), update of the Feasibility Study in line with the solution established through the Environmental Approval, as well as preliminary stages required for negotiating the contract for the remaining works;

- **Jiu River HPP (Livezeni–Bumbești sector)** – ongoing project; Water Management Permit obtained; EA, SEICA and RIM documentation prepared. Ongoing contracts include: technical expertise for equipment and civil works, NES connection for Dumitra HPP, and preparation of cadastral documentation for registration of the expropriation corridor related to the grid connection of Dumitra HPP and Livezeni SHPP. Critical dependencies include: litigations regarding suspension and cancellation of the Environmental Approval; obtaining construction permits (Gorj County Council, Hunedoara County Council, Aninoasa Municipality); completion of negotiations for remaining works; registration of expropriated land based on court decisions; and removal from the forestry fund for land related to the 110 kV substation;
- **Olt River HPP (Cornetu–Avrig gorge sector – Lotrioara–Câineni–Racovița)** – ongoing SEICA, EA and RIM service contracts. The project is currently under update and cost-benefit reassessment, considering received offers and multiple constraints: inability to obtain the construction permit in the absence of Environmental Approval and Government decision on expropriation; contracting/negotiation of remaining works is conditional upon revision of the Environmental Approval and issuance of the Government decision; the project is partially located within five protected areas; overlap with the A1 motorway project (Lotrioara and Câineni), as well as railway bridges downstream of Racovița tailrace canal impacting completion of Section II of the tailrace canal; general designer bankrupt and general contractor in insolvency; NES connection constraints due to evacuation limitations in the Olt Valley gorge, with connection solutions being highly costly and borne entirely by Hidroelectrica.

New investments in photovoltaic and energy storage projects carried out in 2025 exceeded RON 121 million. Hidroelectrica continues the structural transformation of its generation portfolio, focusing on complementary green energy technologies and enhancing resilience to hydrological variability driven by climate change. These projects mark a further step in Hidroelectrica’s transition from a predominantly hydropower-based model to a diversified portfolio incorporating new green energy technologies—hybrid, flexible and adaptable—addressing both the objective of technological diversification and the need to mitigate systemic risks, particularly hydrological risk.

- **Tudor Vladimirescu PV Plant** – ongoing project. The general estimate and technical-economic indicators have been updated, and the grid connection agreement to the NES has been signed based on the obtained connection permit (ATR). Steps are currently underway to obtain the construction permit and to award/sign the turnkey contract (appeal under review by CNSC). Installed capacity: 45.94 MW; estimated annual output: 59.21 GWh/year.
- **“Țara Hațegului” Photovoltaic Park** – Hunedoara County – ongoing project, contract signed and under implementation in line with the schedule. Installed capacity: 8.9 MW; estimated annual output: 11.83 GWh/year.
- **Floating photovoltaic system – Nufărul pilot project** – ongoing project. The construction permit has been obtained. The following contracts have been signed and are under execution, in line with the schedule: design and execution services (currently in design phase), environmental monitoring services, grid connection agreement, and biodiversity/environment monitoring services. Installed capacity: 10 MW; estimated annual output: 13.48 GWh/year.
- **Harnessing photovoltaic potential within hydropower plants located on the middle and lower Olt River sector – ROOFTOP project** – ongoing project. The general estimate and technical-economic indicators have been updated. The execution contract is under implementation, in line with the schedule. The photovoltaic system consists of 620 W panels, 100 kW inverters and energy

optimization solutions, with an installed capacity of 2,955.58 kW and estimated annual production of 3,710.87 MWh/year. This project represents a first for the Company, being the first deployment of photovoltaic panels within Hidroelectrica.

- **Battery energy storage system at Porțile de Fier II HPP** – under procurement procedure; pending resolution of an appeal filed with CNSC. Upon commissioning, estimated in H1 2027, a storage capacity of 256 MWh will be achieved.
- **Li-ion battery storage system at Crucea Nord Wind Farm** – ongoing project. The construction permit has been obtained, and the turnkey contract is under execution in line with the schedule. Following commissioning, starting April 2026, the installation will have a nominal power of 36 MW and a nominal storage capacity of 72 MWh.

Pre-investment activity in development objectives

Design services are currently underway for feasibility study documentation related to investment objectives proposed under Hidroelectrica's Investment Strategy, aimed at increasing photovoltaic generation capacity and adding battery energy storage capacities at hydropower plants on the lower Olt River sector, with a generation capacity of 100 MWp and a storage capacity of 200 MW / 800 MWh (HPPs: Ipotești, Drăgănești, Frunzaru, Rusănești, Izbiceni).

At the same time, Concept Notes, Design Briefs and Feasibility Studies are being prepared for the installation of battery storage capacities at hydropower plants along river courses, with an estimated total storage capacity of approximately 2,000 MWh (HPPs: Subcetate, Bretea, Retezat, Ruieni).

The integration of storage systems and solar generation into existing infrastructure strengthens Hidroelectrica's position as a 100% green energy provider, while also enhancing its capability to ensure continuity and security of electricity supply, as well as the safe and stable operation of the National Energy System (NES), regardless of natural conditions or market volatility.

Securing land for investments represents a critical component of development projects, whether related to land leasing, reinstatement into or removal from agricultural or forestry use, land registration, or expropriations.

Leases. Lease negotiations with landowners for land temporarily occupied by investment projects were formalized through negotiation minutes, and payments were made for temporarily occupied land related to Pașcani HPP, Surduc–Siriu HPP and Răstolița HPP.

Reinstatement into agricultural or forestry use. Actions were initiated to return land temporarily occupied by investment projects to rightful owners, for Surduc–Siriu HPP and Făgăraș HPP.

Land registration (intabulation). Procedures were completed for awarding service contracts related to the registration of expropriation corridors and preparation of individual cadastral documentation, aimed at clarifying the legal status of properties within expropriation corridors and enabling the payment of compensations approved under Government Decisions No. 1138/2024, No. 1364/2024 and No. 3/2025.

Expropriations. Compensation values for properties located within the expropriation corridors of Pașcani HPP, Olt River HPP (Cornetu–Avrig gorge sector) and Siret River HPP (Cosmești–Movileni sector, Movileni HPP) were updated. Updated valuation reports for 2025 and the related expropriation corridor documentation were submitted to the Ministry of Energy for the promotion of the normative acts provided under Law No. 255/2010.

For the completion of works at Răstolița HPP, the following Government Decisions were adopted by the Government of Romania:

- GD 3/2025, for supplementing the amount provided as fair compensation, approved by Government Decision no. 900/2017 on the approval of the site and the initiation of the procedures for the expropriation of privately owned buildings that constitute the expropriation corridor located on the site of the public utility work of national interest "Răstolița Hydropower Development", as well as for the completion of Annex no. 2 to Government Decision no. 900/2017.
- GD 327/03.04.2025, regarding the approval of the definitive removal from the national forest fund of the land with an area of 37.5263 ha, by the Company for the Production of Electricity in Hydropower Plants "Hidroelectrica" — S.A., for the realization of the public utility work of national interest "Răstolița Hydropower Development", published in the OFFICIAL GAZETTE OF ROMANIA, PART I, No. 314/9.IV.2025.

During 2025, compensation was paid to the owners or their heirs in the total amount of RON 9,2 million, for the properties expropriated by Expropriation Decisions.

Removal of land from the forestry or agricultural fund:

- **AHE Răstolița.** Based on the documentation for the transmission of the forest lands included in the corridor of the work according to GD 900/2017, OS Răstolița issued the approved forest sheets to the Mureș Forestry Department, RNP Romsilva approved the definitive removal from the forest fund of the forest lands necessary for the Răstolița AHE (Opinion no. 334/2019) and the documentation was submitted to the Brașov Forest Guard for issuing an opinion. The Brașov Forest Guard issued a favorable opinion for obtaining the Environmental Agreement for the deforestation of the areas necessary for the works and the Mureș MPA issued the Environmental Agreement no. 6/28.10.2024 for the first stage of commissioning of the Răstolița HPP at minimum energy, in the sense in which the Romanian Government adopted Decision no. 3/2025.
- **CEF Tudor Vladimirescu.** The topographic plan with the areas requested for the definitive or temporary removal from the agricultural circuit of the land located in the site of the Tudor Vladimirescu Photovoltaic Power Plant project, in Brăila county, was received by minutes no. 1745 of 10/11/2025 by OCPI Brăila.

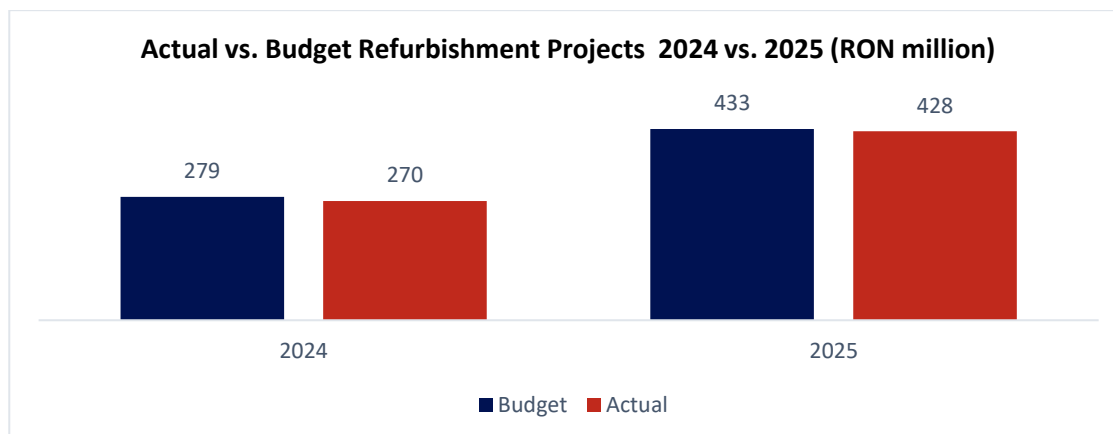
Efforts to obtain Certificates attesting land ownership rights are ongoing. From 2001 until the end of 2025, Hidroelectrica S.A. obtained a total of 703 such certificates, covering an area of 2,473.45 ha, with the land valued at RON 112.5 million at the time the certificates were issued.

In 2025, Certificates attesting land ownership rights were obtained for an area of 4.62 ha, with a total value of RON 4 million, related to Baru Mare SHPP – intake and balancing reservoir (0.13 ha) and the Porțile de Fier I hydrotechnical node (4.49 ha).

6.4.2. Refurbishment activity

The refurbishment activity is carried out in accordance with the approved Refurbishment Strategy, aligned with Hidroelectrica's Investment Strategy, and aims at implementing the program for the promotion and execution of modernization and refurbishment projects for hydropower assets. This is reflected in the preparation and advancement of refurbishment and modernization projects for power plants, hydropower units, installations and associated substations, as well as the continuation of projects already under implementation, at various investment stages (procurement, design, execution, commissioning, warranty monitoring, etc.).

The investment, equipment and financing program for the period 2025–2027 includes a total of 28 refurbishment and modernization projects, of which 16 projects had CAPEX allocations in 2025. Investments in refurbishment and modernization projects in 2025 amounted to approximately RON 428 million, representing a +58% increase compared to 2024.



Source: Hidroelectrica

Budgetary achievements

All 16 refurbishment and modernization projects carried out in 2025 exceeded a degree of achievement of 90% of the budget allocated for works scheduled for 2025, as follows:

- Stejaru HPP refurbishment – 99.87%
- Vidraru HPP refurbishment – 96.52%
- Mărișelu HPP refurbishment – 100%
- Refurbishment of high-power pumping stations Petrimanu, Lotru Downstream, Jidoaia – 99.99%
- Vaduri HPP modernization: Unit No. 2, 110 kV substation, and mechanical and electrical equipment of the plant and dam – 100%
- Modernization of Unit No. 2 at Remeți HPP, including the 110 kV substation, general plant installations, pressure node and Drăgan Dam – 92.16%
- Modernization of Unit No. 2 at Arcești HPP – 99.82%
- Modernization of the 110 kV substation at Stâncă HPP – 100%
- Modernization of the 110/20/0.6 kV substation at SHEN Porțile de Fier – Ostrovul Mare – 99.99%
- Modernization of 110 kV, 20 kV and 6.3 kV substations at Târgu Jiu HPP and Vădeni HPP – 99.78%
- Modernization works of electrical installations related to hydromechanical equipment and hydraulic actuation systems of the spillway dam at SHEN Porțile de Fier I – 98.51%
- Modernization works of electrical installations related to hydromechanical equipment and hydraulic actuation systems of the spillway dam at Gogoșu HPP, Porțile de Fier II – 99.84%
- Rehabilitation works of the Romanian lock within SHEN Porțile de Fier I – 100%
- Modernization of SCADA system for DHE Olt – 100%
- Modernization of VIR actuation system at Porțile de Fier I HPP – 97.56%
- Modernization of automation, protection, auxiliary services and security systems at Upper Olt hydropower plants – 100%

Completed projects

In 2025, 5 modernization / refurbishment projects were completed:

- Modernization of the 110 kV substation at Stâncă HPP

- Modernization of the 110/20/0.6 kV substation at SHEN Porțile de Fier – Ostrovul Mare
- Modernization of 110 kV, 20 kV and 6.3 kV substations at Târgu Jiu HPP and Vădeni HPP
- Modernization works of electrical installations related to hydromechanical equipment and the hydraulic actuation system of the spillway dam at SHEN Porțile de Fier I
- Rehabilitation of the metal structure, mechanical components and sealing system of the 6x6/31.5m upstream left-bank gate of the Porțile de Fier I lock, within the investment project “Rehabilitation works of the Romanian lock at SHEN Porțile de Fier I”

New or reapproved investment targets

New investment objectives have been approved:

- Refurbishment of the Gogoșu HPP
- Modernization of the Vadu pump station - CHE Hațeg

Also, new technical-economic indicators resulting from the update of the general estimates were approved, determined by the cancellation of the award procedures carried out and for which no bids were submitted or the submitted bids exceeded the procurement budget:

- Retehnologizare CHE Râul-Mare Retezat
- Retehnologizare stația 6,3kV CHE Vânători
- Modernizare stații electrice de: 110 kV CHE Golești, CHE Merișani, CHE Băiculești; 6,3 și 110 kV CHE Budeasa
- Modernizare Stații pompare în spatele digurilor 8 buc (Bratia, Topolog, Olanu, Bistrița, Teslui, Teslui-Fărcașele, Olteț, Poganu)

Award procedures

The main projects in progress or at various stages of the award procedures are:

Completed award procedures

During 2025, in the process of acquiring the works for the realization of the investment objects, 5 award procedures were completed, contracts being signed as follows:

- Modernization of SCADA system for DHE Olt – contract signed with the consortium S.C. ENEVO Group S.R.L. and S.C. EXIMPROD Engineering S.R.L., at a contract value of RON 60.7 million, with works to be carried out over a period of 24 months, in accordance with the execution schedule;
- Refurbishment of Stejaru HPP – Pressure Node – contract signed with Electromontaj S.A., at a contract value of EUR 15.95 million, with works to be carried out over a period of 34 months, in accordance with the execution schedule;
- Refurbishment of Stejaru HPP – Units 1–4 – contract signed with S.S.H. Hidroserv S.A., at a contract value of EUR 97.49 million, with works to be carried out over a period of 66 months, in accordance with the execution schedule;
- Refurbishment of high-power pumping stations Petrimanu, Lotru Downstream, Jidoaia – contract signed with Electromontaj S.A., at a contract value of EUR 97.88 million, with works to be carried out over a period of 64 months, in accordance with the execution schedule.

Within the signed contracts, advances totaling RON 202 million were granted.

Award procedures in progress / cancelled / resumed

- Refurbishment of Retezat HPP – procurement procedure through competitive negotiation cancelled (two candidates qualified at the technical and financial proposal stage; only one bid submitted, exceeding the allocated budget) / procedure relaunched through open tender – one bid submitted, currently under evaluation (ESPD stage and technical offer analysis);

- Refurbishment of Brădișor HPP – procurement procedure through competitive negotiation cancelled (two candidates qualified at the technical and financial proposal stage; only one bid submitted, exceeding the allocated budget);
- Refurbishment of Mărișelu HPP – procurement procedure through open tender cancelled due to lack of bids;
- Installation and commissioning of Unit No. 1 and its auxiliary systems at Porțile de Fier II HPP – procurement procedure cancelled (only one bid submitted, exceeding the allocated budget) / procedure relaunched through open tender, with bid submission deadline set for early 2026;
- Rehabilitation of clamp assemblies related to the Service Emergency Gate Technical Unit at the downstream end of the Romanian lock at Porțile de Fier I, within the investment project “Rehabilitation works of the Romanian lock at SHEN Porțile de Fier I” – procurement procedure ongoing – one bid submitted, currently under evaluation;
- 6.3 kV substation at Vânători HPP – procurement procedure through open tender cancelled due to lack of bids / procedure relaunched under the same conditions and subsequently cancelled again due to lack of bids;
- Modernization of substations: 110 kV Moroieni HPP; 6.3 kV and 110 kV Dobrești HPP; 6.3 kV and 20 kV Scropoasa HPP – procurement procedure through open tender cancelled due to lack of bids;
- Modernization of substations: 110 kV Golești HPP, Merișani HPP, Băiculești HPP; 6.3 kV and 110 kV Budeasa HPP – procurement procedure through open tender cancelled due to lack of bids / relaunch of procurement under preparation;
- Modernization of 20 kV substation at Gilău I HPP – procurement procedure through open tender cancelled due to lack of bids / relaunch of procurement under preparation;

Pre-investment activity

The design services of the Feasibility Study phase documentation are carried out, within the signed design service contracts, for the proposed investment objectives, as follows:

- Refurbishment of Hydroelectric Power Plants in the Oesti-Noaptea sector – the SF development stage in progress
- Intelligent control system for the waterfall CHE Subcetate, CHE Plopi and CHE Bretea – SF development stage in progress
- Modernization of the Vadu pump station – investment objective approved based on the Feasibility Study developed
- Modernization of the Gâlceag pump station – SF development stage in progress
- Procedures for awarding design services:
- Modernization in order to increase the availability and degree of safety in operation of the hydro aggregates in the Portile de Fier I HPP: award procedure (ET+SF) – cancelled and resumed only for ET (one bid submitted – under analysis)

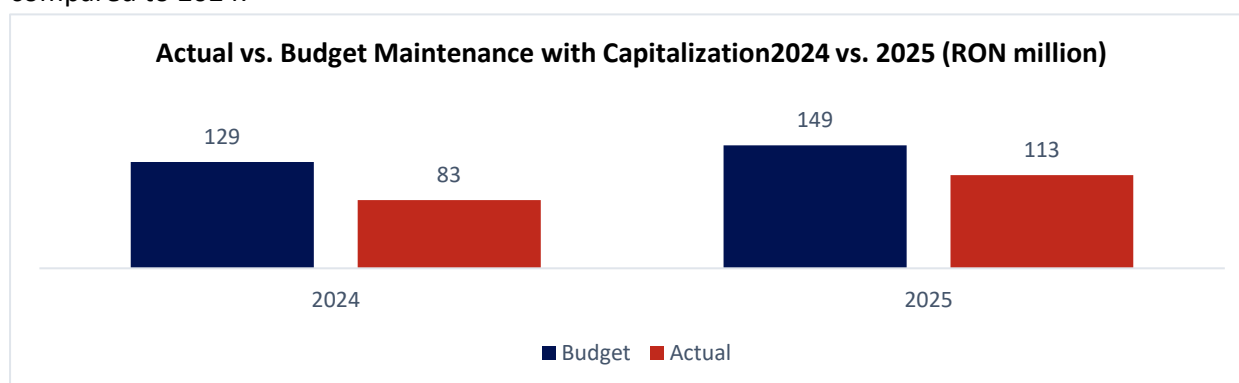
In 2025, investments amounting to RON 47.24 million were recognized as fixed assets, following the signing of acceptance certificates for completion of works or commissioning of equipment, recorded in accordance with contractual provisions:

Branch	Investment Project – PIF Objective	Fixed Asset Value RON million
The Portile de Fier	Modernization works of electrical installations related to hydromechanical equipment and hydraulic actuation installation related to the SHEN Portile de Fier II spillway dam - Camp Devensor 5	5.01
The Portile de Fier	Rehabilitation of metal construction. mechanical parts and flat valve sealing system 6x6/31.5 m. upstream end. left bank - Romanian Portile de Fier I Lock	1.25
The Portile de Fier	Modernization works of electrical installations related to hydromechanical equipment and hydraulic actuation installation related to the SHEN Portile de Fier I spillway dam - Camp Devensor 12	13.84
The Portile de Fier	Modernization works of electrical installations related to hydromechanical equipment and hydraulic actuation installation related to the SHEN spillway dam Portile de Fier I - Camp Devensor 4	4.76
The Portile de Fier	Modernization works of the 110/20/6 kV Portile de Fier II Substation (Ostrovul Mare) – 110kV AT cells	5.80
Bistrita	Modernization of the 110 kV Stanca HPP Substation (110kW substation. 12-25MVA transformer. Hydroelectric Power Plant. Earthing Installation. Power Plant)	8.62
Bistrita	Refurbishment of Stejaru CHE (110kW substation – partially)	4.56
Cluj	Modernization of HA2 CHE Remeti (Crane 100/32 tf -12m. Vacuum cleaner handling system A1-4.2*2.7/6.5)	3.40
Total fixed assets from ongoing investments (refurbishment/modernization) 2025:		47.24

Source: Hidroelectrica

6.4.3. Capitalized maintenance activity

In 2025, capitalized maintenance investments in hydropower civil works, equipment and administrative buildings amounted to a total of RON 113 million, representing a 37% increase compared to 2024.



Source: Hidroelectrica

Investments in capitalized maintenance works – hydropower civil constructions carried out in 2025, amounting to RON 31.6 million, represent a total of 26 completed works out of 30 hydropower civil maintenance works in progress. Intervention works on civil constructions are complex in nature and fall entirely under the provisions of Law No. 10/1995 on construction quality, requiring technical

assessments, technical design, obtaining permits and approvals, as well as execution by certified construction companies.

Investments in capitalized maintenance works – equipment carried out in 2025 exceeded RON 80 million, representing a +58% variation compared to 2024 achievements. At the same time, the Maintenance and Hydropower Civil Works Department manages the investment project “Structural rehabilitation (metal structures, mechanical components, sealing systems and embedded parts), associated installations (gate heating, guide heating and lubrication systems), and anti-corrosion protection of double-hook gates at Porțile de Fier I spillway dam”, with a contractual completion deadline in 2031. In 2025, works amounting to RON 5.3 million were carried out, with the project progressing in line with the agreed execution schedule.

Investments in capitalized maintenance works – rehabilitation of administrative buildings carried out in 2025 amounted to RON 1 million, representing a +56% variation compared to 2024. Capitalized maintenance works on administrative buildings were carried out in the Curtea de Argeș, Hațeg and Sebeș branches and represent 3 works out of a total of 4 scheduled works, as follows:

- Curtea de Argeș: Fencing works of the perimeter of the "Statue of Prometheus";
- Hațeg: Parking rehabilitation works (pavement replacement and parking layout);
- Sebeș: Installation of air conditioning equipment for the SH Sebeș headquarters (chiller and fan coils).

Independent equipment and machinery

In addition to investments in development, refurbishment, modernization and capitalized maintenance projects, Hidroelectrica S.A.'s investment program for 2025 also included investments in acquisitions of independent equipment and machinery, totaling over RON 31 million, representing a 97% increase compared to 2024.

6.5. Project Management

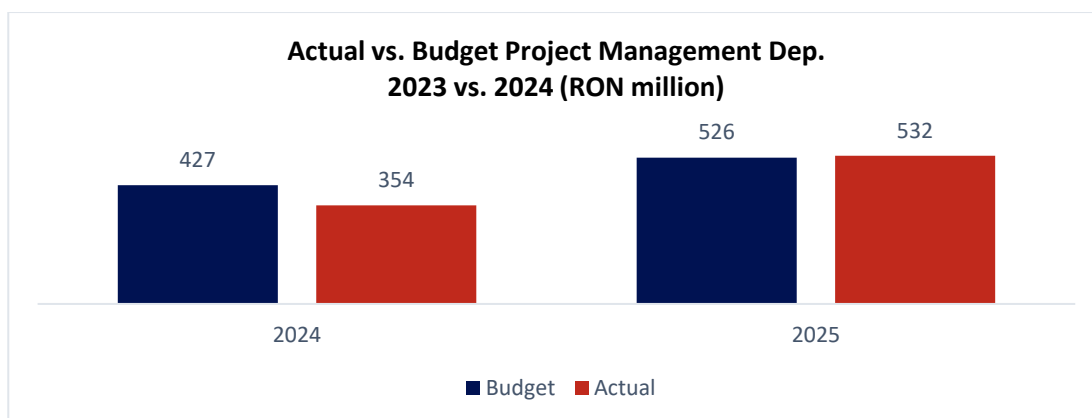
Hidroelectrica's Project Management Department ensures the professional management of complex projects through the team of specialists within the Program and Project Management Service. The company coordinates the company's strategic investment projects, using specific project management methodologies, provides the necessary expertise for the rigorous management of complex programs, being composed of project managers dedicated to achieving the strategic objectives of the investment portfolio.

In 2025, the Project Management managed 22 projects, of which 9 development projects and 13 refurbishment/modernization projects, namely:

- Hydropower Arrangement of Pașcani on the Siret river
- Surduc-Siriu Hydropower Development
- Rastoli Hydropower Development
- Cerna - Belareca Hydropower Development
- Hydropower Arrangement of Bistra - Poiana Merului
- Hydropower Arrangement of the Jiu River on the Livezeni - Bumbești sector
- The Hydropower Arrangement of the Olt River is a gorge on the Cornetu-Avrig sector. Lotrioara, Căineni, Racovița

- Li-ion storage installation in the Crucea NORD Wind Farm
- Electronic security system for the network of SPEEH Hidroelectrica units
- Refurbishment of Stejaru Hydroelectric Power Plant
- Refurbishment of the Vidraru Hydroelectric Development
- Refurbishment of the Râul Mare Retezat HPP
- Refurbishment of high-power pumping stations Petrimanu, Lotru Aval, Jidoaia
- Installation and commissioning of hydro aggregate 1 and its auxiliary installations in the U.H.E. Iron Ore II
- Modernization of the Vaduri HPP: HA no. 2, 110kV Station and Mechanical and Electrical Equipment Power Plant and Dam
- Modernization of the HA2 CHE Reme, including the 110 kV substation, general installations related to the power plant, the pressure node and the Dragan Dam
- Modernization of HA2 CHE Arcești and replacement of the automation and monitoring system related to HA1
- Modernization of the 110 kV Stnca hydroelectric power plant
- Works for the modernization of electrical installations related to the hydromechanical equipment and the installation of hydraulic actuation related to the SHEN Portile de Ferro I spillway dam
- Works for the modernization of electrical installations related to the hydromechanical equipment and the installation of hydraulic actuation related to the CHE Gogo spillway dam
- Modernization of the automation, protection, general services and security installations of the Olt Superior hydroelectric power plants
- Refurbishment of CHE Gogosu

Compared to 2024, in 2025 the portfolio of projects coordinated by the Project Management Department increased from 14 to 22 projects, with achieved investments amounting to RON 532 million, representing 83% of total investments in development and refurbishment/modernization projects, and reflecting a +109% increase compared to the previous year.



Source: Hidroelectrica

6.6. Procurement

Procurement activities within the Hidroelectrica Group are carried out in accordance with the applicable legal provisions, as well as with internal procedures and regulations, as appropriate, with the objective of ensuring the timely provision of goods, services and works necessary for the proper conduct of the Group's operations.

Hidroelectrica complies with sectoral procurement legislation, primarily Law No. 99/2016 on sectoral procurement and Government Decision No. 394/2016 approving the methodological norms for the application of provisions related to the award of sectoral contracts/framework agreements under Law No. 99/2016 on sectoral procurement.

General portfolio — key indicators



6.7. Mergers and Acquisitions ("M&A")

One of Hidroelectrica's strategic pillars is represented by diversified growth, through which the company's access to new business segments and technologies in the energy sector is pursued. The diversification of the business aims to increase the production and supply of green energy, new sources of income and profit for shareholders, as well as to increase the company's adaptability to the new realities of the energy market.

The company aims to diversify its existing portfolio of assets by developing new production capacities from solar and wind sources. One of the ways to implement this strategy is to identify and capitalize on the acquisition (M&A) opportunities in the market, of mature and high-quality projects, with efficient grid connection solutions and high-efficiency production, projects at the RTB ("ready to build") or COD ("turnkey") stage.

The mixing of owned hydro sources with other renewable energy production capacities from solar and wind renewable sources, together with electricity storage solutions, generates a series of synergies for the company's activity, including the optimization of existing production capacities and the development of the supply portfolio.

Hidroelectrica aims to acquire projects with renewable production capacities of at least 500 MW, with commissioning by 2027. The investment budget through M&A and partnerships for the next 3 years amounts to RON 2.1 billion.

The company has a flexible balance sheet position, with a good financing capacity, which creates a significant advantage for the acquisition of such projects. By using financial leverage, the premises are created to increase the return on equity.

6.8. Human Resources

The human resources activity is carried out in accordance with the Company's Management Plan and aims to maintain and develop professional expertise by developing technical and engineering skills, especially for key positions, attracting and retaining a highly qualified workforce, optimizing and streamlining the company's organizational structure, increasing human capital and continuous training/training of employees, introducing an integrated performance management system for employees and improving measures to identify talent, encourage feedback, promote successors, evaluate and reward employees.

In order to achieve the objectives listed above, in 2025 the company has taken actions in the following directions:

Optimization and efficiency of the organizational structure

Starting from June 2025, actions were undertaken to revise and optimize the Company's organizational structure; these were suspended as of October 2025, following changes in the composition of Hidroelectrica's Management Board.

As of 22 July 2025, Hidroelectrica's organizational structure was amended through the re-establishment of the Financial Directorate and the position of Director, reporting directly to the Management Board, in order to implement a court ruling. The current organizational structure comprises a total of 3,900 positions, of which 724 are within the Executive structure and 3,176 within the branches.

Amendments to the CCM and negotiations with the union

In 2025, negotiation meetings were held with the Hidroelectrica Hidrosind Trade Union, following which Addendum No. 1 and Addendum No. 2 to the Hidroelectrica Collective Labour Agreement (CLA) for the period 2024–2026 were concluded.

Additionally, in 2025, negotiation meetings were held within the Joint Administration–Trade Union Committee, as a result of which the Committee approved the granting of medical aid and support for employees affected by adverse events.

The unionization rate of employees within the Hidroelectrica Group exceeds 82% and is distributed across the Group's companies as follows:

Society	Percentage of employees who are union members
Hidroelectrica	87.5%
Hidroserv	78.6%
UCMH	46.1%

Source: Hidroelectrica

Evolution of the number of staff

As at 31 December 2025, the total number of employees at Group level was 5,302, while Hidroelectrica had 3,601 employees.

As at 31 December 2024, the total number of employees at Group level was 5,236, while Hidroelectrica had 3,582 employees.

Employees structure

Number of employees of the group:

	Number of employees as of 31 December 2025	Number of employees as of 31 December 2024
Hidroelectrica	3,601	3,582
Hidroserv	1,289	1,210
UCMH	412	444
Total	5,302	5,236

Source: Hidroelectrica

Gender distribution of the group's employees:

Gen	Number of employees as of 31 December 2025	Number of employees as of 31 December 2024
Female	824	796
Male	4,478	4,440
Total	5,302	5,236

Source: Hidroelectrica

Age distribution of the group's employees:

	Group staff structure as of 31 December 2025		Group staff structure as of 31 December 2024	
Age groups	No. of employees	Weighting	No. of Employees	Weighting
<30 years old	320	6.04%	265	5.06%
30 – 50 years old	2,296	43.30%	2,109	40.28%
>50 years	2,686	50.66%	2,862	54.66%
Total	5,302	100%	5,236	100%

Source: Hidroelectrica

Securing the company with qualified personnel

In 2025, Hidroelectrica conducted and finalized a total of 439 recruitment processes (competitions/interviews/practical assessments) for 612 positions. The position fill rate resulting from these recruitment processes was approximately 67.81%, with an average of 2.14 candidates per position.

Implementation of social responsibility programs meant to attract young people to the hydropower profession (granting private scholarships, organizing professional competitions)

In 2025, the social responsibility programs continued to be carried out, as follows:

- Granting of private scholarships, Hidroelectrica supporting a number of 18 scholarship holders and running a scholarship selection program for 34 places
- Involvement in the organization of internships for students, having concluded agreements with higher education institutions for a number of over 800 internship places
- Internship, the company having provided in the 2026 Training Plan a number of 50 programs
- Starting with November, Hidroelectrica is part of the Consortium for Integrated Dual Education - Center of Expertise in the Bucharest-Ilfov Region and financially supports a number of 15 students and master's students from the National University of Science and Technology POLITEHNICA Bucharest.

In 2025, Hidroelectrica participated in a series of events organized by technical higher education institutions in Bucharest and in the country, with the aim of identifying future specialists and promoting, among them, the image of society, and the collaboration programs it proposes to students.

Human Resource Development (Training and Professional Development)

Employee training and development activities, carried out through internal and external training programs for initiation, upskilling, qualification, requalification, authorization and re-authorization, aim to ensure and adapt employees' professional competence to the Company's needs and to market developments.

In 2025, Hidroelectrica delivered external professional training programs in accordance with the Professional Training Plan, annexed to the Company's Collective Labour Agreement, addressed to all categories of personnel, totaling 2,799 employees.

The professional competition "Energetician's Trophy"

The professional contest "Energetician's Trophy" aims to stimulate the interest and concern of employees for the increase of professional mastery and continuous improvement of their own training, as well as to promote the organizational culture and improve the image of the participating company, as they are employees of the entire Hidroelectrica group.

6.9. Digital Transformation and Innovation

In 2025, the Digital Transformation and Innovation Department continued the process of modernizing the technological infrastructure, with the objective of increasing operational efficiency, digitalizing internal processes and strengthening cybersecurity. The department's activity focused on developing stable and scalable digital services, aligned with the current requirements of the energy sector and the Company's operational needs.

A strategic project implemented during the year was the migration of the SAP system from on-premise infrastructure to the cloud. This step enhanced the availability of critical business platforms, improved system scalability and ensured greater resilience of IT services supporting the Company's operational processes.

Another key project was the implementation of a DMS (Document Management System) for electronic registry operations. This system digitalizes internal document workflows, ensures document traceability and automates approval processes. As a result, the volume of paper-based documentation was reduced and control over information flows within the organization was improved.

As part of the strategy to modernize and digitalize operational infrastructure, the Digital Transformation and Innovation Department (DTDI) acquired advanced technologies aimed at strengthening the Company's communication, monitoring and asset management capabilities. In this context, Starlink satellite communication terminals were acquired to ensure connectivity in remote or uncovered areas, as well as Thuraya satellite mobile phones, used to maintain operational communications in critical situations or challenging field conditions, particularly for real-time communication and data transmission from and to field operations.

At the same time, DTDI integrated specialized aerial drones into operational activities, used for equipment inspections, high-voltage line monitoring, as well as mapping and topographic surveying of infrastructure and Company assets.

In order to comply with legislative requirements on cybersecurity, the Company continued implementing dedicated systems for protecting its IT infrastructure. Mechanisms were developed for identity management, threat monitoring and incident response, in line with national regulations and European directives on network and information systems security.

In parallel, internal applications were developed to automate operational and administrative processes. These solutions were tailored to the Company's specific needs and contributed to improving internal efficiency, reducing dependence on external applications and optimizing workflows.

The adoption of these technologies contributes to enhanced operational resilience, improved monitoring and analysis capabilities of infrastructure, and optimization of maintenance, planning and asset management processes, while supporting the Company's strategic objectives related to operational efficiency and digital transformation.

6.10. Tangible assets

6.10.1. Location and characteristics of the main production capacities

The company has seven hydroelectric branches:

- SH Bistrita,
- SH Cluj,
- SH Curtea de Argeș,
- SH Hațeg,
- SH Portile de Fier,
- SH Râmnicu Vâlcea,
- SH Sebeș,

and a branch that manages the Crucea wind farm, the most important for the Group in terms of their energy production capacities and shares in the Group's total energy production being Portile de Fier and Râmnicu Vâlcea.

SH Portile de Fier

Portile de Fier I Hydropower and Navigation System

Hydropower and Navigation System ("S.H.E.N.") The Portile de Fier I is located on the Danube at km 943 and was designed and executed in collaboration with the Serbian side.

The construction of the Portile de Fier I System began on September 7, 1964, with the official inauguration of the construction site. The objective is symmetrical to the Danube axis and is composed of two hydroelectric power plants with six hydroelectric power plants with high capacity Kaplan turbines, two locks with dimensions of 310 m x 34 m (one for each side) and a spillway dam with 14 spillway fields (7 for each side). The first objective put into operation on the Romanian side was the lock, on August 14, 1969.

Due to their size and installed power, the aggregates in the plants were the largest of their type in the world. Likewise, due to the size of the axes and the fall, the locks at the Portile de Fier I are included in the list of the largest constructions of this kind in the world.

Both at the plant and at the lock, refurbishment programs have been carried out in the last 15 years, which have led to an increase in the installed power from 175 to 194.4 MW per aggregate in the plant, an increase in the technical performance of equipment and installations, as well as an increase in operational safety.

The Portile de Fier I Hydroelectric Power Plant has, after refurbishment, an annual project electricity production of 5.241 GWh in the average hydrological year, which represents about 10% of the national production. In addition, the plant provides almost half of the system technology services in Romania.

Portile de Fier II Hydropower and Navigation System

The Portile de Fier II Hydropower and Navigation System is located on the Danube at km 853, in the area of the Romanian island of Ostrovul Mare and was also designed and executed in collaboration with the Serbian side. The construction of the Portile de Fier II System began in 1977.

The objective has an asymmetrical configuration, the Danube being crossed into two fronts (the main one on the main arm of the Danube and the second on the Gogoşu arm). The objective is composed of a basic power plant with 16 bulb aggregates (8 for each part put into operation between 1984 and 1986), two additional power plants (functional since 1994, the Romanian one, respectively since 2000, the Serbian one), three locks (two on the Romanian side and one on the Serbian side) and two spillway dams (the Romanian one on the Gogoşu arm, the Serbian one in the main barrage front).

The Romanian part of the base plant is at the last aggregate of the refurbishment program, the installed power increasing from 216 Mw before the refurbishment to 251.2 Mw after the refurbishment.

The additional Romanian power plant, located on the secondary arm of the Danube, is equipped with 2 bulb hydrounits, identical in interior layout and constructive solutions with those in the base plant, it has an installed capacity of 54 MW. The Gogoşu power plant, whose hydro aggregates will be refurbished, will reach an installed capacity of 62.8 MW after refurbishment.

The main parameters of the hydroelectric power plants in the Danube Development are presented below:

- Portile de Fier I Hydropower and Navigation System: $P_i = 6 \times 194.4$ MW, Kaplan turbines, average production (GWh/year) = 5241;
- Portile de Fier II Hydropower and Navigation System (base plant): $P_i = 8 \times 31.4$, bulb turbines, average production (GWh/year) = 1240;
- Portile de Fier II – Gogoșu Hydropower and Navigation System (additional power plant): $P_i = 2 \times 27$, bulb turbines, average production (GWh/year) = 84.

Tismana Hydroelectric Power Plant

The largest hydropower objective in terms of installed power within U.H.E. Targu Jiu, the Portile de Fier branch is the Tismana hydroelectric power plant, an underground power plant equipped with two hydropower units with a total installed capacity of 106 MW and an average annual energy production of 262 GWh.

Hydropower development of the Lotru River

The development of the hydropower potential of the Lotru River was carried out between 1965 and 1985 and is of particular importance because, through the 160 kilometers of adduction galleries and through a complex system of catchments and diversions, it concentrates the flows from the neighboring basins in a single accumulation, the Vidra.

The average annual potential of the Lotru basin is 1,243 GWh, the energy recovery of the accumulated flows in Lake Vidra being achieved in three stages of fall located between 1289 m and 300 m elevations, in the Ciunget, Malaia and Bradisor power plants.

The main elements of the Lotru hydropower development are:

- 3 hydropower plants (Ciunget, Malaia, Brădișor) with a total installed capacity of 643 MW;
- 3 energy pumping stations (Petrimanu, Jidoaia, Lotru-Aval) with a total installed capacity of 61.5 MW;
- 7 dams, of which 5 concrete arch dams (Petrimanu, Galbenu, Jidoaia, Lotru-Aval, Bradisor) with heights between 42 and 62 m, a rockfill dam (Vidra) and a dam made of local materials (Malaia);
- 82 secondary catchments with a network of 160 km of galleries.

Hydropower development of the Olt River – middle and lower sector

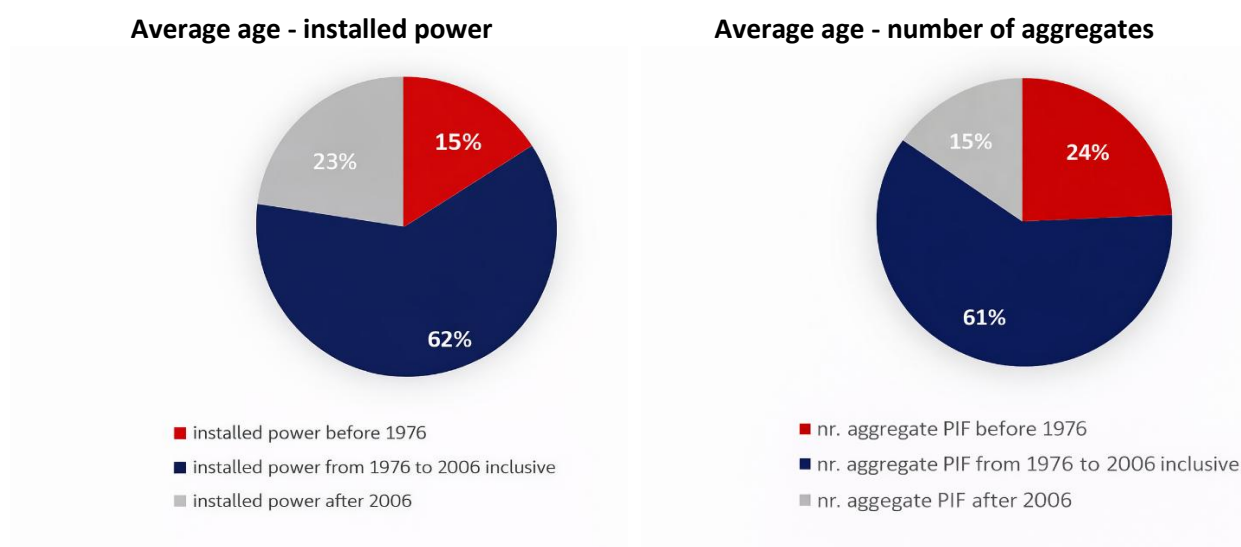
The hydropower potential of the Olt River is estimated at 1.9 GW, which represents 17% of the potential of inland rivers. The installed flow in hydropower plants increases progressively from upstream to downstream, reaching 330 cubic meters / s in the middle sector and 500 cubic meters / s in the lower sector.

On the middle sector of the Olt River there are 12 hydropower plants-dam type, equipped with Kaplan turbines (Cornetu, Gura Lotrului, Turnu, Calimanesti, Daesti, Râmnicu Vâlcea, Răureni, Govora, Babeni, Ionesti, Zavideni, Drăgășani), a micro-hydropower plant and 4 pumping stations behind the dam, with a total installed capacity of 501.9 MW and a project electricity production of 1,475.32 GWh/year.

On the lower sector of the Olt River there are 8 hydropower plants, of which 2 hydropower plants equipped with Kaplan turbines (Strejesti and Arcesti) and one hydropower plant equipped with 2 Bulb turbines. The other five hydropower plants on the Lower Olt (Ipotesti, Draganesti, Frunzaru, Rusanesti and Izbiceni) are identical from a constructive point of view, each being equipped with four reversible Bulb type hydrounits of 13.25 MW each.

6.10.2. Degree of wear of production capacities

Hidroelectrica currently has in operation a number of 420 hydrounits, which can be structured according to the average age from commissioning and refurbishment, respectively, according to the following figures:



Source: Hidroelectrica

The installed power of new or refurbished hydro units in the last 20 years represents about 23% of the total installed hydro power.

It is noted that most of the hydro units (61%) were installed between 1976 and 2006 (they are between 20 and 50 years old from commissioning), 15% being put into operation respectively refurbished after 2006 and 24% are put into operation before 1976.

6.10.3. Ownership of tangible assets

In November 1998, Law no. 213/1998 which regulates the status of the public domain. This law provides that the right of ownership of public property belongs to the state or local authorities, which can rent publicly owned property. In accordance with the provisions of Law no. 213/1998 and Law no. 219/1998, the Ministry of Economy and Trade (currently the Ministry of Energy) leased to the Company the hydropower facilities (dams, dams, locks, reservoirs) and the land on which they are located. Thus, in December 2004, the concession contract no. 171/27.12.2004 between the Ministry of Economy and Trade (currently the Ministry of Energy) (grantor) and the Company (concessionaire) for the hydropower assets in the public patrimony on December 31, 2003.

The main clauses of the concession contract and its subsequent amendments are as follows:

- The State, through the Ministry of Economy and Trade (currently the Ministry of Energy), owns the ownership of the public domain assets that are the subject of the contract;

- The Company has the right to use these assets for a period of 49 years from the date of signature (the period may be extended in accordance with the provisions of the Concessions Law, by half of the initial period, by the joint agreement of the parties), for the purpose of exploitation, rehabilitation, modernization, refurbishment, as well as the construction of new hydropower facilities, according to the investment programs;
- The company pays an annual royalty of 1/1000 of the annual revenues from the production of electricity and system services produced in hydropower plants;
- Upon termination of the contract, certain assets that have been used by the concessionaire in the performance of the concession will be returned to the grantor, as explained below;
- The company has the obligation to use the assets in accordance with the provisions of the concession contract and the operating license.

The concession contract provides for the following types of assets:

- Return goods – assets in the public domain that belong to the grantor and that are returned to the grantor fully, free of charge and free of any encumbrances, upon termination of the concession contract. The return goods are assets in the public domain such as dams, locks, which are subject to the concession/lease, as well as those resulting from investments/modernizations of these assets carried out by the Company during the concession contract period. The company amortizes these investments/upgrades for the minimum period between the remaining period of the concession contract and the useful life of these assets.
- Takeover goods – assets that belong to the concessionaire and are used by the concessionaire during the concession period and that are similar in nature to the above public domain assets (landscaping, constructions, special installations and technological equipment), on which, at the end of the concession contract, the grantor has the option to take over in exchange for a payment equal to the 'present book value' at the date of takeover. In the Company's interpretation, the "present carrying amount" is the net carrying amount at the date of the takeover and, given that the Company uses the revaluation model, this value will be the revalued value on that date. These assets are depreciated over their estimated useful life.
- Own assets – assets that, at the end of the concession contract, remain the property of the concessionaire. Own assets are the assets (constructions, special installations, technological equipment, measuring and control devices, means of transport, furniture, office equipment, protective equipment and other tangible assets) that belong to the concessionaire and are used by it during the concession period, apart from takeover assets. These assets are depreciated over their estimated useful life.

7. Financial Results for 2025

7.1. Financial Indicators

A. Financial indicators calculated on the basis of consolidated financial statements prepared in accordance with IFRS-EU

RON million				
Indicators	2025	2024	Change (%)	2023
Revenue	9,619	9,123	5%	12,160
EBITDA	4,646	5,503	-16%	8,016
Operating profit	3,719	4,588	-19%	7,200
Net profit	3,370	4,128	-18%	6,365
Earnings per share (RON)	7.49	9.18	-18%	14.17

Source: Hidroelectrica

Indicators	Calculation method	2025	2024	2023
Current liquidity indicator	Current Assets/Current Liabilities	4.49	6.69	7.50
Leverage indicator	Borrowed capital/Equity x 100	1.28	1.66	1.84
Leverage indicator	Borrowed Capital/Committed Capital x 100	1.27	1.64	1.80
Turnover speed of customer flows	Average Customer Balance/Turnover x 365	63.22	93.65	66.02
Turnover speed of fixed assets	Turnover/fixed assets	0.48	0.46	0.58

Source: Hidroelectrica

Adjusted net debt/(cash)

RON million				
	2025	2024	Change (%)	2023
Bank loans	213	301	-29%	394
Liabilities related to leasing contracts	72	79	-10%	66
Cash and cash equivalents	(1,188)	(1,582)	-25%	(408)
Short-term investments (Investments in deposits)	(3,732)	(3,476)	7%	(4,349)
Adjusted net debt/(cash)	(4,635)	(4,677)	-1%	(4,297)
Adjusted EBITDA	4,746	5,517	-14%	8,253
Adjusted Net Debt/(Cash) to Adjusted EBITDA Ratio	(0.98)	(0.85)	15%	(0.52)

Source: Hidroelectrica

B. Financial indicators calculated on the basis of the consolidated financial statements prepared in accordance with OMFP no. 2844/2016

RON million				
Indicators	2025	2024	Change (%)	2023
Revenue	9,619	9,123	5%	12,160
EBITDA	4,646	5,503	-16%	8,016
Operating profit	3,719	4,588	-19%	7,200
Net profit	3,370	4,128	-18%	6,365
Earnings per share (RON)	7.49	9.18	-18%	14.17

Indicators	Calculation method	2025	2024	2023
Current liquidity indicator	Current Assets/Current Liabilities	4.49	6.69	7.50
Leverage indicator	Borrowed capital/Equity x 100	1.28	1.66	1.83
Leverage indicator	Borrowed Capital/Committed Capital x 100	1.27	1.63	1.83
Turnover speed of customer flows	Average Customer Balance/Turnover x 365	63.22	93.66	66.01
Turnover speed of fixed assets	Turnover/fixed assets	0.48	0.46	0.58

Source: Hidroelectrica

Adjusted net debt/(cash)

	2025	2024	Change (%)	RON million 2023
Bank loans	213	301	-29%	394
Liabilities related to leasing contracts	72	79	-10%	66
Cash and cash equivalents	(1,188)	(1,582)	-25%	(408)
Short-term investments (Investments in deposits)	(3,732)	(3,476)	7%	(4,349)
Adjusted net debt/(cash)	(4,635)	(4,677)	-1%	(4,297)
Adjusted EBITDA	4,746	5,517	-14%	8,253
Adjusted Net Debt/(Cash) to Adjusted EBITDA Ratio	(0.98)	(0.85)	15%	(0.52)

Source: Hidroelectrica

C. Financial indicators calculated on the basis of the individual financial statements prepared in accordance with OMFP no. 2844/2016

	2025	2024	Change (%)	RON million 2023
Revenue	9,623	9,123	5%	12,159
EBITDA	4,604	5,433	-15%	7,996
Operating profit	3,686	4,527	-19%	7,178
Net profit	3,338	4,072	-18%	6,352
Earnings per share (RON)	7.42	9.05	-18%	14.14

Indicators	Calculation method	2025	2024	2023
Current liquidity indicator	Current Assets/Current Liabilities	4.23	6.41	7.46
Leverage indicator	Borrowed capital/Equity x 100	1.29	1.67	1.84
Leverage indicator	Borrowed Capital/Committed Capital x 100	1.27	1.64	1.80
Turnover speed of customer flows	Average Customer Balance/Turnover x 365	63.16	93.62	65.96
Turnover speed of fixed assets	Turnover/fixed assets	0.48	0.45	0.58

Source: Hidroelectrica

Adjusted net debt/(cash)

	2025	2024	Change (%)	RON million 2023
Bank loans	213	301	-29%	394
Liabilities related to leasing contracts	72	79	-10%	66
Cash and cash equivalents	(816)	(1,357)	-40%	(378)
Short-term investments (Investments in deposits)	(3,732)	(3,476)	7%	(4,349)
Adjusted net debt/(cash)	(4,263)	(4,452)	-4%	(4,268)
Adjusted EBITDA	4,703	5,473	-14%	8,225
Adjusted Net Debt/(Cash) to Adjusted EBITDA Ratio	(0.91)	(0.81)	11%	(0.52)

Source: Hidroelectrica

7.2. Revenue breakdown

A. According to the consolidated financial statements prepared in accordance with IFRS-EU

		2025	2024	Change (%)	2023
Energy produced and sold (net)	GWh	11,847	13,864	-15%	17,639
Purchase of electricity	GWh	2,209	802	175%	1,699
Total energy sold	GWh	14,056	14,666	-4%	19,338
<i>Quantity of electricity – wholesale</i>	GWh	6,347	8,185	-22%	12,325
Average wholesale price	RON / MWh	548	476	15%	493
Wholesale Markets Revenue	RON million	3,476	3,894	-11%	6,078
<i>Quantity of electricity Supply</i>	GWh	7,244	5,572	30%	6,046
Average supply price (without transfer costs - e.g. pass through)	RON / MWh	481	418	15%	568
Revenue from Supply	RON million	3,485	2,329	50%	3,434
Pass through costs	RON million	1,998	1,501	33%	1,498
<i>Balancing quantity</i>	GWh	186	511	-64%	433
Average price Balancing	RON / MWh	1,438	1,689	15	1,310
Income from Balancing	RON million	267	863	-69%	567
System Services Revenue (STS)	RON million	248	303	-18%	334
Other revenues from contracts with customers, of which:	RON million	145	233	-38%	249
Income from positive imbalances*	RON million	(13)	(263)	-95%	99
Revenue from power reduction services	RON million	56	416	-87%	87
Redistribution of additional income	RON million	51	78	-35%	63
Revenue	RON million	9,619	9,123	5%	12,160

* The amount of positive imbalances recorded in 2025 is 278 GWh (2024: 399 GWh, 2023: 533 GWh)

Source: Hidroelectrica

Energy produced and sold (net)

The energy produced and sold (net production) decreased by approximately 15% in 2025 compared to 2024, in the period January-December 2025 this amount being 11,847 GWh. After a start of the year marked by a sharp reduction in production, amid unfavorable hydrological conditions, respectively a period of severe hydrological drought, with an average flow of the Danube in the first quarter of 2025 of only 4,257 cubic meters/s, down approximately 40% compared to the same period of 2024, the company managed a significant recovery in Q3-Q4, supported in particular by energy purchases and the mitigation of the decrease in production, respectively an increase in production in Q4 due to favorable hydrological conditions.

Wholesale Revenue

Between January and December 2025, the average wholesale sale price in the wholesale segment registered a significant increase of approximately 15% compared to the same period of the previous year.

This increase was mainly from trading on the forward markets, following the elimination of the MACEE regulated mechanism as of 1 January 2025. Trading in the forward markets allowed the company to obtain better prices for the electricity sold, thus helping to mitigate the impact of low hydrology on revenues in the wholesale segment. In the short term, especially compared to the first quarter of 2025, the decrease in the quantities available for sale limited the company's ability to fully capitalize on the increase in revenues on the wholesale market.

However, Hidroelectrica quickly adapted by optimizing the production-trading mix, which had a significant impact on increasing the average selling price, ensuring the protection of the commercial margin in a period of low volumes. This approach offset the deficit in Q1, leading to a 22% decrease in revenues related to the wholesale market segment compared to the same period of 2024, compared to 53% in Q1.

Revenue from Supply to end consumers

Revenues from the electricity supply activity increased by 50%, to RON 3,485 million revenues achieved in 2025, from RON 2,329 million revenues achieved in 2024.

This evolution reflects both an increase in the customer base and the efficiency of the adjustment of trade policy in difficult competitive conditions. The increase in revenues was generated by a higher volume of electricity supplied to final consumers (30%), corroborated by an increase in the average price of supply tariffs by 15%, the result of a commercial adaptation to the market context and the maintenance of competitiveness.

Against the background of the decrease in own production, the expansion of the supply segment constitutes a strategic repositioning: the company moves from an "*asset-centric*" profile (high margins, hydrological volatility) to a "*customer-centric*" one (stability of revenues, but greater exposure to market and operational risk and integration with the trading activity). The strategic significance of such a development comes from:

- diversification of hydrological risk: a higher share of supply combined with increased RES purchases, when the price is beneficial, mitigates dependence on hydrology and seasonality. Revenues become less correlated with hydrology, but more exposed to the purchase price and the efficiency of the trading activity.
- commercial anchoring: a larger portfolio of customers (household and non-household) means recurring demand and long-term bargaining power, facilitating forward contracting and optimizing the average cost of energy.
- RES integration platform: supply creates demand that can be strategically covered through acquisitions and/or developments of new production capacities, structurally reducing price risk and exposure to the spot market. The increased volatility of the electricity market, which has led to significant fluctuations in the level of tariffs applicable to final consumers.

Another relevant factor is the change in the tax framework applicable to energy producers, by removing the value ceiling from which the additional income tax is applied, which has indirectly contributed to easing the pressure on prices in the supply chain.

Revenue from Balancing

Revenues from Balancing decreased by 69%, to RON 267 million recorded in the year ended December 31, 2025, from RON 863 million recorded in 2024, mainly driven by the 64% reduction in the volume sold

on the Balancing Market in 2025 compared to 2024. The decrease is directly proportional to the evolution of the balancing market in Romania, which quantitatively had a decrease of 53% in the first 11 months of 2025 (according to data published by ANRE) from 1,493 GWh in 2024 to 797 GWh in 2025.

Other revenue from customer contracts

Other revenue from customer contracts decreased by 38% to RON 145 million in 2025, from RON 231 million in 2024.

The evolution of these revenues is influenced by the behavior of the other participants in the electricity market in terms of managing imbalances. The increase in prices recorded on the market for positive imbalances resulted in an increase in revenues from positive imbalances at Group level in the first six months of 2025 by RON 230 million compared to the same period of 2024. At the same time, power reduction services recorded in the production segment decreased by RON 315 million compared to the same period of 2024.

B. According to the consolidated financial statements prepared in accordance with OMFP 2844/2016

		2025	2024	Change (%)	2023
Energy produced and sold (net)	GWh	11,847	13,864	-15%	17,639
Purchase of electricity	GWh	2,209	802	175%	1,699
Total energy sold	GWh	14,056	14,666	-4%	19,338
<i>Quantity of electricity – wholesale</i>	GWh	6,347	8,185	-22%	12,325
Average wholesale price	RON / MWh	548	476	15%	493
Wholesale Markets Revenue	RON million	3,476	3,894	-11%	6,078
<i>Quantity of electricity Supply</i>	GWh	7,244	5,572	30%	6,046
Average supply price (without transfer costs - e.g. pass through)	RON / MWh	481	418	15%	568
Revenue from Supply	RON million	3,485	2,329	50%	3,434
Pass through costs	RON million	1,998	1,501	33%	1,498
<i>Balancing quantity</i>	GWh	186	511	-64%	433
Average price Balancing	RON / MWh	1,438	1,689	15	1,310
Income from Balancing	RON million	267	863	-69%	567
System Services Revenue (STS)	RON million	248	303	-18%	334
Other revenues from contracts with customers, of which:	RON million	145	233	-38%	249
Income from positive imbalances*	RON million	(13)	(263)	-95%	99
Revenue from power reduction services	RON million	56	416	-87%	87
Redistribution of additional income	RON million	51	78	-35%	63
Revenue	RON million	9,619	9,123	5%	12,160

Source: Hidroelectrica

C. According to the individual financial statements prepared in accordance with OMFP 2844/2016

		2025	2024	Change (%)	2023
Energy produced and sold (net)	GWh	11,847	13,864	-15%	17,639
Purchase of electricity	GWh	2,209	802	175%	1,699
Total energy sold	GWh	14,056	14,666	-4%	19,338
Quantity of electricity – wholesale	GWh	6,347	8,185	-22%	12,325
Average wholesale price	RON / MWh	548	476	15%	493
Wholesale Markets Revenue	RON million	3,476	3,894	-11%	6,078
Quantity of electricity Supply	GWh	7,244	5,572	30%	6,046
Average supply price (without transfer costs - e.g. pass through)	RON / MWh	481	418	15%	568
Revenue from Supply	RON million	3,485	2,330	50%	3,434
Pass through costs	RON million	1,999	1,502	33%	1,498
Balancing quantity	GWh	186	511	-64%	433
Average price Balancing	RON / MWh	1,438	1,689	15	1,310
Income from Balancing	RON million	267	863	-69%	567
System Services Revenue (STS)	RON million	248	303	-18%	334
Other revenues from contracts with customers, of which:	RON million	145	231	-37%	248
Income from positive imbalances*	RON million	(13)	(263)	-95%	99
Revenue from power reduction services	RON million	56	416	-87%	87
Redistribution of additional income	RON million	51	78	-35%	63
Revenue	RON million	9,619	9,123	5%	12,159

Source: Hidroelectrica

7.3. Operating expenses

A. According to the consolidated financial statements prepared in accordance with IFRS-EU

	2025	2024	Change	2023
	RON million	RON million	%	RON million
Costs breakdown				
Turbinated water	445	518	-14%	639
Employee benefits expenses	1,020	885	15%	717
Transport and distribution of electricity	1,635	1,228	33%	1,208
Electricity purchased	911	209	336%	456
Green certificates expenses	354	274	30%	297
Depreciation and amortization	883	905	-2%	799
Impairment loss on property, plant and equipment and intangible assets, net	99	39	152%	237
Impairment loss on trade receivables, net	37	79	-53%	80
Repair, maintenance, materials and consumables	112	92	21%	85
Tax for electricity producers	123	235	-48%	225
Other operating expenses	408	307	33%	251
Own work capitalized	(86)	(49)	75%	-

Source: Hidroelectrica

Turbinated water

Expenses for turbinated water usage decreased by 14%, amounting to RON 445 million for the year ended 31 December 2025, compared to RON 518 million in 2024. This reduction was driven by the lower volume of electricity produced in 2025 versus 2024, as a result of unfavorable hydrological conditions.

Employee benefits expenses

Employee benefits expenses increased by 15%, reaching RON 1,020 million for the year ended 31 December 2025, compared to RON 885 million in 2024. This increase primarily reflects the salary adjustments resulting from negotiations with the employees' union, applicable starting July 2024 and May 2025, as well as a 3% rise in the Group's actual number of employees (driven mainly by the acquisition of UCM Reșița in March 2024).

Transport and distribution of electricity

Electricity transport and distribution expenses increased by 33%, reaching RON 1,635 million for the year ended 31 December 2025, compared to RON 1,228 million in 2024. This increase was driven by the 30% rise in the volume of energy supplied and by successive increases in regulated tariffs during 2025.

Electricity purchased

Electricity purchased increased by 336% in 2025, reaching RON 911 million, compared to RON 209 million in the same period of 2024. This development is mainly attributable to the lower electricity production and to the higher volume of electricity required for the supply segment. *Impairment loss on property, plant and equipment and intangible assets, net*

Impairment loss on trade receivables, net

Impairment losses on property, plant and equipment and intangible assets increased to RON 99 million as of 31 December 2025, up from RON 39 million for the year ended 31 December 2024. This increase is mainly attributable to changes in the assumptions used, specifically the application of future cash flows for the main projects by estimating the operating expenses specific to each project.

B. According to the consolidated financial statements prepared in accordance with OMFP 2844/2016

	2025	2024	Change	2023
<i>Costs breakdown</i>	<i>RON million</i>	<i>RON million</i>	<i>%</i>	<i>RON million</i>
Turbinated water	445	518	-14%	639
Employee benefits expenses	1,200	866	18%	728
Transport and distribution of electricity	1,635	1,228	33%	1,208
Electricity purchased	911	209	336%	456
Green certificates expenses	354	274	30%	297
Depreciation and amortization	883	905	-2%	799
Impairment loss on property, plant and equipment and intangible assets, net	99	39	152%	237
Impairment loss on trade receivables, net	32	66	-51%	80
Repair, maintenance, materials and consumables	112	92	21%	85
Tax for electricity producers	123	235	-48%	225
Other operating expenses	408	326	25%	240
Own work capitalized	(86)	(49)	75%	-

Source: Hidroelectrica

C. According to the individual financial statements prepared in accordance with OMFP 2844/2016

	2025	2024	Change	2023
<i>Costs breakdown</i>	<i>RON million</i>	<i>RON million</i>	<i>%</i>	<i>RON million</i>
Turbinated water	445	518	-14%	639
Employee benefits expenses	778	677	15%	605
Transport and distribution of electricity	1,635	1,228	33%	1,208
Electricity purchased	911	209	336%	456
Green certificates expenses	354	274	30%	297
Depreciation and amortization	872	896	-3%	795
Impairment loss on property, plant and equipment and intangible assets, net	99	39	152%	236
Impairment loss on trade receivables, net	32	68	-52%	80
Repair, maintenance, materials and consumables	341	303	12%	246
Tax for electricity producers	123	235	-48%	225
Other operating expenses	381	298	28%	229

Source: Hidroelectrica

7.4.Cash-flow

A. According to the consolidated financial statements prepared in accordance with IFRS-EU

	2025	2024	Change	2023
	RON million	RON million	%	RON million
Net cash from operating activities	4,300	6,353	-33%	5,425
Net cash from investing activity	(549)	1,207	-147%	(1,229)
Net cash used in financing activities	(4,144)	(6,386)	-35%	(4,448)
Net increase/(decrease) in cash and cash equivalents	(394)	1,174	-134%	(253)
Cash and cash equivalents at 1 January	1,582	408	288%	661
Cash and cash equivalents at 31 December	1,188	1,582	-25%	408

Source: Hidroelectrica

Net cash from operating activities

Net cash generated from operating activities amounted to RON 4,300 million in 2025, compared to RON 6,353 million in 2024. This decrease is mainly attributable to the increase in the balance of trade receivables as at 31 December 2025 and was also negatively influenced by the decline in net profit in 2025 compared with 2024, resulting in a 33% reduction in net cash from operating activities in 2025 versus 2024.

Net cash from investing activity

Net cash from investing activities amounted to RON (549) million in 2025, compared to RON 1,207 million in 2024. This decrease was primarily driven by higher investments in the acquisition of property, plant and equipment and intangible assets, as well as increased placements in deposits aimed at maximizing returns on available liquidity.

Net cash used in financing activities

Net cash used in financing activities amounted to RON 4,144 million for the year ended 31 December 2025, compared to RON 6,386 million in 2024. This reduction is due to the dividends paid in 2025, reflecting the financial performance achieved in the 2024 financial year.

B. According to the consolidated financial statements prepared in accordance with OMFP 2844/2016

	2025	2024	Change	2023
	RON million	RON million	%	RON million
Net cash from operating activities	4,300	6,353	-32%	5,425
Net cash from investing activity	(545)	1,207	-145%	(1,229)
Net cash used in financing activities	(4,144)	(6,386)	-35%	(4,448)
Net increase/(decrease) in cash and cash equivalents	(394)	1,174	-134%	(253)
Cash and cash equivalents at 1 January	1,582	408	288%	661
Cash and cash equivalents at 31 December	1,188	1,582	-25%	408

Source: Hidroelectrica

C. Conform situațiilor According to the individual financial statements prepared in accordance with OMFP 2844/2016

	2025	2024	Change	2023
	RON million	RON million	%	RON million
Net cash from operating activities	4,058	6,335	-36%	5,407
Net cash from investing activity	(459)	1,030	-145%	(1,224)
Net cash used in financing activities	(4,140)	(6,386)	-35%	(4,447)
Net increase/(decrease) in cash and cash equivalents	(540)	979	-155%	(263)
Cash and cash equivalents at 1 January	1,357	378	259%	642
Cash and cash equivalents at 31 December	816	1,357	-40%	378

Source: Hidroelectrica

7.5. Financial position

A. According to the consolidated financial statements prepared in accordance with IFRS-EU

RON million	31 December 2025	31 December 2024	Change %	31 December 2023
Active				
Non-current assets				
Property, plant and equipment	19,428	19,848	2%	20,427
Intangible assets	35	22	59%	6
Restricted cash	23	-	100%	-
Investment in corporate bonds	-	-	0%	353
Other non current assets	373	277	35%	284
Total active imobilizate	19,859	20,148	1%	21,069
Current assets				
Inventories	123	94	31%	71
Trade receivables	1,697	1,634	4%	3,048
Investments in deposits	3,731	3,476	7%	4,349
Cash and cash equivalents	1,187	1,582	-25%	408
Restricted cash	31	21	48%	101
Other current assets	65	22	195%	63
Total current assets	6,834	6,829	0%	8,040
Total active	26,692	26,977	-1%	29,109
Equity and liabilities				
Equity				
Share capital	5,527	5,527	0%	5,527
Revaluation reserve	11,084	11,549	-4%	12,039
Other reserves	1,030	1,026	0%	1,024
Retained earnings	4,539	4,749	-4%	6,432
Total equity	22,180	22,851	-3%	25,021
Liabilities				
Non-current liabilities				
Bank borrowings	118	208	-43%	300
Lease liabilities	62	70	-11%	61
Deferred income	192	202	-5%	177

<i>RON million</i>	31 December 2025	31 December 2024	Change %	31 December 2023
Current tax liabilities	1,397	1,460	-4%	1,504
Deferred tax liabilities	8	8	0%	-
Employee benefits	140	129	9%	128
Provisions	1,009	944	7%	837
Other payables	58	53	9%	8
Total non-current liabilities	2,984	3,074	-3%	3,016
Current liabilities				
Bank borrowings	96	93	3%	93
Lease liabilities	11	9	22%	5
Trade payables	778	430	81%	408
Contract liabilities	49	98	-50%	42
Current tax liabilities	182	60	203%	145
Deferred income	7	6	17%	6
Employee benefits	156	147	6%	100
Provisions	104	82	27%	165
Tax for electricity producers		2	-100%	1
Other payables	146	125	17%	107
Total current liabilities	1,529	1,052	45%	1,072
Total liabilities	4,513	4,125	9%	4,087
Total equity and liabilities	26,693	26,977	-1%	29,109

Source Hidroelectrica

Other non-current assets

Other non-current assets outstanding as at 31 December 2025 increased by 35%, reaching RON 374 million compared to RON 277million as at 31 December 2024. The increase was driven mainly by advances paid for the refurbishment of the Stejaru HPP, Vidraru HPP, and the Lotru pumping stations.

Trade receivables

Trade receivables increased by 4%, reaching RON 1,698 million as at 31 December 2025, compared to RON 1,634 million as at 31 December 2024. The increase is driven by the specific timing of invoice issuance in the fourth quarter, as well as by the non-banking days in December.

Investments in deposits

The balance of deposits increased by 7%, reaching RON 3,731 million as at 31 December 2025, compared to RON 3,476 million as at 31 December 2024. This increase was mainly driven by the establishment of deposits with maturities longer than three months, which are presented as deposit investments, whereas deposits with shorter maturities are classified as cash and cash equivalents.

Bank borrowings – long term

The balance of bank borrowings decreased by 43%, to RON 118 million as at 31 December 2025, from RON 208 million as at 31 December 2024. This decrease is due to loan repayments amounting to RON 89 million made during 2025.

Provisions – long term

Long-term provisions increased by 7%, reaching RON 1,009 million as at 31 December 2025, compared to RON 944 million as at 31 December 2024. This increase was mainly driven by the change in assumptions and unwinding decommissioning provisions in 2025.

Other long-term payables

The balance of other long-term liabilities did not record significant changes during the period. These liabilities represent guarantees established by the Hidroconstrucția SA and Romelectro SA consortium (contractors for the Bumbești–Livezeni investment project), deposited in bank accounts as a result of the non-extension of the guarantee letters.

Trade payables

Trade payables increased by 81%, reaching RON 778 million as at 31 December 2025, compared to RON 430 million as at 31 December 2024. This increase is mainly driven by higher payables to fixed-asset suppliers (RON 107 million to Electromontaj and Prime Batteries), the accumulation of payables to prosumers (up RON 44 million versus 31 December 2024), and higher electricity purchases made in December 2025 compared with December 2024, which had not been settled by 31 December 2025. Another factor contributing to the increase in trade payables is the higher volume of purchases made in the latter part of December 2025 for which suppliers had not yet issued invoices by year-end, resulting in amounts recognized as “suppliers – invoices to be received.”

Current Tax Liabilities

The balance of current income tax liabilities increased by 217%, reaching RON 190 million as at 31 December 2025, compared to RON 60 million as at 31 December 2024. This increase was mainly driven by the significantly better results recorded in the fourth quarter of 2025, compared with the decline in profit before tax in the fourth quarter of 2024.

Employee Benefits

Short-term employee benefits increased by 6%, amounting to RON 156 million as at 31 December 2025, compared to RON 147 million as at 31 December 2024. This increase primarily reflects salary adjustments and the growth in the Group’s actual number of employees.

Provisions

Short-term provisions increased by 27%, reaching RON 104 million as at 31 December 2025, compared to RON 82 million as at 31 December 2024. This increase was mainly driven by the rise in the current portion of litigation provisions, based on management’s estimates regarding the value and expected settlement dates of these cases.

**B. According to the consolidated financial statements prepared in accordance with OMFP
2844/2016**

<i>RON million</i>	31 December 2025	31 December 2024	Change %	31 December 2023
Assets				
Non-current assets				
Property, plant and equipment	19,399	19,816	2%	20,393
Intangible assets	67	54	59%	39
Restricted cash	23	-	100%	-
Investment in corporate bonds	-	-	-	353
Other non current assets	374	68	35%	284
Total active imobilizate	19,863	19,938	1%	21,069
Current assets				
Inventories	124	94	32%	71
Trade receivables	1,698	1,634	4%	3,048
Investments in deposits	3,732	3,476	7%	4,349
Cash and cash equivalents	1,188	1,582	-25%	408
Restricted cash	32	21	52%	101
Other current assets	65	232	172%	63
Total current assets	6,839	7,039	0%	8,040
Total assets	26,702	26,977	-1%	29,109
Equity and liabilities				
Equity				
Share capital	4,498	4,498	0%	4,498
Inflation adjustment of share capital	1,029	1,029	0%	1,029
Public patrimony	45	45	0%	45
Revaluation reserve	11,111	11,580	-4%	12,077
Other reserves	1,030	1,026	0%	1,024
Retained earnings	4,512	4,718	-4%	6,394
Total equity	22,225	22,896	-3%	25,067
Liabilities				
Non-current liabilities				
Bank borrowings	118	208	-43%	300
Lease liabilities	62	70	-12%	61
Deferred income	147	157	-6%	132
Deferred tax liabilities	8	8	-4%	-
Current tax liabilities	1,397	1,460	9%	1,504
Employee benefits	140	129	7%	128
Provisions	1,009	944	9%	837
Trade payables	15	-	100%	-
Other payables	58	53	10%	8
Total non-current liabilities	2,953	3,029	-2%	2,971
Current liabilities				
Bank borrowings	95	93	2%	93
Lease liabilities	10	9	10%	5
Trade payables	777	430	81%	408
Contract liabilities	48	98	-51%	42
Current tax liabilities	181	60	199%	145
Deferred income	6	6	-9%	6
Employee benefits	113	105	8%	76

<i>RON million</i>	31 December 2025	31 December 2024	Change %	31 December 2023
Provisions	147	125	17%	189
Tax for electricity producers	-	2	-100%	1
Other payables	146	124	18%	107
Total current liabilities	1,523	1,052	45%	1,072
Total liabilities	4,477	4,081	10%	4,043
Total equity and liabilities	26,702	26,977	-1%	29,109

Source: Hidroelectrica

C. According to the individual financial statements prepared in accordance with OMFP 2844/2016

<i>RON million</i>	31 December 2025	31 December 2024	Variație %	31 December 2023
Assets				
Non-current assets				
Property, plant and equipment	19,293	19,686	2%	20,324
Intangible assets	48	36	59%	39
Investments in subsidiaries	315	315	0%	71
Restricted cash	23	-	100%	-
Investment in corporate bonds	-	-	-	353
Other non current assets	472	67	35%	281
Total active imobilizate	20,152	20,105	1%	21,067
Current assets				
Inventories	70	69	2%	61
Trade receivables	1,698	1,633	4%	3,047
Investments in deposits	3,732	3,476	7%	4,349
Cash and cash equivalents	816	1,357	-40%	378
Restricted cash	33	21	55%	101
Other current assets	58	230	167%	61
Total current assets	6,406	6,785	-3%	7,998
Total assets	26,558	26,890	-1%	29,065
Equity and liabilities				
Equity				
Share capital	4,498	4,498	0%	4,498
Inflation adjustment of share capital	1,029	1,029	0%	1,029
Public patrimony	45	45	0%	45
Revaluation reserve	11,089	11,555	-4%	12,048
Other reserves	1,018	1,018	0%	1,018
Retained earnings	4,432	4,671	-4%	6,399
Total equity	22,111	22,816	-3%	25,037
Liabilities				
Non-current liabilities				
Bank borrowings	118	208	-43%	300
Lease liabilities	62	70	-12%	61

<i>RON million</i>	31 December 2025	31 December 2024	Variație %	31 December 2023
Deferred income	147	156	-6%	131
Deferred tax liabilities	8	8	-4%	-
Current tax liabilities	1,394	1,456	8%	1,498
Employee benefits	126	116	7%	121
Provisions	1,009	944	9%	837
Trade payables	15	1	100%	
Other payables	55	55	0%	7
Total non-current liabilities	2,933	3,014	-3%	2,956
Current liabilities				
Bank borrowings	95	93	2%	93
Lease liabilities	10	9	10%	5
Trade payables	819	475	72%	427
Contract liabilities	48	98	-51%	42
Current tax liabilities	175	57	209%	145
Deferred income	6	6	-9%	6
Employee benefits	87	80	9%	62
Provisions	146	124	18%	187
Tax for electricity producers	-	2	-100%	1
Other payables	127	115	11%	104
Total current liabilities	1,515	1,059	45%	1,072
Total liabilities	4,447	4,073	43%	4,028
Total equity and liabilities	26,558	26,890	-1%	29,065

Source: Hidroelectrica

8. Litigations

Litigation with tax authorities

Potential exposure: RON 64 million as at 31 December 2025 and 31 December 2024

Claimant: Hidroelectrica

Case files: No. 638/2/2024 and No. 1962/2/2024

Subject matter: Annulment of Tax Assessment Decision No. A-DAF 6890/11.05.2023

In 2022, the tax applicable to electricity producers was subject to frequent amendments regarding its calculation methodology. One such amendment was introduced by Law No. 357/2022, published on 16 December 2022. The Company applied the provisions of this law starting from 16 December 2022.

The Company was subject to tax inspections regarding the electricity producer tax carried out by the General Directorate for Fiscal Antifraud within ANAF. According to the report issued on 11 April 2023, the tax authorities applied the legislative amendments retroactively starting from 1 September 2022 and, consequently, assessed an additional tax amounting to RON 62 million.

On 28 April 2023, the Company received a tax assessment decision for the amount of RON 62 million. The Group challenged the decision, but the appeal was rejected by the General Directorate for the Settlement of Appeals within the Ministry of Finance.

In its statement of claim, the Company argued that successive amendments to the legal framework governing the calculation of the electricity producer tax can only apply prospectively, from the date of publication of the amendments, and not retroactively, as interpreted by the tax authorities.

On 17 December 2024, the court issued a favorable ruling for Hidroelectrica, annulling both the appeal resolution decision and the tax assessment decision, and ordering the reimbursement of RON 62 million to the claimant.

On 7 August 2023, the Company received a decision regarding ancillary obligations amounting to RON 1.6 million, in connection with the aforementioned tax assessment decision. The Group also challenged this decision, resulting in case file No. 1962/2/2024, which is currently suspended pending the final resolution of case file No. 638/2/2024. In light of the ruling in case file No. 638/2/2024, the Group considers that the litigation in case file No. 1962/2/2024 will also be resolved in its favor.

Litigation with Hidroconstrucția S.A.

1. Potential exposure: RON 99 million as at 31 December 2025 and 31 December 2024

Claimant: Hidroconstrucția S.A.

Case file: No. 12257/3/2022

Subject matter: Termination of Contract No. 672/1989 regarding the complex hydropower development of the Olt River (Făgăraș–Hoghiz sector); damages.

Hidroconstrucția S.A. claimed damages amounting to RON 99 million, representing lost profits allegedly resulting from the suspension by Hidroelectrica of construction works related to the Făgăraș–Hoghiz investment project. The claimant also requested the court to terminate the relevant contract.

In January 2023, the court issued a ruling in favor of the Company, rejecting the claims of Hidroconstrucția S.A. as inadmissible. This ruling was subsequently appealed by Hidroconstrucția S.A.

On 12 October 2023, the appellate court annulled the first-instance decision and ordered a retrial on the merits. On 14 December 2023, the court ordered a technical expert assessment, with the next hearing scheduled for 10 April 2025.

Based on the legal analysis of the claims, Management considers the action to be unfounded. Accordingly, Management estimates that the litigation will be resolved in favor of the Group and, therefore, no outflow of resources is considered probable.

2. Potential exposure: RON 33 million as at 31 December 2025 and 31 December 2024

Claimant: Hidroconstrucția S.A.

Case files: No. 44443/3/2016, currently No. 11314/3/2021

Subject matter: Claims – recovery of costs generated by the suspension of construction works related to ongoing investment projects

Hidroconstrucția S.A. seeks recovery of costs incurred as a result of the suspension of construction works performed prior to Hidroelectrica's insolvency. The Group maintains that such claims are unfounded, given Hidroelectrica's insolvency proceedings and the fact that the claimant lost its right to assert such claims by failing to register them in the creditors' table.

In March 2018, the first-instance court rejected the claims of Hidroconstrucția S.A. This ruling was appealed by the claimant. The Group also appealed the decision insofar as it imposed administrative costs on Hidroelectrica.

In April 2019, the Court of Appeal remanded the case to the first-instance court for retrial. The case was reopened under file No. 11314/3/2021.

In April 2022, the court ordered the preparation of a hydropower construction expert report and an accounting expert report by independent experts. These reports are currently in preparation, with the next hearing scheduled for 1 April 2025.

Based on the initial ruling of the first-instance court, Management estimates that the litigation will be resolved in favor of the Group and, therefore, no outflow of resources is considered probable.

Litigations over complex investments

NO.	INVESTMENT OBJECTIVE	FILE NUMBER	SUBJECT OF THE FILE	COURT	THE NEXT TRIAL TERM	PARTIES TO THE FILE	
						READY	CLAIMANT
1	AHE LIVEZENI BUMBESTI	The file no. 40314/3/2013**	The execution contract no. 21DI/26.01.2004 regarding the achievement of the investment objective Hydropower development of the Jiu river on the Livezeni-Bumbesti sector	Bucharest Court of Appeal	08.05.2026	Hidroelectrica S.A.	The association of Romelectro S.A., Hidroconstructia S.A. and ISPH Project Development S.A.
		File no. 653/33/2025	Suspension of environmental agreement no. 2/17.06.2025 until the ruling of the trial court in File no.805/33/2025	Cluj Court of Appeal	Postponement of pronouncement 20.03.2026	MMAP Hidroelectrica SA	Bankwatch Romania Association-Cluj Branch
		Dosar nr. 805/33/2025	Cancellation of environmental agreement no. 2/17.06.2025	Court of Appeal of Alba Iulia	18.03.2026	MMAP Hidroelectrica SA	Bankwatch Romania Association - Cluj Branch
		File no. 958/33/2025	Suspension of environmental agreement no. 2/17.06.2025 until the final resolution of the file no.805/33/2025	Cluj Court of Appeal	16.03.2026	MMAP Hidroelectrica S.A.	Bankwatch Romania Association - Cluj Branch
		File no. 1004/42/2025	Suspension and cancellation of the environmental agreement no. 2/17.06.2025	Ploiesti Court of Appeal	Trial term: not yet set	MMAP Hidroelectrica S.A.	Ecolegal Association
		File no.72/1/2026	Request for relocation file 958/33/2025	ICCJ	12.02.2026 - admits the request for relocation and moves the trial of the case to the Court of Appeal of Alba Iulia	Bankwatch Romania Association - Cluj Branch, MMAP	Hidroelectrica SA
2	AHE RASTOLITA	File no. 476/289/2023	Cancellation of title deed no. 12968/28.10.2022 issued in favor of Banffy Josika Imre Laszlo	Judecatoria Reghin	The court ordered The suspension of the case until the final judgment of	Banffy Eva Maria Rozalia Helena Johana Banffy Josika Imre laszlo	Hidroelectrica S.A.

NO.	INVESTMENT OBJECTIVE	FILE NUMBER	SUBJECT OF THE FILE	COURT	THE NEXT TRIAL TERM	PARTIES TO THE FILE	
						READY	CLAIMANT
					the case no. 3584/289/2020, (NB: file 3584/289/2020 is the subject of this Report)	Local Commission for the Establishment of the Private Property Right on Rastolita Land Local Commission for Establishing the Private Property Right on Vatava Land County Commission for Establishing the Private Property Right on Mures Land	
		File no.5945/2/2022	Partial annulment of GD no. 1284/2007 and GD no. 1143/2007	Bucharest Court of Appeal	On 12.06.2025 , the Bucharest Court of Appeal rejected the action promoted by Hidroelectrica. We are waiting for the communication of the sentence of the Bucharest Court of Appeal, in order to formulate the appeal request. The decision has not been communicated so far.	The Government of Romania through the General Secretariat of the Government intervenient: MMAP	Hidroelectrica S.A.

NO.	INVESTMENT OBJECTIVE	FILE NUMBER	SUBJECT OF THE FILE	COURT	THE NEXT TRIAL TERM	PARTIES TO THE FILE	
						READY	CLAIMANT
		File no. 3584/289/2020	Annulment of the minutes of possession issued in favor of Banffy Josika Imre Laszlo	Mures Court	An appeal was filed on 22.08.2025 , setting a trial deadline of 22.09.2026 .	Banffy Josika Imre Laszlo Local Commission for Establishing the Private Property Right on Rastolita Land Local Commission for Establishing the Private Property Right on Vatava Land County Commission for Establishing the Private Property Right on Mures Land Mayor of Rastolita commune	Hidroelectrica S.A.
		File no. 454/117/2025	Annulment of the Environmental Agreement no. 6/2024 issued for AHE Răstolița	Cluj Tribunal	19.05.2026	Environmental Protection Agency Mureș Hidroelectrica S.A. Calimani National Park Administration National Agency for Natural Protected Areas National Administration of Romanian Waters-Mureș Water Basin Administration	Declic Association, Bankwatch Romania Association-Cluj Branch
		File no. 365/33/2025	Suspension of the effects of GD no. 327/2025 on the approval of the definitive removal from the national forest fund of the land with an area of	Cluj Court of Appeal	At the trial deadline of 11.08.2025, the court ordered the suspension of the case until the final resolution of the	Government of Romania MMAP Accessory Intervention: Hidroelectrica	Declic Association

NO.	INVESTMENT OBJECTIVE	FILE NUMBER	SUBJECT OF THE FILE	COURT	THE NEXT TRIAL TERM	PARTIES TO THE FILE	
						READY	CLAIMANT
			37.5263 ha, by the Company for the Production of Electricity in Hydropower Plants "Hidroelectrica" - S.A., for the realization of the public utility work of national interest "Răstolița Hydropower Development"		case no. 552/33/2025.		
		File no. 2176/117/2025	Finding the expiry of the Building Permit no. 304/1990 and the non-existence of Annex no. 6703/1997, the definitive stop of the works at the Răstolița AHE.	Cluj Tribunal	02.04.2026	Președintele CJ Mureș UAT Mures Hidroelectrica SA	Declic Association, Bankwatch Romania Association-Cluj Branch
		File no. 552/33/2025	1. Suspension of GD no. 327/2025 until the final resolution of the case based on the provisions of Article 15 of Law no. 554/2004; 2. Request for annulment of GD no. 327/2025; 3. To oblige Hidroelectrica to restore the previous situation, respectively to reforest the deforested area at its own expense, as well as to take all the necessary technical and administrative measures to restore the land affected at its previous natural state	Cluj Court of Appeal	On 05.12.2025, it was ordered to suspend the case until the final resolution of the case no. 454/117/2025 having as object the annulment of the environmental agreement issued for Răstolița	Government of Romania MMAP Hidroelectrica SA	Declic Association, Bankwatch Romania Association-Cluj Branch
		File no. 552/33/2025 /a1	Appeal against the decision to suspend the effects of GD no. 327/2025	ICCJ	20.05.2026	Government of Romania MMAP Hidroelectrica SA	Declic Association Bankwatch Romania Association-Cluj Branch

NO.	INVESTMENT OBJECTIVE	FILE NUMBER	SUBJECT OF THE FILE	COURT	THE NEXT TRIAL TERM	PARTIES TO THE FILE	
						READY	CLAIMANT
		Dosarul 97/33/2026	Application for revision against Decision no. 972/2025, pronounced in the file 3053/117/2025, by which the request for the issuance of a presidential order to stop the works "to be executed" at the Răstolita Hydropower Arrangement until the final resolution of the file no. 2176/117/2025	Cluj Court of Appeal	30.03.2026	President of the Mureș County Council UAT Mures Hidroelectrica SA	Declic Association Bankwatch Romania Association-Cluj Branch
		Dosar nr. 277/1/2026	File relocation request 97/33/2026	ICCJ	24.03.2026	Declic Association Bankwatch Romania Association-Cluj Branch, President of CJ Mureș, UAT Mures, Ministry of Energy	Hidroelectrica SA
3	AHE COSMESTI-MOVILENI	File no. 17808/3/2019*	The partial cancellation of the Water Management Authorization no. 223/11.09.2018 regarding the "Movileni Hydropower Development-Movileni Accumulation Lake", Vrancea County, and the removal from the Chapter "The holder of the authorization is obliged" of the obligation regarding: (i). Item 8: "To take measures to ensure the sanitation of the surface of the water surface and to clean the floats by collecting and transporting them	Bucharest Court of Appeal	On 19.01.2026, the court rejected the request for summons filed by Hidroelectrica by which we requested the cancellation of the gloss sanitation obligation of Water. With appeal within 15 days from the communication. The decision has not yet been drafted and communicated to the parties	ABA Siret	Hidroelectrica S.A.

NO.	INVESTMENT OBJECTIVE	FILE NUMBER	SUBJECT OF THE FILE	COURT	THE NEXT TRIAL TERM	PARTIES TO THE FILE	
						READY	CLAIMANT
			to specially arranged places.".				
4	AHE SURDUC SIRIU	File no. 3757/117/2022	Refusal to settle the request for the issuance of demolition authorization works	Cluj Tribunal	An appeal was filed on 23.12.2025, and the case will be sent to the Cluj Court of Appeal for resolution.	President of Covasna County Council Covasna County through the President of the Covasna County Council Hidroelectrica SA	Declic Association
		File no. 4715/117/2025	Presidential Ordinance for the cessation of works of the Surduc Siriu AHE	Cluj Tribunal	18.03.2026	President of Covasna County Council Covasna County through the President of the Covasna County Council Hidroelectrica S.A. The Mayor of Zagon Commune	Declic Association
		File no. 158/117/2026	Ascertainment of non-existence/cancellation /ascertainment of the expiry of the Building Permit no. 73/01.07.2024 and stopping the works until they enter into legality	Cluj Tribunal	Trial term: not yet set	President of the Buzau County Council Buzau County through the President of the Buzau County Council Hidroelectrica SA	Declic Association
		File no. 209/117/2026	Suspension of the effects of the Building Permit no. 73/01.07.2024 until the final resolution of the file no. 158/117/2026; in the alternative, the stopping of the Surduc Nehoiasu adduction works until the	Cluj Tribunal	26.03.2026	President of the Buzau County Council Buzau County through the President of the Buzau County Council	Declic Association

NO.	INVESTMENT OBJECTIVE	FILE NUMBER	SUBJECT OF THE FILE	COURT	THE NEXT TRIAL TERM	PARTIES TO THE FILE	
						READY	CLAIMANT
			resolution of the file no. 158/117/2026			Hidroelectrica SA	
5	AHE CERNA - BELARECA	File no. 6710/208/2025	Real estate claim	Caransebeș Court	17.09.2026 hour 11	Vișescu Ion Vișescu Ioana	Hidroelectrica S.A.
		File no. 6711/208/2025	Real estate claim	Caransebeș Court	Deadline: not yet fixed	Sorescu Lazar Sorescu Veronica	Hidroelectrica S.A.
		File no. 6712/208/2025	Real estate claim	Caransebeș Court	Deadline: not yet fixed	Caniceanu Daniela Caniceanu Grigore	Hidroelectrica S.A.
		File no. 7077/208/2025	Action for declaration	Caransebeș Court	Deadline: not yet fixed	UAT Cornereva Commune	Hidroelectrica S.A.
		File no. 7078/208/2025	Real estate claim	Caransebeș Court	Deadline: not yet fixed	Rădoi Ana Iustina	Hidroelectrica S.A.
		File no. 7079/208/2025	Real estate claim	Caransebeș Court	Deadline: not yet fixed	Bugărin Ana	Hidroelectrica S.A.
		File no. 7080/208/2025	Real estate claim	Caransebeș Court	Deadline: not yet fixed	Rădoi Ion	Hidroelectrica S.A.
		File no. 7081/208/2025	Real estate claim	Caransebeș Court	Deadline: not yet fixed	Marcu Ana	Hidroelectrica S.A.
		File no. 7082/208/2025	Action for declaration	Caransebeș Court	Deadline: not yet fixed	GO Romanian State Ministry of Public Finance	Hidroelectrica S.A.

9. Risk Management

Global geopolitical and economic context

In 2025–2026, economic risk is driven by geopolitical uncertainty, supply chain reconfigurations and volatility in commodity and energy markets. The IMF projects a gradual slowdown in global growth over 2025–2026, which amplifies demand-side risks and increases pressure on payment discipline across the economy (IMF WEO, Oct. 2025).

Romania: macroeconomic, fiscal and financial context

The National Institute of Statistics (INS) indicates modest annual GDP growth in 2025, with a deterioration toward year-end in quarterly terms; at the same time, the National Bank of Romania (NBR) describes an external environment characterized by high uncertainty and a slow/uneven global recovery. The implication for the Company is an increased counterparty risk and a higher risk of non-collection in segments sensitive to macroeconomic shocks (INS; NBR – Inflation Report, Nov. 2025).

Energy sector: Europe and Romania

At European level, ENTSO-E indicates generally adequate conditions for winter 2025–2026 but highlights risks under adverse scenarios (cold weather combined with outages), as well as a structural trend of increasing renewable energy share and decreasing conventional generation. This evolving mix increases the importance of flexibility and system balancing (ENTSO-E WOR 2025–2026).

In Romania, hydropower continues to play a critical role in providing system services and covering peak demand; however, dependence on hydrology and precipitation patterns means that climate-related physical risk is directly transmitted into market risk (price/volume) and supply risk (procurement needs).

Hidroelectrica: transmission of macro risks into company-specific risks

For Hidroelectrica, the main transmission channels are:

- (i) hydrology, influencing production with visible effects on energy procurement from the market;
- (ii) regulation/legislation, impacting compliance costs and operational constraints;
- (iii) geopolitical factors, leading to price and credit volatility, as well as insolvency risk across the economic chain.

Preliminary operational indicators for 2025 confirm sensitivity to hydrological conditions: net production decreased compared to 2024, while market purchases increased significantly to cover the supply portfolio (BVB – 2025 operational indicators, Feb. 2026).

This section provides the context for the risks detailed below: each risk is addressed from the perspective of its drivers (macro/sectoral/operational), its effects and the control measures implemented, with measurable impact.

2026 Outlook – Emerging Risks and Mitigation Programs

Emerging risks (2026):

- persistence/increase of hydrological risk (drought) and its impact on production, procurement and margins;
- increasing intensity of cyberattacks targeting the energy sector (including supply chains) and heightened risk of digital identity compromise;

- growing compliance pressure (data protection, consumer protection, transparency/reporting requirements) and associated reputational risk.

Recommended strategic measures (2026):

- IAM & cyber hygiene program: mandatory MFA, periodic access recertification, license and endpoint security management, tested backups and incident response exercises;
- Data quality and compliance program: end-to-end controls over billing/reporting, GDPR DPIAs/registers, thematic internal audits and remediation actions;
- Resilience to production variability program: hydrological scenario planning, portfolio optimization, investments in and integration of balancing and flexibility capacities;
- Operational continuity risk in case of major plant unavailability (unforeseen failures, force majeure) — including impact scenarios on supply obligations and PPAs;
- Supply chain risk for critical equipment (transformers, turbines, hard-to-procure spare parts) — relevant in the context of geopolitical tensions and extended delivery timelines;
- Regulatory risk related to changes in market mechanisms (price caps, new taxes, amendments to emergency ordinances) — with direct impact on cash flow and financial predictability.

Outlook – Energy Sector and Hidroelectrica (2026–2030)

The analysis of current risks cannot be separated from the context of the structural transformations that the European and Romanian energy sector is undergoing. The 2026–2030 horizon is shaped by three concurrent forces: the acceleration of the energy transition driven by Fit for 55 and REPowerEU, increased price volatility following the restructuring of natural gas flows post-2022, and the growing pressure of extreme climate events on hydrological resources. For Hidroelectrica, these forces generate both significant opportunities and new risks that must be proactively integrated into the ERM framework.

European sector context: transition, energy security and decarbonization

The European Union maintains its target of 42.5% renewable energy by 2030 (revised RED III Directive, 2023), with an indicative target of 45%. In this context, flexible hydropower becomes a “strategic asset” for system balancing, with an increasingly important role as the share of intermittent wind and photovoltaic generation rises. The IEA estimates in Electricity 2025 that global electricity demand will grow by approximately 4% annually until 2026, driven primarily by AI/data centers, transport electrification and heating electrification.

In Romania, the revised NECP (2024–2025) targets the installation of 5 GW of photovoltaic capacity and 3 GW of new wind capacity by 2030, which will intensify the need for flexibility and storage—a niche where Hidroelectrica holds an intrinsic competitive advantage.

On wholesale markets, spot and forward prices remain volatile in the context of the reconfiguration of gas supply sources, regulatory interventions (price caps, CfDs) in several Member States, and hydrological cyclicity. ACER studies (2024–2025) indicate a potential partial convergence of prices in the range of EUR 60–90/MWh as a medium-term equilibrium level, with episodes of extreme volatility associated with heatwaves and droughts. In this environment, hedging strategies and contractual portfolio management become critical drivers of financial performance.

Risks and opportunities specific to Hidroelectrica

Hidroelectrica enters the 2026–2030 horizon with a strong competitive position—the largest electricity producer in Romania, with a largely amortized generation fleet and structurally low variable costs—but also with structural vulnerabilities that need to be strategically addressed:

- **Amplified hydrological risk:** Climate change is altering the seasonal distribution of precipitation and snowmelt, with a direct impact on basin inflows. IPCC AR6 scenarios for the Carpathian basin indicate an increased frequency of hydrological drought periods and a compression of the high-flow season. Hidroelectrica must update its hydrological forecasting models and recalibrate production risk limits accordingly.
- **Opportunity in pumped storage and BESS:** Pumped storage hydropower (PSH) and battery energy storage systems (BESS) represent the highest-potential growth vectors. The proposed Electricity Market Regulation (2024) and Romania’s capacity mechanism (under implementation) create the economic framework for remunerating flexibility. Investment in new PSH capacities (e.g., the Tarnița–Lăpuștești project) could become bankable in the 2027–2029 horizon if the capacity mechanism is appropriately calibrated.
- **Regulatory and price cap risk:** Temporary interventions such as windfall taxes and price caps (OUG 27/2022 and subsequent amendments) have reduced revenue predictability. Although measures implemented during 2022–2024 have been partially relaxed, the risk of their reactivation during periods of high prices remains significant and should be explicitly included in medium-term financial planning scenarios.
- **Digital transition and cybersecurity risk:** The integration of SCADA/OT systems with corporate IT systems, cloud adoption and the implementation of predictive maintenance solutions (AI/ML) expand the attack surface of critical infrastructure. The NIS2 Directive (transposed through Law No. 58/2023) imposes enhanced security and incident governance standards aligned with the systemic risk level of an “essential entity” operating critical infrastructure.
- **Human capital and succession risk:** The shortage of specialists in hydropower engineering, automation and cybersecurity is increasing at national level. In the context of modernization plans and NIS2/GDPR compliance requirements, attracting and retaining critical competencies becomes a key operational risk, requiring structured succession planning programs and academic partnerships.

Recommended strategic directions for the 2026–2030 horizon

In light of the sectoral context and the vulnerabilities identified in the present report, the following strategic directions are recommended for discussion at the level of the Management Board and the Supervisory Board:

- Updating the risk appetite and the ERM framework to explicitly reflect the climate, cybersecurity and NIS2 compliance dimensions, with quarterly monitoring indicators reported to the Board.
- Developing an investment program in flexibility and storage, with prioritization of PSH projects and system services (primary/secondary balancing), leveraging the capacity mechanism and European funds (RRF, CEF Energy).
- Implementing an integrated OT/IT cybersecurity framework in line with NIS2, with the formal appointment of a CISO with cross-functional authority, a dedicated budget and direct reporting to the Management Board.
- Strengthening hydrological forecasting capabilities through a partnership with INHGA and the adoption of high-resolution climate models for operational planning over a 3–5 year horizon.
- Developing a GDPR+NIS2 compliance plan with clear targets, an external audit in Q1 2026 and remediation measures finalized by Q3 2026, including the update of DPIAs for SCADA systems involving personal data.

Hidroelectrica is at a strategic inflection point: its historical competitive advantages – fully amortized hydropower infrastructure, low production costs, dominant position in the balancing market – remain valid, but become insufficient in the absence of active adaptation to the new architecture of the energy market and to increasing compliance requirements.

The utility companies that will perform in the 2026–2035 decade will be those that combine traditional operational excellence with cybersecurity resilience, agility in the face of climate change and the ability to mobilize financing for the transition to a flexible energy mix.

Risk management, as structured in the present report, represents the decision-making infrastructure necessary to navigate this transition in a controlled and transparent manner for all stakeholders.

10. Subsequent Events

On 23 December 2025, Hidroelectrica's Management Board convened an Extraordinary General Meeting of Shareholders (EGMS) for 27 January 2026. All items on the agenda were approved at the date of the meeting by the Company's shareholders, with the majority of votes cast. Further information regarding the agenda items submitted for approval can be found in the [Key Events](#) section.

On 22 January 2026, the 2026 Financial Calendar was published.

On 19 February 2026, Hidroelectrica announced the signing of the turnkey contract for the "Țara Hațegului Photovoltaic Park" project, representing a new strategic step towards diversifying the production portfolio and strengthening the Company's position in the renewable energy market.

The contract, amounting to RON 24 million excluding VAT, was awarded following an open tender procedure, in which four bids were submitted. Following their evaluation, the winning bid was submitted by the consortium ELECTRO-ALFA INTERNATIONAL S.A. and GENERAL ME.EL ELECTRIC S.R.L., with ELECTRO-ALFA INTERNATIONAL S.A. acting as consortium leader. The project presupposes the development of a photovoltaic park with an installed capacity of 8.9 MWp and an estimated average annual production of approximately 11 GWh/year. The investment will contribute to increasing renewable generation capacity, reducing carbon emissions and supporting national and European energy transition objectives.

The project will be executed on a turnkey basis and will include design, equipment supply, construction works, testing, commissioning and technical assistance during the warranty period. The contract duration is 12 months, of which 2 months will cover the design phase and 10 months the execution phase.

On 26 February 2026, the preliminary financial results for 2025 were published.

11. Sustainability Statement

CONTENTS	
<u>GENERAL DISCLOSURE</u>	150
<u>CLIMATE CHANGE</u>	175
<u>EU TAXONOMY</u>	189
<u>BIODIVERSITY AND ECOSYSTEMS</u>	196
<u>OWN WORKFORCE</u>	221
<u>AFFECTED COMMUNITIES</u>	249
<u>CONSUMERS AND END-USERS</u>	256
<u>BUSINESS CONDUCT</u>	275
<u>ANNEXES</u>	292

GENERAL DISCLOSURE

ESRS 2

Basics of preparation

General basis for preparing the sustainability statement

BP-1

The Electricity Generation Company in Hydropower Plants Hidroelectrica S.A. (hereinafter referred to as 'Hidroelectrica SA' or 'the Company') and its wholly owned subsidiaries — the Hydropower Services Company Hidroserv SA (hereinafter 'Hidroserv') and the Hydropower Machinery Manufacturing Plant UCMH SRL (hereinafter 'UCMH') — together form the Hidroelectrica Group (hereinafter 'the Group'). The activities of the Group's entities are carried out in Romania.

This Sustainability Statement (Sustainability Report) is prepared in accordance with the European Sustainability Reporting Standards (ESRS) as set out in Annex 1 to Delegated Regulation (EU) 2023/2772 of 31 July 2023, supplementing Directive 2013/34/EU of the European Parliament and of the Council, transposed into local law by Order of the Ministry of Finance No 85/2025. The year 2025 represents the second reporting year of the Hidroelectrica Group carried out in accordance with the ESRS requirements.

The Sustainability Statement was prepared on a consolidated basis, covering the reporting period January 1 – December 31, 2025, aligned with the financial reporting period.

The scope of consolidation of the Sustainability Statement is the same as that of the consolidated financial statements.

The Sustainability Statement is not limited only to the Group's own operations, but also includes relevant information from the value chain, both upstream and downstream. The double materiality analysis included the assessment of the impacts, risks and opportunities associated with its own operations, products and services, as well as the Group's business relationships. Sustainability policies, actions and targets cover its own operations.

The Group did not use the exemption from disclosure of imminent developments or issues under negotiation as provided for in Articles 19a(3) and 29a(3) of Directive 2013/34/EU.

The Group did not use the option to omit certain information that corresponds to intellectual property, know-how or innovation results.

Disclosures in relation to specific circumstances

BP-2

For the preparation of the Sustainability Statement, the Group used the short, medium or long-term time horizons, as defined in ESRS 1 section 6.4 as follows: the short-term time horizon is considered one year, the medium-term horizon up to 5 years, and the long-term horizon over 5 years.

With regard to the sources used for the estimates and the uncertainty of the results, the Hidroelectrica Group acknowledges the uncertainties associated with the estimates, in particular with regard to the significant inherent uncertainties regarding the determination of greenhouse gas emissions generated by both scientific and estimation uncertainties, such as those related to emission factors, which are used in

mathematical models for estimating emissions. Where appropriate, the assumptions and reasoning used to make the estimates in determining the quantitative indicators were presented.

For the presentation of the environmental indicators presented in ESRS E1 – Climate Change, the methodologies provided for by the applicable national legislative framework and the requirements of the ESRS standards were used.

For the presentation of greenhouse gas emissions data, all assumptions, approximations and reasoning used in situations where no direct data were available are described in detail in ESRS chapter E1 – Climate change and are in line with the GHG Protocol methodology.

The comparative data presented are for 2024, the first reporting year according to the ESRS, which is considered a reference year.

With regard to environmental, quality, and occupational health and safety aspects, specific policies for the Integrated Management System have been adopted at the level of each entity within the Group.

The presentation of additional information stemming from other legislation is included in the report where relevant, and references to additional documents or thematic standards are mentioned to ensure full context.

The applicable standards and legislation specific to the Group's field of activity are set out in the text of the report, where appropriate, including through references to supplementary documents or references to information presented in other thematic standards.

For the year 2025, the applicable requirements for the second reporting year have been reported, the application of the phased implementation provisions, according to Annex C of ESRS 1 which sets out the reporting requirements gradually introduced. Although the 'Quick-fix' Delegated Act provides for the postponement of the reporting of certain information for some standards, the Group has included in this report all the data presented in the reference year 2024.

In accordance with the list of disclosure requirements subject to phase in provisions and the provisions of the “quick fix” Delegated Act, the disclosure requirements related to ESRS S1-7, S1-11, S1-13, S1-15 and E1-9 were not reported for the current reporting period.

Changes in preparation or presentation of sustainability information

For ESRS S1-16 – Remuneration related indicators (pay gap and total remuneration), the company revised the calculation methodology, and the indicators for the 2024 reporting period were recalculated accordingly.

For E1-6 – Indicators on gross GHG emissions for Categories 1, 2, and 3, as well as total GHG emissions, the company revised the calculation methodology for Scope 3 Categories 3.3 and 3.9, and the indicators for the 2024 reporting period were recalculated.

Role of administrative, management and supervisory bodies

GOV-1

Hidroelectrica SA is managed in a dualist system, by a Board of Directors consisting of 5 members with executive functions, under the supervision of the Supervisory Board, consisting of 7 members. The members of the Supervisory Board are appointed by the General Meeting of Shareholders for a four-year

term, and the members of the Management Board are appointed by the Supervisory Board for a four-year term.

The Governance and Sustainability Committee operates within the Supervisory Board, with an advisory role and monitoring of corporate governance and sustainability issues, including the implementation of the ESG strategy and the non-financial reporting process.

[Hidroelectrica's Management Plan for the period 2023 - 2027](#) reflects the company's general strategic directions, representing the implementation framework and commitments. The plan has as main pillars of the promoted strategy: human resources, efficiency and financial and operational performance, return on investment, commitment to environmental standards, sustainability and corporate governance.

On 09.05.2024, in B.P.I. no. 8661, the Report on the proposal to close the procedures provided for by Law no. 85/2014, drawn up by the Judicial Administrator and registered under no. 659, in which it was held that S.S.H. Hidroserv S.A. does not register current debts and does not have unpaid current debts, thus cumulatively meeting the conditions provided by art. 175 para. (1) of Law no. 85/2014 for the closure of the insolvency procedure.

On 25.06.2025, by Civil Sentence no. 3742, the Bucharest Tribunal ordered the closure of the insolvency procedure, pursuant to art. 175 para. (1) of Law no. 85/2014, noting the fulfillment of 100% of the obligations assumed by S.S.H. Hidroserv S.A. through the Reorganization Plan, with the consequence of the discharge of the Judicial Administrator and the reintegration into the business activity.

In these considerations, after the closure of the insolvency procedure, S.S.H. Hidroserv S.A. started a complex process of reintegration into the business activity, focused on the gradual resumption of commercial operations, the consolidation of contractual relations with traditional partners and the regaining of the execution capacity in its specific fields of activity. The post-insolvency phase was marked by an intense dynamic of administrative, financial and operational processes, aimed at restoring the full functionality of the company and ensuring its compliance with the requirements applicable to public enterprises governed by G.E.O. no. 109/2011.

After exiting insolvency, the structure of the administrative and management bodies of Hidroserv S.A. is as follows:

- General Meeting of Shareholders (GSM) - the management body that decides on its activity and its economic policy;
- The Board of Directors (BoD) – exercises the general management power, except for the powers reserved to the General Shareholders' Meeting according to the provisions of the Articles of Association or by law;
- The Chief Executive Officer, appointed by the Board of Directors, provides executive direction and implements the strategy and policies established by the Board of Directors.

The management structure of the UCMH SRL subsidiary is:

- The Sole Shareholder (Hidroelectrica S.A.), which exercises the powers of the General Assembly and represents the main decision-making body;
- Administrators, who ensure the administration and representation of the company, according to the Articles of Incorporation;
- The General Manager, who coordinates the operational and production activities, based on the mandate contract.

Composition and diversity of the members of the Management Board and the Supervisory Board

Number of members with executive positions in the Management Board as of 31.12.2025	3
Number of non-executive members (members of the Supervisory Board) as at 31.12.2025	7
Percentage by gender (Management Board and Supervisory Board) (calculated as ratio of female/male members in total members) as of 31.12.2025	20% female people, 80% male
Percentage of independent members of the Supervisory Board according to the BSE Code	86%

During 2025, the composition of the Management Board varied. Until September 19, 2025, the Management Board was composed of 5 members, subsequently operating with 3 members. The values presented in the table reflect the situation as of December 31, 2025.

The members of the Management Board and the Supervisory Board of Hidroelectrica SA are selected in accordance with the legal provisions on the corporate governance of public enterprises. Non-executive members are appointed based on their experience in key areas, such as strategic management of utility companies, sustainability, environmental regulations and finance, while executive members are selected based on their experience in Romania's economic area (each with a minimum of 15 years of experience), in the areas of hydropower and renewable technologies, coordination of modernisation projects and management of operational and environmental risks. The CVs of the members of the Management Board and the Supervisory Board can be accessed on [the company's website, in the Management section](#).

Considering the nature of the services offered, as well as the market share recorded in the main field of activity, as well as the fact that Hidroelectrica SA is listed on the Stock Exchange, the interaction with stakeholders or key actors such as public authorities is periodic (reporting, obtaining authorizations, etc.).

According to the regulations in force, the Hidroelectrica Group complies with the principle of employee representation at the level of management and supervisory bodies, the employees being represented through the advisory committees, as well as through the trade union, which participates in the negotiations on working conditions and the protection of employees' rights.

According to the Group's operating model, the governing bodies and management structures within the entities have duties and responsibilities in the field of sustainability, established by the Internal Organization Regulations. Their leadership is responsible for approving and implementing the objectives set out in the Sustainability Strategy.

Advisory committees are set up at the level of the Supervisory Board – these committees and their role are described in the chapter "Supervisory Board Report of the Annual Report".

The Management Board has the responsibility to approve the Result of the double materiality analysis and the Sustainability Report, part of the Annual Report; it is subject to the approval of the General Meeting of Shareholders (GSM), together with the approval of the annual financial statements. The Management Board and the Supervisory Board are responsible for identifying environmental, social and governance impacts, risks and opportunities and for drawing up strategies, policies, actions and targets to address the identified impacts, risks and opportunities.

As a result of the Double Materiality Analysis, carried out in accordance with the requirements of the ESRS standards, material impacts, risks and opportunities (IROs) were identified. These are taken into account in the Group's internal risk management processes. Although the Group committed last year to setting targets for material themes in 2025, and progress was made in preparing strategic approaches, it was decided to postpone the adoption of targets. Depending on the evolution of the volatile regulatory framework applicable to the Energy sector and the finalization of the amendments to the ESRS standards,

the Group will analyze the opportunity to set or adapt the targets associated with the identified material themes. The performance of these targets, to the extent that they will be defined, will be reported annually in the Sustainability Report.

The supervision of environmental, social and governance impacts is integrated into the internal processes of Hidroelectrica SA, through:

- **Specific controls and procedures:** Hidroelectrica SA applies, through the Procedure - Risk Register Administration, internal controls to assess and manage risks, through the Internal Audit Department. The controls do not yet apply to sustainability risks as they have not yet been added to the register.
- **Reporting lines:** Designated officials from the environmental, legal, human resources, finance, development departments as well as members of the board of directors will report annually to the Management Board on progress in achieving sustainability targets.

Hidroelectrica SA ensures its access to expertise in the field of sustainability through the following mechanisms:

- **Continuous training:** The members of the Management Board and the Supervisory Board participate in training programs organized on sustainability topics, including environmental legislation and sustainable development.
- **Training activities carried out:** In 2024, the members of the Management Board and the Supervisory Board were trained on sustainability issues in the context of the CSRD during an external training session. Also, employees of Hidroelectrica SA, together with representatives of Hidroserv and UCMH, were trained through a series of workshops that addressed the material topics of the Hidroelectrica Group: such as the EU Taxonomy, climate change, environment and biodiversity, social issues and corporate governance. They contributed to the internal consultations analysing the double materiality and to the identification of significant impacts, risks and opportunities, as well as to the reporting of related policies, actions and measures.
- **External consultancy:** The company works with sustainability experts to ensure that best practices are integrated into its activities.

In addition, Hidroelectrica SA collaborates with universities, research institutions and international organizations, in order to monitor relevant developments in the field of renewable energy and sustainability. These collaborations include participation in training programs, conferences and workshops both nationally and internationally.

These include the Hidroelectrica R&D&Innovation Center in the field of renewable energies, Hidroelectrica's bilateral cooperation with SINTEF Networking, for the exchange, sharing and transfer of knowledge, technology, experience and practices in the field of electricity production in hydropower plants; implementation of the Digital Twin project in Hidroelectrica; implementation of the Asset Health and Monitoring Center Hidroelectrica project. Through collaboration with various entities in the energy sector, research institutions and NGOs, the Society promotes the direction of a low-carbon economy. Among these collaborations, we mention the bilateral cooperation between Hidroelectrica – SINTEF Energi As, one of the largest independent research institutes in Europe and the partnership with the Polytechnic University of Bucharest – Faculty of Energy.

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

GOV-2

The Management Board, together with the Supervisory Board, annually analyzes the Sustainability Report, which highlights the progress on the strategic priorities and objectives set by the Sustainability Strategy approved in 2023.

The Governance and Sustainability Committee operates at the level of the Supervisory Board, which supports the Board in monitoring sustainability issues, including the analysis of relevant impacts, risks and opportunities and their integration into the company's business strategy. The Supervisory Board, with the support of this committee, oversees Hidroelectrica's business strategy, including the integration of the sustainability strategy after its adoption, as well as decisions on major transactions and the associated risk management processes.

In 2025, the Sustainability Strategy was updated in more detail to include the topics identified as material in the context of ESRS reporting. Although the Group committed last year to setting targets for material themes in 2025, and progress was made in preparing strategic approaches, it was decided to postpone the adoption of targets. Depending on the evolution of the volatile regulatory framework applicable to the Energy sector and the finalization of the amendments to the ESRS standards, the Group will analyze the opportunity to set or adapt the targets associated with the identified material themes.

Hidroelectrica SA ensures that the management and supervisory bodies are informed annually, as often as necessary, about the significant impacts, risks and opportunities of its activities.

A list of material impacts, risks and opportunities (IROs) identified in the current year as a result of the Double Materiality Analysis and associated responsibilities was defined in 2025, together with the actions for updating the existing Sustainability Strategy, so that they are coordinated and monitored at the decision-making level. The inclusion of IROs in the Strategy will lead to the consideration of IROs in the process of establishing the Group's consolidated strategy and major decisions, in order to be integrated into the analysis of important transactions and risk management processes, taking into account both financial, environmental and social aspects.

The Hidroserv and UCMH entities follow the strategic directions of the Hidroelectrica Group, and the procedures for providing information are similar to those of Hidroelectrica SA, without any specific differences. Relevant information is provided to the Group's administrative, management and supervisory bodies, including the sustainability issues addressed by them.

Integration of sustainability-related performance in incentive schemes

GOV-3

At the level of the Hidroelectrica Group, the Remuneration Policy for the members of the Supervisory Board and the Management Board of Hidroelectrica SA was developed, approved by the Decision of the General Meeting of Shareholders no. 17 of June 22, 2023.

The legal framework governing the remuneration policy includes several laws and regulations, such as the Government Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises and Law no. 31/1990 of commercial companies. The policy is subject to approval by the General Meeting of Shareholders and is reviewed at least every four years. If shareholders do not approve a new remuneration policy, the existing one remains in force until a revised version is approved. The review process takes into

account shareholder feedback and aims to avoid conflicts of interest, ensuring compliance with applicable laws and internal regulations.

The remuneration of the members of the Management Board and the Supervisory Board includes a fixed component and a variable component, as detailed in *Note 33 – Related Parties* in the Consolidated Financial Statements and in the Remuneration Report.

The calculation of the value of the variable component of the remuneration of the members of the Management Board and the Supervisory Board depends on the degree of fulfillment of the key performance indicators set out in the mandate contracts. For the financial year 2025, both the members of the Management Board and the members of the Supervisory Board had as a sustainability performance objective the measurement of the Purpose 1, 2 and 3 carbon footprint (which was carried out and presented in this report) and which has a share of 4% of the total indicators. For 2025, the key performance indicators of the Management Board and the Supervisory Board did not include emission reduction targets. Another sustainability-related performance indicator is the number of hours of training. Details about the performance indicators and their weights in determining the variable remuneration of the management can be found on the company's website in the section About us, Management, Form of the CS and Executive Mandate Contract, including addenda that include the performance indicators. (<https://www.hidroelectrica.ro/article/11>)

Within Hidroelectrica SA, the approval and updating of the performance indicators and the conditions of the incentive schemes is carried out at the level of the Ordinary General Meeting of Shareholders (OGMS) in accordance with the internal regulations and applicable legislation.

Currently, for the two member entities of the group, Hidroserv and UCMH, there are no sustainability-related incentives implemented in the remuneration of management members.

Risk management and control systems

Statement on due diligence

GOV-4

In order to fulfill its mission in a sustainable way, as well as in order to increase the company's performance, Hidroelectrica SA undertakes to identify and comply with the applicable laws and regulations specific to companies majority-owned by the Romanian state, the requirements of companies listed on the Bucharest Stock Exchange and those specific to the ISO standards for which the company holds certifications. The [Hidroelectrica Policy](#) was assumed, which includes the Sustainable Development Scopes issued by the UN (The United Nations's 17 Sustainable Development Scopes), the Global Compact Principles issued by the United Nations (UN Global Compact 10 Principles), the Corporate Governance Code of the Bucharest Stock Exchange and the specific requirements of the ISO standards for which the Company holds certifications.

The due diligence process is integrated into the governance structure and operational activities, as follows:

- a) **Integration of due diligence into governance, strategy and business model**
Following the identification of material IROs, the Supervisory Board will ensure that they are integrated into the business strategy and implemented by the Management Board.
- b) **Integration of due diligence into the procurement process:** The Company applies public procurement legislation, the Company requires its contractual suppliers to comply with the Company's Code of Ethics.
Additional details: Governance Chapter - G1
- c) **Involvement of affected stakeholders:** Hidroelectrica SA maintains a continuous dialogue and active collaboration with employees, shareholders, suppliers and local communities.
Further details can be found above, in the materiality section and in chapters S1 – Own workforce, S3 – Affected communities, S4 – Users and end consumers.
- d) **Identification and assessment of adverse impacts**
The double materiality assessment (DMA) identifies significant adverse impacts in its own operations and in the value chain. Systematic impact assessments, risk screenings and value chain code of conduct assessments are also carried out.
Additional details: General ESRS 2, G1.
- e) **Taking action to address adverse impacts**
The Company implements measures to reduce the negative impact of its activities as described in detail, for each material theme identified in each chapter¹.
- f) **Monitoring the effectiveness of these measures and communicating progress**
The company annually reports the main indicators, the effectiveness of the measures and the progress achieved in the annual report.

Hidroserv and UCMH, as members of the Hidroelectrica Group, follow the strategic directions of the Group. These entities ensure compliance with relevant regulations and work with stakeholders to identify and manage impacts.

Risk management and internal controls over sustainability reporting

GOV-5

The Hidroelectrica Group is considering the integration of the risks associated with sustainability reporting into the existing internal risk management system, in order to an integrated approach, based on the experience gained in ESRS reporting for the years 2024 and 2025. The implementation of this integration will be analysed in the light of the clarification of the applicable regulatory framework and the assessment of the relevant risks. For the sustainability reporting for 2025, the process was maintained by which the necessary data is requested directly from the relevant contributors within the Group, which are subsequently internally verified by the members of the Sustainability Commission to reduce the risk of reporting errors. In specific situations, external consultants are involved to support ensuring the accuracy and completeness of the information collected.

The data holders in each department concerned are responsible for preparing the related information. The Management Board and the Supervisory Board are responsible for the information presented in the Sustainability Report, which is subject to the same approval procedures as the financial statements.

¹ For certain material topics, the company has not yet implemented dedicated measures or action plans, fully aligned with ESRS requirements, the information presented reflecting the actions and practices in place at the time of reporting.

Company, business model and stakeholder engagement

Strategy, business model and value chain

SBM-1

The Hidroelectrica Group has a business strategy with a focus on operational efficiency and diversified growth of the green energy production activity, with financial prudence.

The Group's general objectives in the field of sustainability are to develop the activity of producing green energy through diversified growth. The sustainability strategy also includes objectives on the following ESG pillars for Hidroelectrica SA:



The main groups of products and services (outputs) of the Group are:

- Wholesale of electricity produced in hydropower plants and wind resources;
- Supply of electricity to the end user (retail);
- Realization of system services for the National Energy System.

At the end of 2025, the Group had a total number of 5303 employees.

The total revenues for the financial year 2025, as included in the IFRS-EU consolidated financial statements of the Hidroelectrica Group, are presented in the table below:

	2025 (one thousand RON)
Wholesale of electricity	3,864
Supply of electricity to final consumers (retail)	5,504
System Services	248
Other Revenue from Customer Contracts	3
Total	9,619

The Hidroelectrica Group did not benefit from any exception granted to entities from a Member State of the European Union that would allow exemption from the disclosure of information according to Article 18, paragraph 1, point (a) of Directive 2013/34/EU.

In terms of inputs, the Group focuses on collecting, developing and securing the resources necessary for the production of electricity from hydroelectric and wind sources. This includes the efficient use of natural resources, such as water, and the implementation of advanced technologies for the modernization/refurbishment of production capacities.

In the upstream segment, the Group collaborates with suppliers of equipment and technical services necessary for the maintenance and modernization of production capacities. The main suppliers are from the Romanian market, but also from the European market, mainly of equipment and services.

The Group also provides part of the maintenance and repair and modernization works of the assets through the Hidroserv subsidiary, as well as the production and repair of hydromechanical and hydropower equipment, the development and implementation of technical solutions for optimizing the operation of hydropower facilities through the UCMH subsidiary.

In the downstream segment, the Hidroelectrica Group serves a diverse range of customer groups, including industrial consumers, energy distributors and suppliers, and household customers, with the Company operating throughout the Romanian market.

At the level of the Hidroelectrica Group, the impact on the environment comes mainly from the support activities and by-products (maintenance, repairs, constructions, works), rather than from the main product – the green energy produced. Therefore, the sustainability targets will primarily target these activities, given that the production of electricity from renewable sources has a minimal impact on the environment. The adoption of sustainability targets was postponed because the company wanted the assumption of long-term commitments to be correlated with the final version of the simplified ESRS reporting standards following the adoption of [Omnibus](#) in the review and approval process.

Interests and views of stakeholders

SBM-2

The Hidroelectrica Group's collaboration with stakeholders involves various interactions and consultations with investors, trade unions, employees, customers, local communities, as well as authorities and regulators. This includes regular meetings with investors, **negotiations with trade unions for fair working conditions, internal communication channels for employee feedback**, and gathering feedback from customers to improve services. Thus, the interests, views and rights of individuals within its workforce, the views and rights of consumers and end-users, including respect for human rights, are noted and contribute to the Group's strategy and business model.

The Hidroelectrica Group participates, in accordance with the applicable legal framework, in the public debates organized by the competent environmental authorities within the regulatory procedures (e.g. obtaining the environmental agreement), in which local communities and other interested parties are involved. In this context, the views, observations and concerns expressed by communities are analysed by the competent authorities as part of the decision-making process.

Also, the Group's representatives participate in the meetings of the Technical Analysis Committees (TAC) organized by the environmental authorities, together with the relevant public institutions (e.g. environmental authorities, energy, development, transport authorities, managers of protected natural areas, etc.), in order to analyze the technical documentation and ensure the compliance of the projects with the legal and regulatory requirements. The requirements of the stakeholders, as well as the applicable legal and regulatory requirements, are integrated into the processes, activities and strategy of the group, and the overall consultation activities aim not only to meet these requirements, but also to maintain a collaborative relationship with stakeholders. The dual materiality process included an analysis of the interests of key stakeholders, through their consultation, and the prepared sustainability strategy will be based on the IROs resulting from the materiality analysis and integrated into the business strategy after adoption. No further steps are planned after adoption.

The administrative, management and supervisory bodies are informed about the opinions and interests of the interested parties, as part of the presentation of the results of the double materiality analysis subject to approval.

Material impacts, risks and opportunities and their interaction with strategy and business model model

SBM-3

Information on the significant impacts, risks and opportunities identified by the Hidroelectrica Group is provided in each ESRS thematic chapter and in the following chapter - IRO-1 Double Materiality Analysis.

Impacts, risks and opportunities related to environmental, social and governance issues were identified and assessed in 2024 as part of the dual materiality review process, in an internal workshop and consultation of other relevant sources, such as the permits required for the proper functioning of sites.

The ESG risks identified in the double materiality analysis have been analysed and will be integrated into the Risk Register and the Group's internal regulatory framework, following the adoption of the final ESRS standards at the time of reporting in the review and approval process and the subsequent reassessment of these risks. After integrating these risks, the Group will develop a concrete action plan and specific targets.

To date, a detailed quantification of the anticipated financial effects in medium and long-term monetary terms has not been achieved. The climate resilience analysis carried out is presented in Chapter E1.

The Hidroelectrica Group aims to base its strategy and business model on resilience principles, with the intention of developing the capacity to manage significant impacts and risks and to capitalize on opportunities that may arise.

The Impact, Risk and Opportunity Management (IRO) process is to be integrated into the business strategy, to facilitate the alignment of sustainability priorities with the overall development objectives. The financing of specific initiatives and measures for the implementation of this strategy is mainly carried out from its own sources, using the revenues generated by the group's current operations.

The double materiality analysis helps to prioritize risks in the annual review process. The analysis included both the direct and indirect impacts and dependencies of the Hidroelectrica Group, as well as the risks and opportunities in the upstream and downstream value chain, as well as its own operations. The link between the identified impacts and the associated risks and opportunities (IROs) are presented for each theme/sub-theme according to the ESRS, but so far no detailed quantification of the anticipated financial effects in monetary terms has been carried out. The company has assessed the level of impact and established specific risk mitigation and management measures, and the effectiveness of these measures is analysed at the end of the year, in relation to the risk incidents manifested during the reference period, to the extent that incidents have been identified.

The material risks and opportunities identified above did not have a material impact on the Group's current financial position at the level of 2025, or on financial performance and cash flows, given the control measures implemented

Description of the processes to identify and assess material impacts, risks and opportunities**IRO-1****Double Materiality Analysis**

The double materiality analysis was carried out for the first time in 2024 by an internal team, with the assistance of a specialized consultant and approved by the Management Board and the process is presented below.

For the current reporting period, the double materiality process was reassessed internally, during an internal workshop after which it was concluded that there were no major changes that would require the resumption of the entire process, respectively, no new categories of stakeholders emerged, and according to the final results of the double materiality analysis, in 2025 the following changes in materiality results occurred:

- S1: Potential negative impact of workplace accident risk – potential impact if safety measures and training are not properly implemented in day-to-day activities. Thus, it increases the risk of accidents, injuries and affects the long-term health of employees.
- S3: Potential indirect negative impact – Possible temporary interruptions in the raw drinking water supply of some beneficiaries who extract water from hydropower facilities operated by Hidroelectrica, these beneficiaries having the responsibility of supplying drinking water to the communities including in exceptional situations and including the responsibility of ensuring the backup source.
- S4: The positive impact is no longer material
- G1: Whistleblower protection: Positive impact: the company can develop whistleblower protection mechanisms that have a positive impact in the early prevention of potential integrity-related incidents, contributing to the construction of an honest work environment.

Double materiality analysis carried out in 2024 and reconfirmed in 2025

In the analysis process, the Company complied with the fundamental principles of the double materiality analysis, i.e. it analyzed:

- The materiality of the positive and negative short, medium and long-term impacts that the Hidroelectrica Group has or may have on the environment and society. Both current and potential impacts were considered.
- Financial materiality, to determine how sustainability issues can influence the Group's financial performance and future cash flows in the short, medium and long term.

In accordance with ESRS 1, in order to assess impacts, the Group took into account three parameters: the scale (magnitude) of the impact, the purpose (scope/scope) of the impact, and the irremediability of the impact (for adverse impacts) and the likelihood (for potential impacts). For each of these parameters, scores were awarded as follows:

- Between -5 for major negative impact and +5 for major positive impact,
- Between 1 for small-scale scale-out impacts on the population and ecosystem, with negligible economic costs, and 5 for large-scale scale-up impacts on the population and the vast ecosystem, with high economic costs;
- Between 1 for impacts with very high remediability and 5 for impacts with very low remediability;
- Between 1 for impacts with a very low probability of occurrence (only once in the next 10 years) and 5 for impacts with a very high probability of occurrence (in less than 1 year).

With regard to the scores for assessing the financial effects of risks and opportunities that may influence the Group's financial performance and future cash flows, they have been established as follows:

Score	Explanations
0	There is no financial impact
1	Minimum financial impact (less than 0.1% of turnover)
2	Moderate financial impact (above 0.1%, but below 0.7% of turnover)
3	Significant financial impact (above 0.7% but below 2.0% of turnover)
4	High financial impact (over 2.0% but below 3.0% of turnover)
5	Very high financial impact (over 3.0% of turnover)

Qualitative criteria were also analyzed, such as the location of the impacts in the Group's value chain (upstream, at the level of the Group's own activities or downstream), the time horizon (i.e. short, medium or long term), and in the event of a potential negative impact on human rights, according to the ESRS, the severity of the impact (determined by the scale, purpose and irremediability) prevails over its probability. Based on the scores, quantitative thresholds were established to determine the relevant/material impacts, risks and opportunities, and the qualitative criteria provided context for interpreting the results.

The process of analyzing the double materiality included:

- Coverage of all activities carried out by the Group described in section BP-1 and also included the upstream and downstream value chain;
- Identification of relevant internal and external stakeholders;
- Conducting an internal consultation, during a workshop, with the management representatives of each relevant department, during which:
 - Representatives are consulted for each potential material topic in the ESRS, on the Group's impact on environmental, social and governance issues, as well as on the assessment of potential financial effects on the Group as a result of potential risks and opportunities arising from sustainability issues. The nature of the current and potential, negative and positive, short, medium and long-term impacts generated on environmental, social and governance aspects was analyzed. The potential financial effects were also analyzed, and the probability of occurrence and the potential magnitude of the financial effects contribute to the assessment of the significance of the risks and opportunities within the Group;
 - The hypotheses used in the analysis are based on the information available to the workshop participants, as well as on that obtained from relevant press sources and literary studies. In particular, in order to assess the impact on the value chain, the analysis focused on these data sources, including by mapping the value chain impacts identified by other operators in the industry and the studies mentioned. These were discussed during the workshop to decide their applicability to the Group's entities;
 - The significance assessment was also based on the contributions of the employees of the Hidroeléctrica Group who have responsibilities regarding environmental protection, occupational health and safety, social responsibility, human resources, diversity and inclusion, compliance with the related provisions and risk management, financial;
- Distribution of a questionnaire to representatives of all categories of stakeholders. Following the conclusion of the survey session, it was found that 391 responses were received, of which 275 were submitted by its own employees, and 116 responses were submitted by the other categories of stakeholders.
- Double materiality analysis carried out for other operators in the industry (*peers analysis*);
- Evaluation of the strategic documents prepared by the group;
- Benchmarking on global trends in the literature, material topics identified by ESG rating agencies for the industry to which the Hidroeléctrica Group belongs, as well as data collected regarding the history of the Hidroeléctrica Group or other relevant sources as the case may be;
- Interviews with representatives of the Management Board and the Supervisory Board during which the results of the analyses were presented for confirmation, following which the management approved the result of the materiality assessment.

Theme	Sustainability Topics - Sustainability Report 2025 ("RS")			
	Theme	Subtopic	Sub-subtopics	Explanations
ESRS E1	Climate change	Climate change mitigation Climate change adaptation Energy	—	Material theme - addressed in E1
ESRS E2	Pollution	Pollution of air	—	The group's activity does not involve a direct impact on air pollution.
		Pollution of water	—	The group's activity does not involve a direct impact on water pollution.
		Pollution of soil	—	The group's activity does not involve a direct impact on soil pollution.
		Pollution of living organisms and food resources	—	The group's work does not involve a direct impact on living organisms or food resources.
		Substances of concern	—	Following the analysis carried out, no uses or generations of substances of particular concern – i.e. substances considered very dangerous – were identified.
		Substances of very high concern	—	Following the analysis carried out, no uses or generations of substances of particular concern – i.e. substances considered very dangerous – were identified.
ESRS E3	Water and marine resources	Water	Water consumption	Water consumption is not significant.
			Water withdrawals	Water withdrawals are minimal within the Group's activity.
			Water discharges	This is not the case, as there are no discharges into surface waters.
		Marine resources	Water discharges in the oceans Extraction and use of marine resources	This is not the case, water from marine sources is not used and water is not discharged into the oceans.
ESRS E4	Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Climate change	Material theme - addressed in E4
			Land-use change, fresh water-use change and sea-use change	Material theme - addressed in E4
			Direct exploitation	There are no activities to exploit biodiversity or ecosystems.
			Invasive alien species	This is not the case in the areas where the Hidroelectrica group operates.
			Pollution	No material emerged
		Impacts on the state of species	Species population size	Material theme - addressed in E4
			Species global extinction risk	Material theme - addressed in E4
		Impacts on the extent and	Land degradation	No material emerged
			Desertification	No material emerged

Theme	Sustainability Topics - Sustainability Report 2025 ("RS")			
	Theme	Subtopic	Sub-subtopics	Explanations
		condition of ecosystems	Soil sealing	No material emerged
		Impacts and dependencies on ecosystem services	—	No material emerged
ESRS E5	Circular economy	Resources inflows, including resource use	—	No material emerged
		Resource outflows related to products and services	—	No material emerged
		Waste	—	The waste resulting from operations is not significant.
ESRS S1	Own workforce	Working conditions	Secure employment	Material theme - addressed in S1
			Working Time	Material theme - addressed in S1
			Adequate wages	Material theme - addressed in S1
			Social Dialogue	Material theme - addressed in S1
			Freedom of association, the existence of works councils and the information, consultation and participation rights of workers	Material theme - addressed in S1
			Collective bargaining, including rate of workers covered by collective agreements	Material theme - addressed in S1
			Work-life balance	Material theme - addressed in S1
			Health and safety	Material theme - addressed in S1
		Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	Material theme - addressed in S1
			Training and skills development	Material theme - addressed in S1
			Employment and inclusion of persons with disabilities	Material theme - addressed in S1
			Measures against violence and harassment at work	Material theme - addressed in S1

Theme	Sustainability Topics - Sustainability Report 2025 ("RS")			
	Theme	Subtopic	Sub-subtopics	Explanations
ESRS S2	Workers in the value chain	Other work-related rights	Diversity	Material theme - addressed in S1
			Child labour	No material emerged
			Forced labor	No material emerged
			Adequate housing	No material emerged
			Privacy	Material theme - addressed in S1
		Working conditions	Secure employment	No material emerged
			Working Time	No material emerged
			Adequate wages	No material emerged
			Social Dialogue	No material emerged
			Freedom of association, including the existence of works councils	No material emerged
			Collective bargaining	No material emerged
			Work-life balance	No material emerged
			Health and safety	No material emerged
		Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	No material emerged
			Training and skills development	No material emerged
			Employment and inclusion of persons with disabilities	No material emerged
			Measures against violence and harassment in the workplace	No material emerged
			Diversity	No material emerged
		Other work-related rights	Child labour	No material emerged
			Forced labor	No material emerged
			The right housing	No material emerged
			Privacy	No material emerged
ESRS S3	Affected communities	Communities' economic, social and cultural rights	Adequate housing	Material theme - covered in S3
			Adequate food	No material emerged
			Water and sanitation	No material emerged
			Land-related	No material emerged

Theme	Sustainability Topics - Sustainability Report 2025 ("RS")			
	Theme	Subtopic	Sub-subtopics	Explanations
			impacts	
			Security impacts	Material theme - covered in S3
		Communities' civil and political rights	Freedom of expression	Material theme - covered in S3
			Freedom of assembly	Material theme - covered in S3
			Impact on human rights defenders	Material theme - covered in S3
		Rights of indigenous peoples	Free, prior and informed consent Self-determination Cultural rights	This is not the case – it is not the subject of the activity. There are no indigenous populations in Romania
ESRS S4	Consumers and end-users	Information related impacts for consumers and/or endusers	Privacy	Material theme - covered in S4
			Freedom of expression	Material theme - covered in S4
			Access to (quality) information	Material theme - covered in S4
		Personal safety of consumers and/or endusers	Health and safety	This is not the case – it is not the subject of the activity.
			Security of a person	This is not the case – it is not the subject of the activity.
			Protection of children	This is not the case – the activity does not involve interaction with children.
		Social inclusion of consumers and/or endusers	Non-discrimination	No material emerged
			Access to products and services	No material emerged
			Responsible marketing practices	No material emerged
ESRS G1	Business conduct	Corporate culture	—	Material theme - addressed in G1
		Protection of whistle-blowers	—	No material emerged
		Animal welfare	—	This is not the case. The group does not conduct animal experiments.
		Political engagement and lobbying activities	—	No material emerged

Theme	Sustainability Topics - Sustainability Report 2025 ("RS")			
	Theme	Subtopic	Sub-subtopics	Explanations
		Management of relationships with suppliers including payment practices	—	Material theme - addressed in G1
		Corruption and bribery	Prevention and detection, including training	Material theme - addressed in G1
			Incident	Material theme - addressed in G1
Additional sub-theme (part of the Governance chapter)		Cybersecurity		Material theme - addressed in G1

The double materiality analysis process also involved stakeholder consultation. According to the internal procedure, the consultation of stakeholders is carried out at least every 3 years or annually for groups of new stakeholders identified in the double materiality analysis process.

For the 2024 sustainability reporting year, the following categories of stakeholders were consulted, as part of the double materiality review process:

- Employees
- Management
- Shareholders
- Trade unions
- Financial institutions
- Customers
- External consultants
- Public Administrations and Communities
- Suppliers
- Media
- Industrial/professional associations
- Regulators
- NGOs

In order to consult the stakeholders in the double materiality analysis, the Hidroelectrica Group distributed a form through which it consulted their opinion on the potential material issues in the environmental, social and governance spheres.

Prioritization of impacts is achieved by carefully assessing the magnitude and likelihood of each impact. The identified impacts are directly correlated with risks and opportunities, which are then ranked according to their strategic relevance.

The identified risks and opportunities were analyzed in the process of double materiality analysis to understand whether they arise from dependencies or impacts. The assessment also included qualitative aspects such as the analysis of continued resource use, resource dependency and critical relationships within the value chain, and other effects on future cash flows.

The process of identifying, assessing and managing impacts and risks is not fully integrated into the overall risk management process at the level of the Hidroelectrica Group. Its integration is analysed in the context of the continuous development of the internal risk management framework and the evolution of the applicable requirements of ESRS standards. The risks identified in accordance with the ESRS requirements are taken into account in the internal risk management processes of Hidroelectrica SA and its affiliated entities. The internal control procedures related to the Risk Register include periodic checks and internal audits, in order to ensure compliance. Also, the process of identifying, evaluating and managing opportunities is currently not fully integrated at the level of the organization.

The table below shows the themes, sub-themes and sub-sub-themes that have been revalidated as material and a brief justification for the non-material themes that were not taken into account in the content of the report.

An additional sub-theme has been identified – Cybersecurity, which will be addressed in the Governance chapter, given its importance both for society (from the perspective of employees and customers) and for national energy security.

The following table presents the impacts, risks and opportunities identified and assessed as material in the double materiality analysis:

Subtopic	Impact	Value chain	Actual/ Potential	Time horizon	Risk/Opportunity (R/O)	Physical/ Transition	Actual/ Potential	Time horizon
ESRS E1 Climate change mitigation	Hidroelectrica SA: By its nature, it produces low-carbon electricity, which contributes positively to climate change mitigation. The positive impact itself is the production of green energy, which is the company's main activity. Hidroserv: Through the efficient maintenance of the installations, it contributes to the maximization of the production of renewable energy because through the efficient maintenance of the installations, it contributes to the maximization of the production of green energy and the protection of the environment and the climate. UCMH: The provision of technological solutions, in particular electric generators and other equipment for hydropower plants, supports the production of clean energy.	Upstream, Own operations	Current	Current	Hidroelectrica Group Financial risk: Failure to align with the EU's emission reduction trajectories, if future investments are not in low- or zero-emission production, can have a negative effect on revenues and costs. The costs of subsequent alignment can be substantially higher, and the lack of investment can reduce the revenues resulting from reduced production.	Transitional	Current	Current
					Hidroelectrica Group Opportunity: The increase in demand for renewable energy gives Hidroelectrica the opportunity to attract investments in the diversification of renewable energy sources (solar/wind), and to increase revenues.	Transitional	Current	Current
ESRS E1 Climate change adaptation	Negative impact: Climate change is associated with operational losses or large annual fluctuations caused by climatic phenomena related to the availability of water for production at hydropower plants.	Own operations	Current	Current	Hidroelectrica Group Financial risk: 1. The decrease in water resources due to prolonged droughts, which would reduce the production of hydropower plants, and therefore the decrease in revenues generated from the sale of electricity. 2. Infrastructure exposed to extreme events (floods, landslides) can lead to high repair costs and production interruptions.	Transitional	Current	Current

ESRS E1 Energy	Hidroelectrica SA: Positive impact resulting from the fact that Hidroelectrica provides clean and renewable energy, without polluting emissions. It is flexible and contributes to the stability of the electricity grid. It provides cheaper energy in the long term and supports local economic development. Hidroserv: Through efficient plant maintenance and repair, Hidroserv ensures optimal operation and reduces potential production interruptions. UCMH: Contributes to the modernization of energy infrastructure	Own operations, Downstream	Current	Current	Hidroelectrica Group The financial risk associated with reliance on water for energy production can make Hidroelectrica vulnerable in times of drought or extreme climate change. Delayed investment costs can be substantially higher, and a lack of investment can reduce revenues resulting from reduced production.	Transitional	Current	Current
					Hidroelectrica Group Opportunity: Diversifying the energy mix with the integration of solar and wind energy sources can reduce risks and increase production capacity, resulting in an increase in revenue.			
ESRS E4 Direct impact drivers of biodiversity loss	-	-	-	-	Financial risk: This risk could only affect possible delays in the completion of projects under construction. Currently, there are no new projects and we refer strictly to the projects under development, which amount to approx. 200 MW new installed capacity, (compared to the total operating capacity of approx. 6300 MW). Delays are associated with additional costs on investment projects.	Transitional	Potential	Medium, Long
ESRS E4 Impact on species characteristics	Potential negative impact: 1. Hydropower: Failure to ensure the downstream easement flow could influence the welfare of aquatic species. 2. Wind energy: There is a potential impact on the avifauna from wind farms, with the mention that they have been built recently, in accordance with European Directives with strict assessment on the environment and biodiversity, mainly avoiding bird migration routes.	Own operations, Upstream (UCMH only)	Potential	Medium, Long	Financial risks 1. Potential regulatory risks (e.g. green flows) could generate financial risks in the sense of reducing electricity production and revenues, as well as possible investment works with associated costs. 2. Other equipment production activities: Risk of non-compliance with regulatory acts (approvals, agreements, authorizations), which is reflected in the costs for fines.	Transitional	Potential	Medium, Long

	3. Other production activities: UCMH's equipment production activities can affect biodiversity if the entire value chain is taken into account (from the extraction of metals, used in the production process)							
ESRS S1 Working conditions	The positive impact generated by the values promoted by the group is manifested by respecting employees' rights and supporting safe working conditions. Also, the active involvement of union leaders ensures continuous and effective communication with employees, thus contributing to their overall well-being.	Own operations	Current	Current	-	-	-	-
ESRS S1 Working conditions	Potential negative impact generated by the risk of accident at work – potential impact if safety measures and training are not properly implemented in day-to-day activities. Thus, it increases the risk of accidents, injuries and affects the long-term health of employees.	Own operations	Potential	Short, Medium, Long	-	-	-	-
ESRS S1 Equal treatment and opportunities for all	Positive impact - The Hidroelectrica Group recruits employees of all genders (male, female, etc.), gender equity is carefully managed in hiring, promotion and retention practices, increasing workforce attractiveness, retention and performance.	Own operations	Current	Current	-	-	-	-
ESRS S1 Other work related rights	Positive impact - The Hidroelectrica Group, through the existence of internal employment, promotion and retention policies periodically reviewed and improved, increases the attractiveness of the workforce, retention and performance.	Own operations	Current	Current	-	-	-	-
ESRS S3 Communities' economic,	Positive impact, through affordable energy supply. In addition, hydropower developments play a role in mitigating	Own operations	Current	Current	Opportunity: Hidroelectrica SA can invest in the development of sustainable projects that directly benefit local communities, such as	N/A	Current	Current

social and cultural rights – Adequate housing	flood waves, water supply to localities, irrigation, fish farming, navigation through locking, recreation and tourism, stimulating the local economy (jobs and road connectivity).				education, health or vocational training. It can also work with local authorities to support the preservation of cultural identity and the protection of heritage. Local reputation attracts high-performing employees and increases their retention, which reduces recruitment and training costs.			
	Potentially indirect negative impact – Possible temporary interruptions in the raw drinking water supply of some beneficiaries who extract water from the hydropower facilities operated by Hidroelectrica, these beneficiaries having the responsibility for supplying drinking water to the communities including in exceptional situations and including the responsibility of ensuring the backup source.	Own operations	Current	Current	-	-	-	-
ESRS S3 Communities' civil and political rights – Community Security Impact	Positive impact, Hidroelectrica's projects and activities are subject to the procedures for obtaining environmental regulatory acts with public consultation, respecting all the civil and political rights of the communities in which it operates.	Own operations	Current	Current	-	-	-	-
ESRS S4 Information-related impacts for consumers and/or end-users	Negative impact, if the company fails to deliver according to customer expectations related to transparency, public information and awareness of the benefits of renewable energy.	Own operations	Current	Current	Potential financial risk generated by the loss of some final consumers and implicitly of the related revenues, if the improvement of the processes applicable to the supply segment of Hidroelectrica is not implemented.	Physical	Current	Current
ESRS G1 Corporate culture	Positive impact in terms of developing a fair and healthy organizational culture and developing codes of ethics for Hidroelectrica Group companies	Own operations, Upstream	Current	Current	Opportunity: improving internal processes and procedures in order to ensure an efficient management of the company's activity, as well as ensuring fair remuneration, ensuring working conditions, contributes to the execution of the company's development plan, implicitly to financial stability.	N/A	Current	Current

ESRS G1 Protection of whistle-blowers	Positive impact: the company can develop whistleblower protection mechanisms that have a positive impact in the early prevention of potential integrity-related incidents, contributing to the construction of an honest work environment.	Own operations, Upstream	Potential	Medium, Long	-	-	-	-
ESRS G1 Management of relationships with suppliers including payment practice	Moderate potential negative impact if internal procedures are not followed in relation to suppliers, including if payments are not made in a timely manner. Potential negative impact on the relationship with suppliers and the stability of the supply chain. Potential negative impact on bargaining power and completion time.	Own operations, Upstream	Potential	Long	-	-	-	-
ESRS G1 Corruption and bribery	Moderate negative impact if internal codes and procedures regarding corruption and bribery with environmental/societal effects related to reduced trust in institutions, distortion of competition and perpetuation of social inequalities are not followed.	Own operations, Upstream	Potential	Long	-	-	-	-
Additional topic – Digital security Computer data protection	Moderate potential negative impact in case of incidents or accidents related to IT data security. Exposing personal data involves major security and financial risks, the main dangers being identity theft, financial fraud and the exploitation of information for criminal purposes.	Own operations	Potential	Medium, Long	Financial risk is related to the security of technical data - essential services in electricity production. In the event of incidents, both revenues and remediation costs can be affected. The risk of compromising customer data as a result of cyberattacks has additional financial and reputational effects, with additional costs related to potential litigation, or reduced revenues caused by reputational degradation.	Transitional	Potential	Medium, Long

ESRS reporting requirements covered in the report

Disclosure requirements in ESRS covered by the undertaking's sustainability statement

IRO-2

Information on the significant impacts, risks and opportunities of the Hidroelectrica Group is provided in each chapter dedicated to ESRS topics.

Also, a detailed table including the presentation requirements can be found in Annex 2 of the Benchmarks Regulation and the Climate Law, highlighting in the MDR-T section the data points stemming from these EU pieces of legislation to ensure compliant reporting.

The list of presentation requirements for this report is included in the table in Annex 1. Minimum disclosure requirements for policies and actions

Policies adopted to manage material sustainability matters

MDR-P

The policies and actions required for each material topic are presented in sections E1, S1, S3, S4 and G1 of the ESRS report. In cases where there are no formalized policies or actions included in internal documents, the Group has stated this and, where applicable, indicated a timeframe for their adoption.

Actions and resources on significant sustainability issues

MDR-A

The actions required for each material theme are presented in ESRS report sections E1, S1, S3, S4, and G1.

In 2025, Hidroelectrica SA's sustainability actions were based on the fulfillment of the Strategic Sustainability Plan adopted in 2023 and focused on 22 initiatives, which can be found in the [2023 Sustainability Report](#), next to the identified material topics. In 2025, Hidroelectrica SA did not revise the Strategic Sustainability Plan to align it with the requirements of the ESRS standard and the identified material IROs because it was decided to wait for the entry into force of the revised ESRS standards, and to make decisions based on their requirements. The Strategic Sustainability Plan is expected to be revised after the revision of the ESRS standards, currently in the process of review and approval.

Metrics and targets

Metrics in relation to material sustainability matters

MDR-M

Indicators and targets on significant sustainability issues are presented in the sections of the report (ESRS E1, S1, S3, S4, and G1), which are allocated to each material theme. If there are no indicators and targets adopted, the Group presents this aspect and may present a timeframe in which it intends to adopt them.

Tracking effectiveness of policies and actions through targets

MDR-T

The indicators for each material theme are presented in ESRS report sections E1, E4, S1, S3, S4, and G1. The sustainability targets adopted in 2023 will be updated in accordance with the material IROs identified as a result of the double materiality analysis and will be aligned with the revised ESRS standard, after its adoption.

Data points from other EU legislation can be found in the table in Annex 1.

ESRS E1

Strategic orientation and concepts for climate protection

Climate change has the potential to generate risks with both short-term (acute) and long-term (chronic) effects for many industries. In the case of the Hidroelectrica Group, these risks are mainly manifested by changes in the precipitation regime, heat waves, prolonged periods of drought, fires, storms, floods and other extreme weather phenomena, as well as by variations in the availability of water resources. These developments may influence the Group's activities and require appropriate management measures. The Hidroelectrica Group integrates environmental protection considerations into the conduct of its activities, in accordance with the applicable regulatory framework and the adopted internal policies. Hidroelectrica SA produces electricity from renewable sources and aims to limit its environmental impact, as well as improve environmental performance, in accordance with the Group's regulatory acts and strategic objectives.

In the context of climate change, a number of potential measures have also been identified, such as the development of investment programmes in energy production units in order to maintain or improve the efficiency of electricity production from hydropower plants, as well as the assessment of investment needs in new production capacities from other renewable sources, including solar and wind to maintain the level of production, as well as storage batteries.

Transition plan for climate change mitigation

ESRS E1-1

Although the transition plan is not yet finalized, being in draft form, given its field of activity, namely the production of electricity from renewable sources, the Hidroelectrica Group contributes to the transition to a low-carbon energy system and to the European Union's objectives on climate neutrality by 2050. At the level of the 2025 reporting year, the Hidroelectrica Group has an Action Plan included in the [2023-2030 Sustainability Strategy approved in 2023](#). In the context of the evolving ESRS reporting requirements, the Group is considering the need to align and update this plan and the associated strategy, depending on the applicable changes in the standards. Also, during 2025, the Hidroelectrica Group prepared a draft Transition Plan for climate change mitigation, which describes the general directions of action to reduce greenhouse gas emissions and support the energy transition.

Certain strategic steps and components of the Transition Plan were developed in 2025, but, nevertheless, a reassessment of them is envisaged in the next period and the approval of the plan. "The development of the transition plan for climate change mitigation is a measure to combat risks related to future water availability and other significant transition risks"

The draft transition plan includes a number of existing and planned measures outlined below as part of the resilience analysis.

The Hidroelectrica Group is not subject to the exclusions provided for in the European Union Reference Framework aligned with the Paris Agreement, in accordance with the exclusion criteria set out in art. 12 para. (1) letters (d)–(g) and art. 12 para. (2) of the Climate Reference Standards Regulation (Delegated Regulation (EU) 2020/1818).

Material impacts, risks and opportunities and their interaction with strategy and business model

ESRS 2 SBM-3, IRO-1

The significant impacts, risks and opportunities associated with climate change are presented in the table below, as identified and assessed in the double materiality analysis described in Section ESRS 2 – IRO 1. The climate risk assessment and the climate vulnerability study, including the analysis on global warming scenarios, were carried out in 2025, according to the calendar set out in the 2023-2030 Sustainability Strategy.

Subtopic	Impact	Risk/Opportunity (R/O)
ESRS E1 Climate change mitigation	Hidroelectrica SA: By its nature, it produces low-carbon electricity, which contributes positively to climate change mitigation. The positive impact itself is the production of green energy, which is the company's main activity. Hidroserv: Through the efficient maintenance of the installations, it contributes to the maximization of the production of renewable energy because through the efficient maintenance of the installations, it contributes to the maximization of the production of green energy and the protection of the environment and the climate. UCMH: The provision of technological solutions, in particular electric generators and other equipment for hydropower plants, supports the production of clean energy.	Hidroelectrica Group Financial risk: Failure to align with the EU's emission reduction trajectories, if future investments are not in low- or zero-emission production, can have a negative effect on revenues and costs. The costs of subsequent alignment can be substantially higher, and the lack of investment can reduce the revenues resulting from reduced production.
		Hidroelectrica Group Opportunity: The increase in demand for renewable energy gives Hidroelectrica the opportunity to attract investments in the diversification of renewable energy sources (solar/wind), and to increase revenues.
ESRS E1 Adaptation to climate change	Negative impact: Climate change is associated with operational losses or large annual fluctuations caused by climatic phenomena related to the availability of water for production at hydropower plants.	Hidroelectrica Group Financial risk: 1. The decrease in water resources due to prolonged droughts, which would reduce the production of hydropower plants, and therefore the decrease in revenues generated from the sale of electricity. 2. Infrastructure exposed to extreme events (floods, landslides) can lead to high repair costs and production interruptions.
ESRS E1 Energy	Hidroelectrica SA: Positive impact resulting from the fact that Hidroelectrica provides clean and renewable energy, without polluting emissions. It is flexible and contributes to the stability of the electricity grid. It provides cheaper energy in the long term and supports local economic development. Hidroserv: Through efficient plant maintenance and repair, Hidroserv ensures optimal operation and reduces potential production interruptions. UCMH: Contributes to the modernization of energy infrastructure	Hidroelectrica Group The financial risk associated with reliance on water for energy production can make Hidroelectrica vulnerable in times of drought or extreme climate change. Delayed investment costs can be substantially higher, and a lack of investment can reduce revenues resulting from reduced production.
		Hidroelectrica Group Opportunity: Diversifying the energy mix with the integration of solar and wind energy sources can reduce risks and increase production capacity, resulting in an increase in revenue.

The Hidroelectrica Group has carried out a study according to the criteria set out in Appendix A of Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria to determine the conditions under which an economic activity qualifies as an activity that contributes substantially to climate change mitigation or adaptation to climate change and to determine whether the economic activity significantly harms any of the other environmental objectives. Following the study, the Group assessed the impact of climate change on its operations, including the resilience analysis of the strategy and business model, taking into account different climate scenarios, including high-emission climate scenarios and climate scenarios in line with limiting global warming to 1.5 degrees Celsius, and will develop an updated Strategy and Action Plan, as set out in the *Climate Change Mitigation Transition Plan* chapter above. The analysis of the production of the last 25 years indicated that, under severe drought conditions, electricity production can register a decrease of up to 24.42% compared to the average of the analyzed period. This result highlights the importance of water resources management and the assessment of options for diversifying energy sources.

Climate risks were also considered when establishing the company's strategic directions related to the diversification of energy sources, optimization for each branch, being actively analyzed in outlining commitments, and relevant actions.

Hidroelectrica adapts its business model to climate change in the short, medium and long term. Mainly by ensuring continuous access to funds for diversification, for the modernization of existing assets and the modification of the portfolio of products and services, investments being budgeted annually.

The resilience analysis, carried out between September and December 2025, is based on the net risks from the climate scenario analysis, shows that Hidroelectrica can adequately address the risks identified in different climate scenarios and maintain its resilience. Net risks are the risks remaining after taking into account mitigating factors, such as the implementation of risk mitigation measures. The resulting potential impacts are reflected for the years 2030, 2040 and 2050, covering both transition and physical risks. For the identified gross material transition risks, the appropriate main mitigation measures are included in Hidroelectrica's business strategy. These measures, mainly to diversify the renewable energy source or storage, are designed to reduce both the likelihood of occurrence and the magnitude of potential impacts, thus strengthening the company's resilience.

The analysis includes all branches of Hidroelectrica SA, but does not include subsidiaries Hidroserv and UCMH, as the significant risk of resource availability due to climate change is applicable to Hidroelectrica SA, the purpose being to analyze the resilience to this significant risk. The main objective is to understand the future situation related to the climate risk factors that may disrupt Hidroelectrica's activity, the uncertainties being related to the IPCC climate models.

The climate risk and vulnerability assessment was carried out for Hidroelectrica's locations and activities, including hydropower plants, micro-hydropower plants, wind and photovoltaic farms. Thus, a number of 183 hydropower plants and micro-hydropower plants (CHE and MHC) were included, located on the territory of Romania and organized within 7 branches of Hidroelectrica: Bistrita (28 plants), Curtea de Argeș (44 plants), Cluj (23 plants), Hațeg (30 plants), Porțile de Fier (11 plants), Râmnicu Vâlcea (24 plants) and Sebeș (23 plants). These include both run-of-the-river and storage plants. By reservoir plants we mean those waterfall head plants that process the flow from a large reservoir, as well as the plants downstream of them, which do not benefit from significant input from other hydrographic basins. As for the wind farms, they are located on the territory of Constanta County.

Commission Delegated Regulation (EU) 2021/2139, which complements the EU Taxonomy Regulation and sets out the technical screening criteria for economic activities with climate impact, defines a number of relevant climate risks, also included in the ESRS Directive, in the ESRS standard E1 – Climate change. These risks are classified into two broad categories: acute climate risks, associated with extreme events (such as floods, storms, heat waves), and chronic climate risks, associated with gradual changes in climate parameters (such as an increase in average temperature, a decrease in rainfall or a change in the hydrological regime). In addition, the risks are grouped according to the main climatic factor: temperature, wind, water, respectively solid mass. These categories of risk phenomena were used, their potential being evaluated in relation to the activities carried out.

- Chronic temperature-related risks are: Temperature change (air, freshwater, seawater), Heat stress, Temperature variability, and Melting permafrost
- Acute temperature-related risks are Heatwave, Cold/Freeze Waves, and Forest Fires.
- Chronic wind-related risks refer to the change in wind patterns.
- Acute risks related to wind include phenomena such as Cyclone / Hurricane / Typhoon, Tornado and Storms respectively (including blizzards and dust and sand storms).
- Chronic water-related risks refer to: Change in precipitation patterns and precipitation patterns (rain, hail, snow/ice), Precipitation or hydrological variability, Water stress, Ocean acidification, Saline intrusion and Sea level rise.
- Acute water-related risks include Drought, Heavy rainfall (rain, hail, snow/ice), Flooding (coastal, river, rainfall or underground) and Sudden emptying of glacial lakes.

A preliminary screening of the 28 risks in the ESRS was carried out. Thus, only material risks have been the subject of a detailed analysis for which the measures established will be highlighted.

The transition risk analysis carried out under the 1.5°C Net Zero Emissions (NZE) scenario indicates that Hidroelectrica faces some relevant net transition risks. The most significant risk lies in potential increases in diversification investment costs. These are at the same time opportunities to occupy the capacity of the transmission network before competitors, the electricity from photovoltaic panels produced can be mixed with that from hydropower before the introduction into the transmission network on existing delivery agreements.

- Legal compliance risks: Costs related to the change in environmental legislation and/or stakeholder opposition or Compliance with water use regulations

- Technological risks: Inconsistent availability of renewables for hydropower generation, Inconsistent availability of renewables for wind power generation, Increased downtime and maintenance costs of hydropower plants, Increased costs through investments in batteries for storage, Unsuccessful investments in other energy sources
- Market risk: Competitive disadvantage due to asymmetric ESG regulations related to carbon intensity, Competitive advantage to all competitors due to storage capacity
- Reputational risk: Costs associated with greenwashing litigation, Hidroelectrica's image affected by the failure to meet the objectives and commitments regarding the production of renewable energy

As part of the **physical risk** analysis, all relevant gross risks for each site have been identified and appropriate adaptation measures have been defined. Based on these adaptation measures (such as flood preparedness and diversification of sources or infrastructure improvements for electricity storage and transmission), the initial gross risk assessments were adjusted and **the resulting net transition risks** were assessed. This demonstrates that the potential impact of certain material risks can be reduced and the net risks reflect the residual exposure of each site after adaptation efforts.

Existing and planned measures

Risks are reduced by the resilience measures implemented in each Branch – by optimizing water processing and centrally by investing in diversification. Continuous monitoring and up-to-date data analysis remain essential to address the dynamic nature of climate change, applicable to Hidroelectrica. Annual production plans are made based on historical flow averages, and hydropower plant maintenance budgets are designed to cover weather events such as floods.

The optimization of energy production is carried out using the SCADA (Supervisory Control and Data Acquisition) system, which allows real-time monitoring of operating parameters, automated control of equipment and installations, as well as the collection and transmission of operational data to the dispatcher and management, taking into account hydrological conditions, imposed restrictions and energy market dynamics.

Hidroelectrica has operating plans and regulations for different operating situations such as the normal state, drought or flood conditions. Thus, during periods of severe drought, the use of water from lakes is optimized to maintain energy production at an optimal level and make the most of the water resource. Among the measures taken at Hidroelectrica level for the efficient management of climate risks, we mention the continuous monitoring of hydrological and meteorological data, such as upstream and plant flows, daily temperatures, lake levels and precipitation, with measurements made at each hydropower plant and forecasts received from the National Institute of Hydrology and Water Management (INHGA). The data are transmitted daily to the National Administration of Romanian Waters (ANAR), and in case of floods, the reservoirs are emptied preventively to prevent floods and to optimize the use of water resources. There are defense plans and population alarm systems, and the riparian protection works and structures designed for extreme flows ensure the safety of exploitation.

Climate risk management involves working closely with authorities. Compliance with minimum ecological flows is established in water management permits, where applicable, in compliance with the legislation in force that gives priority to human consumption of water and energy.

Hidroelectrica, a traditional hydropower company, has started diversifying renewable energy sources since 2021 with the acquisition of the Crucea Nord wind farm located in Constanta County, with an installed capacity of 108 MW, added to the Hidroelectrica - Wind Branch portfolio by merger starting with 2023.

Investments are also being made in energy storage batteries, with the aim of mitigating the financial impact by optimizing the introduction of energy into the transmission system.

Investments in renewable energy include projects on the installation of photovoltaic panels on lake surfaces and on all power plants on the Olt River.

According to the Law on Electricity and Natural Gas no. 123/2012, the National Electricity Transmission Company "Transelectrica" S.A. plans the development of the RET, taking into account the current stage and the forecasted evolution of the consumption, production park and electricity exchanges and develops every 2 years a Development Plan for the next 10 successive years. Transelectrica invests in transmission capacity, ensuring the correlation of the

European Ten-Year Network Development Plan (TYNDP) with the National Ten-Year Electricity Transmission Network Development Plan.

A series of measures are also provided at the river basin level. The updated National Management Plan for the portion of the Danube River International River Basin that is included in the territory of Romania (2021), which demonstrates the concern at the river basin level for adaptation to climate change related to water availability.

The qualitative assessment of the transition risks before and after the measures leads to the conclusion that, in the case of Hidroelectrica, the most significant risk is related to the future water scarcity, which is the main resource needed, with a potentially significant gross effect on revenues in addition to the price cap that can also contribute. The measures implemented or envisaged will keep all these risks at a low or medium level.

In 2025, the Hidroelectrica Group carried out a corporate carbon footprint assessment (CCF) that includes Scopes 1, 2, 3, using the GHG Protocol, an internationally recognized methodology. The results of this assessment support the monitoring of emissions and the identification of opportunities for improvement. Further information is presented in ESRS section E1-6.

Policies related to climate change mitigation and adaptation

ESRS E1-2

At Group level, a separate policy dedicated to climate change, impacts, risks, opportunities related to climate has not been formulated because the sustainability strategy based on updated materiality has not yet been finalized.

Actions and resources in relation to climate change policies

ESRS E1-3

The Hidroelectrica Group implements actions and uses operational, human, financial, technical and logistical resources in order to manage the risks and impacts associated with climate change. With regard to physical risks, such as prolonged droughts and extreme weather events (floods, landslides), the Group has infrastructure and technical solutions in place to help adapt its activities, including dams and reservoirs for water storage. The operational activities also include measures to control and mitigate flood waves for the transit of high flows through the hydropower objectives under administration, as well as specific lock-in activities to ensure navigation on the Danube River. Hidroelectrica SA also carries out activities of flow regulation, flood protection and ecological flow insurance, in accordance with the applicable regulatory acts.

In addition, the Hidroelectrica Group is considering options for diversifying the energy mix through complementary renewables, such as solar and wind energy, which can help reduce exposure to risks associated with dependence on water resources, depending on the applicable strategic and regulatory framework.

Prior to the "Net Zero GHG Emissions" Plan, two main actions were established, in line with the Company's objective to be a local and regional leader in the production of "green energy" and in supporting the transition to an energy-efficient economy, based on renewable energy. These are:

- (i) increasing and diversifying the production of electricity from renewable sources, through the development or acquisition of new energy production capacities and
- (ii) refurbishment/modernization of existing production capacities.

The actions carried out in 2025 include feasibility studies, the design of green energy investments consisting of photovoltaic parks and dam refurbishment projects.

Targets related to climate change mitigation and adaptation

ESRS E1-4

For the reporting year 2025, Hidroelectrica Group calculated its greenhouse gas (GHG) emissions, in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (GHG Protocol) methodology².

The year 2025 represents the group's second reporting year carried out in accordance with ESRS requirements, and the year 2024 has been established as the reference year for reporting GHG emissions. The GHG emission reduction targets (direct emissions – Scope 1 and 2 and indirect emissions – Scope 3) are to be defined in the next reporting year, once the Sustainability Strategy is finalized.

Transition plan - The „Net Zero GHG Emissions Plan“, a draft was prepared during 2025, addressing direct emissions from energy production and alignment with the EU trajectory for the sector, but targets related to climate change mitigation and adaptation and resource budgets have not yet been finalized. Targets for Scope 2 emissions will be subsequently set and monitored according to the "market-based" criterion. The transition plan in draft form has not yet been approved.

Energy and emissions

Energy consumption and mix

ESRS E1-5

In 2025, the energy consumption at the **level of the Hidroelectrica Group** was **383,113MWh**, the consumption of electricity from renewable sources (internally generated) was **368,009MWh**, and the energy consumption from fossil sources was **15,102MWh**, including both thermal energy and natural gas.

The table below shows the total energy consumption for 2025 at the **level of the Hidroelectrica Group**.

Energy consumption and energy mix	Year 2024	Year 2025*
(1) Fuel consumption of coal and coal products (MWh)	-	0
(2) Fuel consumption from crude oil and petroleum products (MWh)*	8,749	8,508
(3) Fuel consumption from natural gas (MWh)	7,273	6,574
(4) Fuel consumption from other fossil sources (MWh)	-	-
(5) Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	73	19.93
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	16,095	15,102
Share of fossil sources in total energy consumption (%)	4.3%	3.94%
(7) Consumption from nuclear sources (MWh)	-	2.74
Share of consumption from nuclear sources in total energy consumption (%)	0%	0%
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	-	-
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	-	8.66
(10) The consumption of self-generated non-fuel renewable energy (MWh)	362,178	368,000
(11) Total renewable energy consumption (MWh) (calculated as the sum of rows 8 to 10)	362,178	368,009

² <https://ghgprotocol.org/corporate-standard>

Share of renewables in total energy consumption (%)	95.7%	96.06%
Total energy consumption (MWh) (calculated as the sum of rows 6, 7 and 11)	378,273	383,113

*2025 is the second year of reporting at group level, ESRS.

For electricity, the allocation of purchased and consumed energy per type of source is carried out based on the energy label, the last one available and published at the time of the report, the one from 2024.

*DECC's GHG Conversion Factors for Company Reporting, and Digest of UK Energy Statistics (DUKE) [was used to convert the volume of fuel into MWh.](#)

Energy intensity per net income	2024	2025	% N / N-1
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/thousand RON)	41.46	39.83	-4%
Total energy consumption from activities in climate-intensive economic sectors (MWh)	378,273	383,113	1%
Net revenue from activities in climate-intensive economic sectors used to calculate energy intensity (RON million)	9,123	9,619	5%
Net revenue from other activities in economic sectors with a high climate impact (monetary unit)	0	0	0
Total Net Revenue (financial statements-operating income) (million RON)	9,123	9,619	5%

The calculation of consumption has not been validated by an external body, other than the insurance provider.

Linking energy intensity based on net revenue with financial reporting information

Net revenue from activities in climate-high impact sectors used for the calculation of energy intensity* (RON million)	9,619
Net revenue (other)	0
Total net revenue** (financial statements) (RON million)	9,619

* 'High impact climate sectors' means the sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council **Income according to the Consolidated Financial Statements prepared in accordance with IFRS-EU

The Group's revenues are obtained from the production and supply of electricity, which are high-impact climate sectors according to sections A-H and L of Annex I to Regulation (EC) no. 1893/2006 of the European Parliament and of the Council.

	2024	2025
Electricity production from non-renewable sources (MWh)	0	0
Electricity production from renewable sources* (MWh)	14,224	12,215
Electricity Supply Quantity (MWh)	5,572	7,244

*includes intragroup consumption

The energy data have not been verified by any external body other than the assurance provider.

Gross Scopes 1, 2, 3 and Total GHG emissions

ESRS E1-6

Methodologies, significant assumptions and emission factors used to calculate or measure GHG emissions

For the calculation of CO₂e emissions (CO₂ equivalent), the following were used:

- Calculation tools according to the GHG Protocol Standard
- Supported emission factors: Use for cross-sectoral and sector-specific emission sources, with the possibility of adaptation to specific locations. Where there was no specific emission factor, the closest available factor, depending on expenditure or quantity, was used by accessing the DEFRA and DENSZ 2025 databases.

For the calculation of CO₂e emissions, the Hidroelectrica Group used calculation tools according to the GHG Protocol Standard, which are available on the GHG Protocol website.

Local factors or DEFRA/DENZ ³factors from public databases used internationally were used in the calculation methodology. The GHG Protocol recognises the conversion factors for company reporting developed by the UK Government (DEFRA/DENZ) and includes them as a recommended source in its calculation tools.

These tools include the use of formulas that facilitate the calculation of emissions based on activity data and specific emission factors. For example, for emissions from stationary and mobile sources, widely accepted emission factors, expressed in units such as kilograms of CO₂e per unit of fuel consumed, were used. These factors are selected to reflect local conditions, such as the type of fuel used. In addition, direct or mass balance measurement methods have been applied to ensure the accounting of emissions, taking into account significant sources of emissions from the Group's activities. These tools also help determine emissions from transporting employees or purchasing goods and services.

The assessment of significance follows the criteria established by the GHG Protocol for identifying relevant activities under Goal 3, based on the following aspects:

- Size: Activities that contribute significantly to the company's total anticipated emissions.
- Influence: Activities for which there is potential to reduce emissions, which could be implemented or influenced by the company.
- Risk: Activities that contribute to the company's exposure to risks (e.g. climate change risks, financial risks, regulatory risks, supply chain risks, product risks, customers, litigation risks and reputational risks).
- Stakeholders: Activities considered critical by relevant stakeholders (e.g. customers, suppliers, investors or civil society).
- Sectoral guidelines: Activities identified as material according to sector-specific guidelines.
- Other: Activities that meet any additional criteria for determining relevance, established by the company or industry sector.
- Within the Hidroelectrica Group, it was decided to exclude Scope 3 categories from the GHG calculation, which do not exceed the threshold of 1% of the total expenses with suppliers of goods or services, excluding taxes paid or salaries. The exclusion permission applies to categories where the relevance of the respective category can be calculated or estimated. Also, if it is estimated that the emissions are below 1% of the total Scope 3 emissions, they are excluded in the significance decision, becoming insignificant. The 1% threshold in the reporting of Scope 3 emissions helps the organization to focus on the significant emission categories, saving resources and simplifying the reporting process. It ensures the relevance of the data and prioritizes efforts to reduce emissions, excluding insignificant emissions.

³ https://carbonsaver.org/tools/carbon_factors_database.php

The greenhouse gas emissions inventory includes all the activities of the Hidroelectrica Group, selected based on the criterion of 100% operational control by the Hidroelectrica Group and a materiality threshold of 1% of the total expenses, in the case of emissions calculated on an expense basis. They come mainly from the operation of hydroelectric power plants, respectively from the use of vehicles and operational equipment.

In order to avoid double reporting, the limits of Scope 1, 2 and 3 emissions, their significance and the allocation method for each category have been defined, as follows: The costs and consumptions used in the calculation of emissions are at a consolidated level; intra-group electricity consumption, i.e. Hidroelectrica SA's own consumption and Hidroserv/UCMH's electricity consumption, supplied by Hidroelectrica SA, were excluded. The costs for spend-based calculations were considered at the consolidated level (categories included in Scope 3), excluding intra-group transactions. No contractual instruments such as: guarantee of origin, renewable energy certificates, public private partnership, (GOs/RECs/PPA) were used.

Scope 1 – Direct emissions from the Group's activities at its own sites

Scope 1 emissions refer to all direct greenhouse gas emissions from sources controlled by the Group. They were calculated on the basis of data on the consumption of natural gas (for heating, domestic hot water supply, etc.), fuels (gasoline and diesel) consumed by the vehicles in its own fleet (owned or leased) and by various equipment and machinery. In addition, fugitive emissions from the use of air conditioners were also taken into account.

Scope 2 – Emissions from the purchase of electricity used for own purposes

Scope 2 emissions include all indirect GHG emissions resulting from the consumption of electricity purchased from third parties. Hidroelectrica consumption is excluded, being considered self-consumption. There are no steam purchases. The quantities of electricity purchased were associated with the emission factors corresponding to the suppliers, found in their energy label.

The allocation of purchased energy / energy from the mix and emission factors is carried out based on the energy label, the last one available and published at the time of the report, the one from 2024.

Scope 3 – Other GHG emissions

This section includes emissions from the following categories:

- **Purchased goods and services:** This category includes indirect emissions associated with the purchase of products and services that have embodied emissions. All products and services purchased during the reporting period are taken into account.
- **Capital goods:** Emissions in this category come from the purchase of capital goods, such as large equipment (e.g. hydroelectric turbines), vehicles and electrical infrastructure. Emissions are related to the production, transport and installation of these goods.
- **Fuel and energy related activities (not included in purpose 1 or 2):** This refers to energy purchased and subsequently sold, such as electricity traded on various markets (Day-Ahead Market, Balancing Market, etc.). Emissions are calculated on the basis of the emissions factor for electricity transmission and distribution network losses for the energy traded as well as on the basis of the WTT (well-to-tank) factor for fuels.
- **Waste generated in operations:** This category includes emissions associated with waste management generated by operational activities. The waste register is a legal requirement, and quantities are available and taken into account based on tonnage.
- **Business travel:** This category includes indirect emissions from employee travel for business purposes.
- **Employee commuting:** This category refers to indirect emissions generated by employees' daily commutes between their homes and workplaces. Emissions were estimated on the basis of an average distance, the type of transport used (e.g. personal car, public transport) and the specific emission factors of each mode of transport.
- **Downstream transmission and distribution:** This includes emissions associated with the transmission of electricity to final customers. Emissions depend on the amount of energy transported and the efficiency of the distribution infrastructure used.

Justification of exclusions - The assessment of the significance of Scope 3 resulted in the following categories not being considered relevant for the Hidroelectrica Group:

Category Scope 3	Reason for exclusion
4: Upstream transportation and distribution	Not significant, below the 1% threshold.
8: Upstream leased assets	Not applicable; no upstream leased assets exist.
9: Downstream transportation and distribution (excluded only for Hidroserv and UCMH)	Not significant for Hidroserv and UCMH, below the 1% threshold.
10: Processing of sold products	Not applicable to the Group's activities.
11: Use of sold products	Not applicable; Hidroelectrica only produces electricity. Other products are used within the reporting boundaries, intra-group.
12: End-of-life treatment of sold products	Not applicable, as electricity does not have a "life cycle" that would involve end-of-life treatment (as in the case of physical products), and other products are used within the reporting boundaries, intra-group.
13: Downstream leased assets	Not applicable; no leased assets.
14: Franchises	The company does not operate any franchise activities.
15: Investments	Not applicable.

Additional exclusion statement: Regarding the capital expenditure (CAPEX) associated with advances paid for unfinished projects, these will be included in category 2 – Capital goods, once the respective equipment is delivered and installed. In 2025, some expenses were not included, as the delivery of the goods and the provision of the related services have not yet taken place.

Considerations

The accounting and reporting of Scope 3 greenhouse gas emissions must be in accordance with the "Corporate Standard of the GHG Protocol" and the "Corporate Value Chain Accounting and Reporting Standard (Scope 3)". The following table presents the relevance of the Scope 3 emission categories for the Hidroelectrica group and the inclusion/exclusion in the greenhouse gas inventory at entity level:

	Significance for the Entities of the Hidroelectrica Group		
Scope 3 Category	Hidroelectrica S.A.	Hidroserv S.A.	U.C.M.H. S.R.L
1: Purchased goods and services	Significant	Significant (part of the expenses reported by Hidroelectrica S.A.)	Significant (part of the expenses reported by Hidroelectrica S.A.)
2: Capital goods	Significant	Significant (part of the expenses reported by Hidroelectrica S.A.)	Significant (part of the expenses reported by Hidroelectrica S.A.)
3: Fuel- and energy-related activities (not included in Scope 1 or 2)	Significant	Not significant	Not significant
4: Upstream transportation and distribution	Not significant	Not significant	Not significant
5: Waste generated in operations	Significant	Significant	Significant

6: Business travel	Not significant	Not significant	Not significant
7: Employee commuting	Significant	Significant	Significant
8: Upstream leased assets	Not significant	Not significant	Not significant
9: Downstream transportation and distribution	Significant	Not significant	Not significant
10: Processing of sold products	Not applicable	Not applicable	Not significant
11: Use of sold products	Not applicable	Not applicable	Not significant
12: End-of-life treatment of sold products	Not applicable	Not applicable	Not significant
13: Downstream leased assets	Not applicable	Not applicable	Not applicable
14: Franchises	Not applicable	Not applicable	Not applicable
15: Investments	Not applicable	Not applicable	Not applicable

The requirements for reporting biogenic emissions do not apply within the Hidroelectrica Group, there are no identified biogenic emissions of greenhouse gases Scope 1, Scope 2 or Scope 3.

Hidroelectrica Group	Retrospective				Milestones and target years			
	Year Value 2024	Comparative 2024	N 2025	% 2025 vs 2024	2025	2030	2050	Target % Annual / Base Year
Scope 1 GHG emissions								
Gross Scope 1 GHG emissions (tCO ₂ eq)	3,544.59	3,544.59	3,237.75	-9%	-	To be established	To be established	-
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	-	-	-	-	-	To be established	To be established	-
Scope 2 GHG emissions								
Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	26.37	26.37	5.63	-80%	-	To be established	To be established	-
Gross market-based Scope 2 GHG emissions (tCO ₂ eq)	28.49	28.49	6.25	-76%	-	To be established	To be established	-
Significant scope 3 GHG emissions								
Total Gross indirect (Scope 3) GHG emissions (tCO ₂ eq)	31,157.04	31,157.04	40,123.21	29%	-	To be established	To be established	-
1 Purchased goods and services	5,355.38	5,355.38	7,803.61	46%	-	To be established	To be established	-
2 Capital goods	14,800.65	14,800.65	21,066.39	42%	-	To be established	To be established	-
3 Fuel and energy-related Activities (not included in Scope1 or Scope 2)	778.43	778.43	806.07	4%	-	To be established	To be established	-
4 Upstream transportation and distribution	-	-	-	-	-	To be established	To be established	-
5 Waste generated in operations	2,289.67	2,289.67	2,834.01	24%	-	To be established	To be established	-
6 Business travel	127.45	127.45	281.21	121%	-	To be established	To be established	-

Hidroelectrica Group	Retrospective				Milestones and target years			
	Year Value 2024	Comparative 2024	N 2025	% 2025 vs 2024	2025	2030	2050	Target % Annual / Base Year
7 Employee commuting	693.28	693.28	717.50	3%	-	To be establis hed	To be establis hed	-
8 Upstream leased assets	-	-	-	-	-	To be establis hed	To be establis hed	-
9 Downstream transportation	7,112.18	7,112.18	6,614.42	-8%	-	To be establis hed	To be establis hed	-
10 Processing of Sold Products	-	-	-	-	-	To be establis hed	To be establis hed	-
11 Use of Sold Products	-	-	-	-	-	To be establis hed	To be establis hed	-
12 End-of-life treatment of sold products	-	-	-	-	-	To be establis hed	To be establis hed	-
13 Downstream leased assets	-	-	-	-	-	To be establis hed	To be establis hed	-
14 Franchises	-	-	-	-	-	To be establis hed	To be establis hed	-
15 Investments	-	-	-	-	-	To be establis hed	To be establis hed	-
Total GHG emissions								
Total GHG emissions (location- based) (tCO2eq)	34,728	34,728	43,367	25%	-	To be establis hed	To be establis hed	-
Total GHG emissions (market- based) (tCO2eq)	34,730	34,730	43,367	25%	-	To be establis hed	To be establis hed	-

*Total GHG emissions *by site* (tCO2 equivalent) = Gross GHG emissions Scope 1 + Gross GHG emissions Scope 2 *by site* + Gross GHG emissions Scope 3

**Total Market-Based GHG Emissions (tCO2 Equivalent) = Gross GHG Emissions Scope 1 + Gross Market-Based GHG Emissions Scope 2 + Gross GHG Emissions Scope 3

The data related to Scope 1 have not been subject to verification by another external body, outside the assurance provider.

The data related to Scope 2 have not been subject to verification by another external body, outside the assurance provider

The data related to Scope 3 have not been subject to verification by another external body, outside the assurance provider.

As part of the assessment of progress towards sustainability objectives, the Hidroelectrica Group chose 2024 as the base year. No data normalization methods or three-year averages were applied. Setting 2024 as a benchmark allows for future monitoring and evaluation of whether it continues to be an appropriate basis for sustainability analysis.

In terms of carbon distribution, the group is not an intensive consume

r of electricity, which means that the consumption activity, namely Scope 2 and Scope 3 emissions (the most significant) do not depend significantly on climate variations.

GHG intensity per net revenue	Comparative 2024	N 2025	% N / N-1
Total GHG emissions (location-based) per net revenue (tCO ₂ eq/Monetary unit)	3.29	4.51	37%
Total GHG emissions (market-based) per net revenue (tCO ₂ equivalent/RON million)	3.29	4.51	37%

Correlation of GHG intensity on income with information from financial reporting

	2024	2025
Net revenues used for the calculate GHG intensity (RON million)	9,123	9,619
Net revenue (other)	0	0
Total net revenue (in financial statements) (RON million)	9,123	9,619

The Hidroelectrica Group does not have a primary data collection system in place for Scope 3, categories 3.1 and 3.2. These emission categories estimated based on secondary data represent approximately 80% of total Scope 3 emissions, 20% being calculated with primary data.

Regarding the magnitude and sources of uncertainty associated with energy and emission calculations, special mention can be made of the estimation methods applied using secondary (financial) data where primary data are not available. Mainly when estimating Scope 3 emissions, categories 3.1 and 3.2, all input data are secondary, and spent-based emission factors vary significantly between regions and from year to year.

The DENZ/DEFRA factors vary from one year to another, the factors used in the calculation for the 2025 reference year being those accessed in March 2026, for activity in 2025.

A supplier's energy label as well as the national energy mix vary from year to year. The following table provides general details of the variations from the previous year that are significant as a result of the amount of emissions reported.

Scope	2025 - tones CO ₂ e	2024 - tones CO ₂ e	Variation	Main drivers of the variation
Scope 1	3,237.75	3.544,59	-9%	Increase in natural gas and fuel consumption (UCMH)
Scope 2 location-based	5.63	26.37	-80%	Decrease in electricity consumption from third parties (Hidroserv)
Scope 2 market-based	6.25	28.49	-76%	Decrease in electricity consumption from

				third parties (Hidroserv)
Scope 3.1 Purchased goods and services	7,803.61	5,355.38	46%	Approx. +6% increase in purchase volumes Increase in the EF values used for 2025 vs 2024
Scope 3.2 Capital goods	21,066.39	14,800.65	42%	Approx. +18% increase in purchase volumes Increase in the EF values used for 2025 vs 2024
Scope 3.3 Fuel- and energy-related activities (not included in Scope 1 and 2)	806.07	778.43	4%	Increase of the grid RO emission factor 2024 vs 2023; increase in fuel quantities consumed
Scope 3.5 Waste generated in operations	2,834.01	2,289.67	24%	Increase in quantities of waste generated/handed over to collectors
Scope 3.6 Business travel	281.21	127.45	121%	Increase in business travel costs
Scope 3.7 Employee commuting	717.50	693.28	3%	Employee commuting behavior
Scope 3.9 Transport and distribution	6,614.42	7,112.18	-8%	Increase in the emission factor from Hidroelectrica's energy label: 4.332 g CO ₂ e/kWh (2024) vs 1.298 g CO ₂ e/kWh (2023)

GHG removals and GHG mitigation projects financed through carbon credits

ESRS E1-7

There have been no removals or storage of GHGs within the operations of the Hidroelectrica Group, or to which it has contributed within its value chain, neither upstream, downstream nor outside the value chain.

There have been no GHG absorption activities to be converted into carbon credits and there is no strategy to implement these types of activities.

Internal carbon pricing

The Hidroelectrica Group does not use internal carbon pricing systems.

Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

The anticipated financial effects⁴ of significant physical and transition risks and potential climate-related opportunities were not assessed or quantified in detail by the Group, but their relevance and significance were noted in the double materiality analysis. They are planned to be assessed and included in a first estimate in the climate risks and opportunities study, which will be carried out in the course of 2025 and will be reported the following year. Quantitative estimates have not been finalized, the reason being that the volatile regulatory environment in the energy sector in 2025 makes this estimate not yet feasible.

Integration of sustainability-related performance in incentive schemes

This information is presented in ESRS Chapter 2 - GOV 3.

EU TAXONOMY

Introduction

This section presents the key performance indicators set out in Article 8 of the EU Taxonomy, EU Regulation 2020/852⁵ and the related delegated and implementing regulations⁶. The EU Taxonomy is a classification system that defines economic activities that can be considered environmentally sustainable. The Taxonomy Regulation is a key element of the European Commission's action plan, which aims to redirect capital flows towards a more sustainable and greener economy. This regulation defines the criteria and standards necessary to classify sustainable investments, thus facilitating the allocation of financial resources to projects and economic activities that contribute to achieving sustainability and environmental protection objectives. The EU Taxonomy sets out six environmental objectives:

- climate change mitigation
- adaptation to climate change
- sustainable use and protection of water and marine resources
- The transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

An 'eligible' economic activity is an activity that corresponds to the description of one of the activities defined in Delegated Regulations (EU) 2021/2139, 2022/1214, 2023/2485 and 2023/2486. An 'eligible' activity has the potential to be considered environmentally sustainable (i.e. 'aligned') if it also fulfils the additional criteria listed in the delegated acts under the Regulation. More specifically, an economic activity is eligible regardless of whether it already meets one or all of the technical screening criteria laid down. An 'aligned' activity must cumulatively comply with the following 4 conditions, as set out in Article 3 of EU Regulation 2020/852:

- contributes substantially to one or more of the six environmental objectives;
- does not cause significant harm to any of the other five environmental objectives;

⁴ According to the new Quick Fix delegated act which includes a number of reporting requirements are introduced gradually: the company can comply with ESRS E1-9 by reporting only qualitative information in the first three years of the preparation of the sustainability statement, if it is not possible to prepare quantitative disclosures.

- respects minimum social safeguards⁷ relating to human rights due diligence, the fight against corruption and bribery, fair taxation and fair competition;
- complies with the technical examination criteria established by the EU Commission in accordance with Article 10 of EU Regulation 2020/852.

For the financial year 2025, the Hidroelectrica Group has the obligation to report its contribution in terms of **"eligible"** and **"aligned" activities**, according to the reporting obligations for non-financial enterprises. **Alignment is made towards all six objectives and the reported contribution refers to 'eligible' activities for at least one of the environmental objectives** (climate change mitigation, adaptation to climate change, transition to a circular economy, and protection and restoration of biodiversity and ecosystems).

Also, as part of the European Commission's efforts to simplify sustainability reporting under the Omnibus package, we have adjusted our reporting on the EU Taxonomy to the Simplification Regulation (EU Regulation 2026/73) and have chosen to use the updated reporting forms. In accordance with these amendments, we carried out an eligibility assessment based on an analysis of economic activities in relation to those listed in the Annexes to the Climate and Environment Delegated Acts. The EU Taxonomy framework allows entities to optionally apply the threshold of 10% of the related turnover, CAPEX or OPEX for reporting eligible or aligned activities.

Following the evaluation of operating expenses (OPEX), we found that they are not significant from the perspective of the EU Taxonomy. In accordance with the applicable provisions, the OPEX KPI numerator is presented with zero value, being below the 10% threshold and exempt from the calculation, and the total OPEX value is provided separately, according to the reporting requirements.

Overview

This report includes the entities of the Hidroelectrica Group (hereinafter referred to as the **"Hidroelectrica Group"**), consisting of:

- Societatea de Produce a Energiei Electrice în Hidrocentrale, Hidroelectrica S.A, (hereinafter referred to as Hidroelectrica S.A., **"Hidroelectrica S.A."**)
- Hidroserv S.A. (hereinafter referred to as Hidroserv S.A) **"Hidroserv"**)
- Uzina de Construcții Macchine Hidroenergetice SRL (hereinafter referred to as the **"UCMH"**)

The Hidroelectrica Group is the largest electricity producer in Romania. The main activities of the group include:

- Electricity production in hydropower and wind turbines;
- Sale of electricity, as well as supply of electricity to end users;
- Realization of system services for the National Energy System.

The Hidroelectrica Group carried out the assessment for the financial year 2025 using the acts under the EU Taxonomy Regulation and the related documentation, the additional guidance issued by the European Commission in the form of frequently asked questions (FAQs) and, where the criteria and guidelines still leave room for interpretation, its own analysis of the criteria. The EU Taxonomy is itself subject to regular review, and the interpretation of the Taxonomy and its criteria may change over time, which could lead to different outcomes in terms of eligibility and alignment with the EU Taxonomy in future reporting periods

Description of activities

Assessment of eligibility for the EU taxonomy for the financial year ended 31 December 2025

The evaluation of the activities carried out by the Hidroelectrica Group was carried out for each of the three financial indicators (Turnover, CAPEX and OPEX) based on the consolidated financial statements prepared in accordance with the provisions of the International Financial Reporting Standards adopted by the European Union, for the financial year

ended December 31, 2025. The double counting of the values underlying the calculation of the indicators was avoided by eliminating the values of transactions concluded within the group, according to the requirements of IFRS 10 Consolidated Financial Statements.

In order to assess whether the activities of the Hidroelectrica Group are eligible under the EU taxonomy, the descriptions of the activities and/or services offered were analyzed with the descriptions of the activities in the taxonomy that can contribute to one of the 6 objectives. Thus, we examined all the economic activities carried out by the group to see which of them are eligible and aligned according to Annexes I and II of the Climate Delegated Act. Below are described the potentially eligible activities and the analysis of the environmental objective for which they can qualify as eligible, identified at the level of Hidroelectrica SA.

Assessment of the alignment of activities

2 eligible activities of Hidroelectrica SA were identified in 2025, for which there are significant CAPEX revenues or expenses incurred at the level of the Hidroelectrica Group. In order to assess their alignment, the following were carried out:

- Assessment of the substantial contribution
- Assessment of contribution to objectives and DNSH
- Verifying the fulfilment of the minimum social guarantees.

For Hidroserv and UCMH, no eligible activities were identified for which there are significant CAPEX revenues or expenses at the level of the Hidroelectrica Group.

Main activity

The main activity of Hidroelectrica SA consists of the production of electricity from hydropower sources, according to NACE code 3511 (NACE equivalent D35.11), thus the main revenues of the Hidroelectrica Group come from its own production and sale of electricity from hydropower sources, with most of the revenues coming from the production of hydropower renewable electricity.

The main activity of Hidroelectrica SA corresponds to **Activity 4.5. Electricity generation from hydropower, in Annex no. 1 of the Delegated Regulation no. 2021/2139, being an activity that can substantially contribute to the environmental objective of Climate Change Mitigation.** This involves operating hydroelectric power plants to generate electricity from renewable sources (water), managing water resources (dams and reservoirs), and ensuring the stability of the electricity grid. The company also invests in the maintenance and modernization of the hydropower infrastructure.

According to the analysis of the technical criteria on the substantial contribution to the environmental objective *Climate Change Mitigation* and the results of the Do No Significant Harm ("DNSH") analysis, the activity does not meet the technical criteria for substantial contribution to the environmental objective and not to cause significant harm to all the other five environmental objectives, according to the assessment carried out.

Secondary activity

A first secondary activity is represented by the production of wind energy, which corresponds to **Activity 4.3 - Electricity generation from wind power in Annex no. 1 of Delegated Regulation no. 2021/2139, being an activity that can substantially contribute to the environmental objective Climate change mitigation.**

According to the analysis of the technical criteria on the substantial contribution to the environmental objective *Climate Change Mitigation* and the results of the Do No Significant Harm ("DNSH") analysis, the activity does not meet the technical criteria for substantial contribution to the environmental objective and not to cause significant harm to all the other five environmental objectives, according to the assessment carried out.

Evaluation results

To be aligned with the EU Taxonomy, eligible activities must meet all the criteria for substantial contribution to an environmental objective, not cause significant harm to any of the other five environmental objectives (DNSH) and

comply with minimum social guarantees. For each of the 2 eligible economic activities, we failed to meet these criteria. In view of these aspects, the final step towards aligning the taxonomy in line with the minimum social guarantees has not been taken either.

Turnover, CAPEX and OPEX Performance Indicators

For the Hidroelectrica Group, the total amounts (KPIs) have been defined and calculated as follows:

Key performance indicators ("Indicators") include turnover, CAPEX and OPEX. For the 2025 reporting period, indicators must be submitted for both Taxonomy-eligible/Taxonomy-aligned and ineligible activities.

We determine the indicators eligible for taxonomy in accordance with legal requirements and describe our accounting policy in this regard as follows:

Turnover

Eligibility definition – The share of Taxonomy-eligible economic activities in our total turnover was calculated as part of the net turnover derived from products and services associated with Taxonomy-eligible economic activities (numerator) divided by net turnover (denominator), in each case for the financial year from 1 January 2025 to 31 December 2025.

Alignment definition – The share of Taxonomy-aligned economic activities in our total turnover was calculated as part of the net turnover derived from products and services associated with Taxonomy-aligned economic activities (numerator) divided by net turnover (denominator), in each case for the financial year January 1, 2025 – December 31, 2025.

The denominator of the turnover indicator is based on the net turnover recognized in the Consolidated Financial Statements prepared in accordance with IFRS-EU for the financial year ended 1 January 2025 – 31 December 2025 based on the accounting policies. The consolidated turnover, in the total amount of **9,619,010,000**, is reconciled to the Consolidated Financial Statements prepared in accordance with IFRS-EU for the financial year ended 31 December 2025, Note 11.

The numerator of the indicator for eligible turnover shall be defined as the net turnover derived from products and services associated *with economic activities eligible for the Taxonomy*, as follows:

- **Activity 4.5 - Electricity generation from hydropower** belongs to the company Hidroelectrica SA and generates turnover by producing energy from hydropower sources. The amount is identified at the group level by using analytical accounting accounts/cost centers.
- **Activity 4.3 - Electricity generation from wind power** belongs to the company Hidroelectrica SA and generates turnover by producing energy from wind sources. The amount is identified at the group level by using analytical accounting accounts/cost centers.

KPI CAPEX

Definition - The CAPEX indicator is equal to the Taxonomy-aligned/Taxonomy-aligned CAPEX (numerator) divided by the total CAPEX (denominator must include both intangible and tangible assets) is recognised in the Consolidated Financial Statements prepared in accordance with IFRS for the financial year ended December 31, 2025 based on the accounting policies presented. Capital expenditures are reconciled with the amounts presented in Note 22 of the Consolidated Financial Statements prepared in accordance with IFRS-EU for the financial year ended December 31, 2025, totalling **591,071,000. RON**. This value represents additions to tangible and intangible assets, including leases (IFRS 16) during the financial year under review before depreciation, amortization and any revaluations. The value of intangible assets is **17,576,000 RON** and is not disclosed separately in the Notes to the financial statements. The numerator of the CAPEX indicator shall be defined as investments associated *with economic activities eligible for the Taxonomy* as follows:

Associated investments (CapEx a)

- **Activity 4.5 - Electricity generation from hydropower** belongs to the company Hidroelectrica SA and generates turnover by producing energy from hydropower sources. The amount is identified at the group level by using analytical accounting accounts/cost centers.
- **Activity 4.3 - Electricity generation from wind power** belongs to the company Hidroelectrica SA and generates turnover by producing energy from wind sources. The amount is identified at the group level by using analytical accounting accounts/cost centers.
- **Activity 4.1 - Electricity generation using solar photovoltaic technology** belongs to Hidroelectrica SA and will generate turnover by producing energy from photovoltaic sources. The amount is identified at the group level by using analytical accounting accounts/cost centers.

KPI OPEX

Definition – The OPEX indicator is defined as Taxonomy-eligible/aligned OPEX (numerator) divided by total OPEX. The expense accounts for external benefits (maintenance and repair expenses, royalty expenses, third-party service expenses) are recognised in the Consolidated Financial Statements prepared in accordance with IFRS for the financial year ended December 31, 2025, based on the accounting policies presented on the basis of the accounting policies.

The operating expenses related to the OPEX indicator analysed for the purpose of the taxonomy are included in the profit and loss presentation of the Consolidated Financial Statements prepared in accordance with IFRS-EU for the financial year ended 31 December 2025. These expenses are mainly found on the line "Repairs, maintenance, materials and consumables", but are not presented separately. The total value of operating expenses for the reporting period, as defined in the EU Taxonomy, amounts to **80,571,741RON**.

Operational expenses, as defined by the EU Taxonomy, have a low weight and are insignificant compared to the other indicators (CapEx and turnover). Following the analysis carried out, the company did not identify any operational expenses (OpEx) eligible or aligned with the EU Taxonomy that would be directly associated with specific decarbonization actions. Thus, operational expenses are not considered a significant vector of the climate transition in the context of the OpEx KPI indicator in the EU Taxonomy. Consequently, the OpEx indicator is presented as having an insignificant value, and the company's decarbonization actions are mainly reflected in capital investments (CapEx), in line with the strategy of developing production capacities from renewable sources.

Proportion of turnover, CapEx, OpEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025 (summary KPIs)

Financial year (N)	2025				Breakdown by environmental objectives of Taxonomy-aligned activities										
KPI	Total	Proportion of Taxonomy-eligible activities	Taxonomy-aligned activities	Proportion of Taxonomy-aligned activities	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Proportion of enabling activities	Proportion of transitional activities	Not assessed activities considered non-material	Taxonomy-aligned activities in previous financial year (2024)	Proportion of Taxonomy-aligned activities in previous financial year (2024)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<i>Text</i>	<i>RON</i>	%	<i>RON</i>	%	%	%	%	%	%	%	%	%	%	<i>RON</i>	%
Turnover	9,619,010,000	73.2%	-	0%	-	-	-	-	-	-	-	-	-	-	0%
CapEx	591,071,000	98.1%	-	0%	-	-	-	-	-	-	-	-	-	-	0%
OpEx	80,571,741	0%	-	-	-	-	-	-	-	-	-	-	-	-	-

Proportion of turnover from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025 (activity breakdown)

Turnover	9,619,010,000												
Financial year (N)	2025	Environmental objective of Taxonomy-aligned activities											
Economic activities	Code	Taxonomy-eligible KPIs (Proportion of taxonomy-eligible turnover)	Taxonomy-aligned KPI (monetary value of turnover)	Taxonomy-aligned KPIs (Proportion of Taxonomy-aligned turnover)	Climate change mitigation	Adaptation to climate change	Water	Circular economy	Pollution	Biodiversity	Facilitation activity	Transition activity	Ratio of taxonomy-aligned part of the activity to taxonomy-eligible activity
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Text		%	RON	%	%	%	%	%	%	%	(F, as the case may be)	(T, as applicable)	%
Production of electricity from hydropower	CCM 4.5	71.7%	-	0%	-	-	-	-	-	-	No	No	-
Electricity production from wind energy	CCM 4.3	1.5%	-	0%	-	-	-	-	-	-	No	No	-
Sum of activity or aligned part per objective					-	-	-	-	-	-			
Total KPI (turnover)		73.2%	0%	0%	-	-	-	-	-	-	-	-	-

Proportion of CapEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025 (activity breakdown)

CapEx	591,071,000												
Financial year (N)	2025												
Economic activities	Code	Taxonomy-eligible KPIs (Proportion of taxonomy-eligible CapEx)	Taxonomy- aligned KPI (monetary value of CapEx)	Taxonomy- aligned KPIs (Proportion of Taxonomy- aligned CapEx)	Climate change mitigation	Adaptation to climate change	Water	Circular economy	Pollution	Biodiversity	Facilitatio n activity	Transition activity	Ratio of taxonomy- aligned part of the activity to taxonomy-eligible activity
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Text		%	RON	%	%	%	%	%	%	%	(F, as the case may be)	(T, as applicable)	%
Production of electricity from hydropower	CCM 4.5	77.9%	-	0%	-	-	-	-	-	-	No	No	0%
Electricity production from wind energy	CCM 4.3	10.5%	-	0%	-	-	-	-	-	-	No	No	0%
Electricity production from solar photovoltaic energy	CCM 4.1	9.8%	-	0%	-	-	-	-	-	-	No	No	0%
Sum of activity or aligned part per objective					-	-	-	-	-	-			
Total KPI (Capex)		98.1%	-	0%	-	-	-	-	-	-	-	-	0%

BIODIVERSITY AND ECOSYSTEMS

ESRS E4

The Hidroelectrica Group manages a significant portfolio of electricity generation capacities, including hydropower plants and wind farms. In carrying out its activities, the Group takes into account potential impacts on the environment and biodiversity, in accordance with the applicable regulatory framework. For the operated sites, the Group applies measures for the protection of aquatic, terrestrial and aerial ecosystems established by the environmental regulatory acts issued by the competent authorities (e.g. environmental agreements, water management permits), in accordance with European Union and national legislation. Also, activities are carried out to monitor the quality of abiotic and biotic factors, where these obligations are provided for in the regulatory acts. Projects for the development, modernisation and retrofitting of energy infrastructure are subject to environmental impact assessment procedures, including the assessment of potential impacts on biodiversity and ecosystems, in accordance with the applicable legislation. Impacts on biodiversity associated with hydropower activities can occur mainly in the construction and operation stages of projects. These impacts are identified and managed through avoidance, mitigation measures, where appropriate, as set out in the regulatory acts and described in section E4 IRO-1.

Material impacts, risks and opportunities and their interaction with strategy and business model

SBM-3

The Hidroelectrica Group integrates the considerations regarding the protection of biodiversity and ecosystems in the planning and implementation process of investment projects. For projects that may have an influence on protected natural areas, prevention and reduction measures are applied, where appropriate, as established by the environmental agreements issued by the competent authorities. At the strategic and planning level, the Group's investment projects are subject to the procedures for assessing the impact on environmental factors and establishing the environmental protection conditions applicable both in the construction and operation phases, and the conditions provided for in the environmental permits are applicable for operation. Based on environmental impact assessments carried out prior to the implementation of the projects, environmental agreements and environmental permits issued by the competent authorities, no significant negative impacts on threatened species generated by the Group's operations were identified during the reporting period.

The implementation of the measures and the compliance with the conditions of the regulatory acts are monitored through periodic activities, with the frequencies established by the competent authorities (monthly, quarterly, half-yearly, annually).

The Hidroelectrica Group manages the sites in accordance with the applicable environmental regulatory acts, with the objective of limiting the impact on environmental factors and responsible management of the associated opportunities. The Group's activities are carried out in accordance with the requirements of the applicable regulatory acts, which include preventive measures, reduction of the impact on biodiversity, as well as periodic monitoring obligations. Compliance with these requirements is verified through monitoring programmes and reporting to the competent authorities. The actions include monitoring biodiversity and ensuring ecological flows, as detailed in ESRS Section E4-5. This approach

contributes to the long-term sustainability of operations and the fulfilment of environmental requirements.

Potential impacts on biodiversity, including species and habitats, were assessed as material in the dual materiality analysis, given the nature of hydropower activities, which involve the presence of dams and reservoirs and may inherently lead to changes in the hydrological regime or temporary disturbance of habitats, in particular in the case of maintenance and modernisation works. The materiality of this impact reflects the risk and potential impact inherent in the activities, assessed before the application of prevention, reduction and control measures. In practice, these impacts are managed by applying the measures set out in environmental agreements and permits, drawn up on the basis of environmental impact assessments and agreed with the competent authorities, including specific measures to protect species and habitats. As a result of the implementation of these measures, residual impacts are generally limited, temporary and monitored in accordance with applicable legal requirements. Significant negative impacts on soil degradation, desertification and soil sealing were not assessed as material.

The mentioned positive impacts are of a historical nature and are associated with the existence of reservoirs created prior to the reporting period, representing characteristics of the sites and not the result of current deliberate interventions of the Hidroelectrica Group aimed at creating or improving habitats.

After their construction, certain areas were designated by the competent authorities as protected natural areas or Natura 2000 sites, as a result of the ecological value acquired over time. These effects do not derive from current operational activities and are not managed as deliberate positive impacts under general environmental protection procedures applicable to the Group's activities.

Therefore, in the double materiality analysis, these aspects were considered contextual characteristics of the sites and were not assessed as positive material impacts, according to the methodological criteria applied.

The Hidroelectrica Group operates an extensive portfolio of hydropower infrastructures, which includes:

- Over 180 hydroelectric power plants (examples: Portile de Fier I and II – on the Danube, one of the largest hydropower plants in Europe; Vidraru – on the Argeş River; Lotru-Ciunget – on the Lotru River, high-capacity underground power plant)
- Reservoirs (examples: Bicz Lake (Izvorul Muntelui) – on the Bistrita River, also used for navigation; Râureni Lake – on the Olt River);
- Dams and other auxiliary infrastructures (examples: Gura Apelor Dam (on the Râul Mare) – the largest rockfill dam in Romania; Vidraru Dam – contributes to the stabilization of the hydrological regime).

The table below shows the Hidroelectrica Group's projects under development, on whose sites protected natural areas were subsequently established (totally or partially). For the hydropower objectives in operation whose locations have been included in the network of protected natural areas, the operation is carried out based on the environmental regulatory acts issued by the competent authorities.

The assessment of the impacts on biodiversity, dependencies and ecological status of the protected natural areas for the Hidroelectrica Group's projects is carried out within the framework of the environmental impact assessment and appropriate assessment procedures, finalized by environmental agreements issued by the competent authorities, in accordance with the applicable legislation.

These assessments include the analysis of the initial state of ecosystems, the identification of potential impacts on species and habitats, and the establishment of prevention, reduction or compensation measures, where appropriate. The competent authorities involved include the Ministry of Environment, Water and Forests, the National Agency for Environment and Protected Areas – ANMAP and the administrators of protected natural areas, according to the applicable legal framework.

The sustainability report presents a summary at the material site level, and detailed information on the types of impacts, dependencies and ecological status of the areas is documented in the environmental agreements and impact studies related to each project, which are official public documents. Relevant examples can be found at the following official links:

AHE Pașcani – Ministry of Environment: <https://mmediu.ro/domenii/mediu/evaluare-impact/evaluare-impact-asupra-mediului-pentru-proiecte/amenajari-hidrotehnice-in-romania/ahe-pascani/>

AHE Cerna-Belareca: <https://mmediu.ro/domenii/mediu/evaluare-impact/evaluare-impact-asupra-mediului-pentru-proiecte/amenajari-hidrotehnice-in-romania/ahe-erna-belareca/>

AHE Livezeni-Bumbești: <https://mmediu.ro/domenii/mediu/evaluare-impact/evaluare-impact-asupra-mediului-pentru-proiecte/amenajari-hidrotehnice-in-romania/ahe-livezeni-bumbesti/>

AHE Surduc-Siriu: <https://mmediu.ro/domenii/mediu/evaluare-impact/evaluare-impact-asupra-mediului-pentru-proiecte/amenajari-hidrotehnice-in-romania/ahe-surduc-siriu/>

AHE Cornetu-Avrig: <https://mmediu.ro/domenii/mediu/evaluare-impact/evaluare-impact-asupra-mediului-pentru-proiecte/amenajari-hidrotehnice-in-romania/ahe-cornetu-avrig/>

CHE Cerna-Motru-Tismana etapa II: <https://mmediu.ro/domenii/mediu/evaluare-impact/evaluare-impact-asupra-mediului-pentru-proiecte/amenajari-hidrotehnice-in-romania/che-erna-motru-tismana-etapa-a-ii-a/>

These documents include the description of the impacts, the assessment of the ecological status of the areas and the measures established for the protection of biodiversity, in accordance with the applicable requirements.

Crt. no.	Hidroelectrica Project	Description	National/Natural Park and Natura 2000 Site (number and name)	Location to Natura 2000 sites *	Types of impacts/dependencies identified	Competent authority

1	Secondary catchment removal works – Vâlcea accumulations	Unclogging of secondary catchments	ROSAC0085 Frumoasa; ROSPA0043 Beautiful; ROSAC0188 Parâng; ROSAC0128 North of East Gorj	On sites	They do not generate material impacts on biodiversity, the activities are carried out based on regulatory acts, in compliance with the protection conditions imposed by the competent authorities.	DJM Vâlcea
2	Unclogging works CHEmp Șebeș – Făgăraș	Threshold unclogging	ROSPA0098 Făgăraș Piedmont	On site	It does not generate material impacts on biodiversity; The works are carried out on the basis of the decision of the competent authority, without the need for an environmental impact assessment.	DJM Brașov
3	Rehabilitation of Dobrești CHP installations	Rehabilitation of water installations	ROSCI0013 Bucegi	On site	It does not generate material impacts on biodiversity; The works shall be carried out in the existing infrastructure, in accordance with the applicable regulatory acts.	APM Dâmbovița
4	Rehabilitation of the Scropoasa adduction gallery	Rehabilitation of the adduction gallery	ROSCI0013 Bucegi	On site	It does not generate material impacts on biodiversity; The activities are carried out within the existing	APM Dâmbovița

					infrastructure, without direct interactions with natural habitats.	
5	Rehabilitation of the Portile de Fier I stables	Equipment rehabilitation	Portile de Fier Natural Park ROSCI0206 The Portile de Fier ROSPA0026 Danube Course - Baziaş - Portile de Fier	within protected natural areas	It does not generate material impacts on biodiversity; The works are carried out on the existing equipment, based on the decision of the competent authority.	DJM Mehedinti
6	Long River Polder Repair Works	Polder repairs	-	-	It does not generate material impacts on biodiversity; The maintenance works are carried out outside the protected natural areas.	DJM Caraş-Severin
7	Unclogging of the Olt Mijlociu counter-canal	Counter-channel unclogging	ROSPA0106 Lower Olt Valley	On site	It does not generate material impacts on biodiversity; The activities shall be carried out in compliance with the conditions set by the competent authorities.	DJM Vâlcea
8	Connection works DMD – CHE Govora	Connection works	ROSPA0106 Lower Olt Valley	On site	It does not generate material impacts on biodiversity; the works are carried out on the basis of the agreement issued by the competent authority, in compliance with	ANANP ST Vâlcea

					the conditions of protection.	
9	Leveling of the crown of the Olt dams	Filling and leveling works on the canopy of	ROSPA0106 Lower Olt Valley	On site	It does not generate material impacts on biodiversity; the works are carried out on the basis of the agreement issued by the competent authority, in compliance with the conditions of protection.	DJM Vâlcea
10	Regularizations Strejești –Arcești –Frunzaru	Downstream regularizations	ROSPA0106 Lower Olt Valley	On site	It does not generate material impacts on biodiversity; The works are carried out based on the agreement issued by the competent authority, in compliance with the imposed conditions.	ANMAP
11	Unclogging of the lower Olt canal	Counter-channel unclogging	ROSPA0106 Lower Olt Valley; ROSAC0376 Olt River between Mărunței and Turnu Măgurele	On site	It does not generate material impacts on biodiversity; The activities are carried out based on regulatory acts, in compliance with the protection conditions.	ANMAP
12	Channeling of the Costești stream bed	Bed ducting works	Buila-Vânturarița National Park ROSAC0015 Buila – Vânturarița	Within protected natural areas	It does not generate material impacts on biodiversity; The	Buila-Vânturarița National Park Administration

			ROSPA0025 Cozia – Buila Vânturarița		works are carried out based on the agreement issued by the Administration of the Protected Natural Area, in compliance with the specific conditions.	
13	Refurbishment of the Vidraru AHE	Refurbishment and upgrading of existing capacities	ROSAC0122 Mountains Făgăraș	On site	The activities are carried out on the basis of the environmental agreement, without affecting the conservation status of habitats and species of community interest; measures established by the environmental agreement being implemented.	APM Argeș

*Note: The information presented in the table reflects the analysis carried out based on the environmental documentation issued by the competent authorities for the projects analyzed. According to them, the activities carried out do not generate material impacts on biodiversity, being carried out within the existing infrastructure and in compliance with the conditions provided for in the applicable regulatory acts. Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities

IRO-1

The process of identifying and assessing impacts, risks and opportunities related to biodiversity and ecosystems is integrated into the existing environmental management systems and regulatory procedures applicable to the activities of the Hidroelectrica Group, including environmental impact assessment procedures, environmental agreements and permits and internal compliance monitoring processes.

The impact and risk assessment includes both own operations and relevant elements of the upstream and downstream value chain, insofar as they are associated with the Group's activities, such as the design and execution of works carried out by contractors, which are subject to the requirements of environmental

agreements, the operation of accumulations and flow management, with potential impact on ecosystems and downstream water users.

The assessment is based on environmental impact assessments, conditions in environmental agreements and monitoring of their compliance.

Dependencies are mainly identified through environmental impact assessments and appropriate assessments, hydrological studies, conditions set out in environmental agreements and permits, monitoring of ecological flows and environmental parameters.

These assessments shall include the analysis of relevant ecosystem services, in particular the availability of water resources, the functioning of aquatic ecosystems and the stability of habitats, as well as the identification of situations in which these services may be disturbed.

The process includes the identification and assessment of physical and transitional risks associated with biodiversity, including regulatory risks, associated with changes to the legislative framework on biodiversity protection, operational risks, associated with environmental restrictions or conditions in regulatory acts, opportunities associated with the implementation of protection and modernisation measures that contribute to reducing environmental impact.

The assessment of these risks is carried out within the framework of the double materiality analysis and the environmental impact assessment processes.

The assessment shall also take into account relevant systemic risks, in particular those associated with changes in hydrological and climatic conditions, which may affect aquatic ecosystems and the availability of water resources, including in the climate risk and vulnerability study, where appropriate.

Consultations with local communities and other stakeholders are carried out within the framework of environmental impact assessment procedures organised by the competent authorities, in accordance with the applicable legislation.

The results of these consultations are analysed in the environmental documentation and may lead to the completion of the impact assessment or the establishment of additional measures to prevent and reduce the impact on biodiversity and ecosystem services. The relevant information resulting from these processes was also taken into account in the double materiality analysis, in particular at the stage of identifying and assessing potential impacts on water-dependent ecosystems and communities.

For example, in the case of hydropower projects located in or in the vicinity of protected natural areas (e.g. Livezeni–Bumbești HPA or Cerna-Belareca HPA), consultations carried out in the framework of environmental impact assessment procedures have contributed to the establishment of measures and conditions regarding the protection of aquatic habitats, the maintenance of ecological flows and the monitoring of relevant species and habitats. These measures are reflected in the environmental agreements and operating conditions of hydropower objectives.

The process described is supported by environmental agreements and environmental permits, environmental impact studies and appropriate assessments, double materiality analysis carried out according to ESRS requirements.

The responsibility for the application of this process lies with the internal structures responsible for environmental management, as well as with the structures involved in the development and operation of the projects, in accordance with the tasks established by the internal regulations and applicable regulatory acts.

The assessment shall be carried out on a regular basis, including as part of the processes of compliance with environmental regulatory acts, as well as whenever new projects are developed or relevant changes in operating conditions occur.

The assessment of impacts, risks and opportunities takes into account criteria such as the severity of the impact, duration, reversibility, likelihood of occurrence, sensitivity of the affected ecosystems and the requirements of the applicable regulatory framework.

Currently, these elements are integrated into the environmental management system and the existing operational procedures, and the Group is considering consolidating and formalizing them in a dedicated procedure, in the context of the implementation of ESRS requirements.

Thus, following the double materiality analysis, the process of which is described in ESRS Chapter 2 Section IRO-1, potential impacts on biodiversity associated with the determinants of the direct impact on biodiversity decline were identified for the activity of the Hidroelectrica Group, including changes in land use in the context of projects under development. However, following the application of the materiality assessment criteria, these impacts were not assessed as material for the activities of the Hidroelectrica Group.

The impacts assessed as material are those related to the sub-heading 'Impact on species characteristics', including potential impacts associated with ensuring green flows and operating energy infrastructure, as presented in the table below. The topic of biodiversity and ecosystems was assessed as material for Hidroelectrica SA, not for Hidroserv and UCMH, its subsidiaries. This delimitation is due both to the field of activity of Hidroelectrica SA and to the specificity of the activities of Hidroserv and UCMH, which are oriented towards services and equipment production, without a significant impact on the ecosystems in which they operate. Thus, the aspects presented in the chapter on biodiversity and ecosystems are relevant to the operations of Hidroelectrica SA.

The conclusions of the double materiality analysis are summarized in the table below and the relevant topics are addressed in the following sections:

Biodiversity and ecosystems	Impact	Location on the value chain	Risk/Opportunity (R/O)
Determinants of direct impact on biodiversity loss	No material impacts were identified. Potential impacts were identified, but they were assessed as non-material following the double materiality analysis.	Own operations	Financial risk: This potential risk could only produce effects on possible delays in the completion of projects under construction. Currently, there are no new projects and we refer strictly to the projects under development, which amount to approx. 200 MW new installed capacity, (compared to the total operating capacity of approx. 6300 MW).
Impact on species characteristics	Potential negative impact: 1. Hydropower: Failure to ensure the downstream easement flow could influence the welfare of aquatic species. 2. Wind energy: There is a potential impact on the avifauna from wind farms, with the mention that they have been built recently, in accordance with European Directives with strict assessment on the environment and biodiversity, mainly avoiding bird migration routes. 3. Other production activities: UCMH's equipment production activities can affect biodiversity if the entire value chain is taken into account (from the extraction of metals, used in the production process) These impacts are assessed as potential and are managed by complying with environmental flows and measures set out in environmental regulatory acts.	Own operations and upstream value chain	Financial risks 1. Potential regulatory risks (e.g. green flows) could generate financial risks in the sense of reducing electricity production and possible investment works. 2. Other equipment production activities: Risk of non-compliance with regulatory acts (approvals, agreements, authorizations).

For the Group's projects at an advanced stage of implementation, the environmental impact assessment procedures, carried out under the coordination of the competent authorities for environmental protection, included the identification and assessment of current and potential impacts on biodiversity and ecosystems. The results of these assessments were also taken into account in the double materiality analysis. The evaluations were carried out on the basis of clear criteria, which include:

- Significance of impact: Analysis of the intensity and magnitude of impacts on biodiversity, including identification of protected species and habitats of conservation interest in potentially affected areas.
- Duration and reversibility of impact: Assessing short-, medium- and long-term impacts and determining the capacity of ecosystems to regenerate from interventions.
- Compliance with environmental legislation: Compliance with the requirements established by GEO no. 57/2007 on the regime of protected natural areas, conservation of natural habitats, wild

flora and fauna, with subsequent amendments and completions, as well as by the Habitats Directive and the Birds Directive.

- Use of monitoring tools: Field analyses to assess the conservation status of habitats/species and biodiversity and the use of standardised methodologies for monitoring species and habitats (e.g. Guide on unitary protocols and methodologies for monitoring the conservation status of species of community interest in Romania, Guide on monitoring protocols and unitary methodologies for monitoring the conservation status of habitats of Community Interest in Romania, Standard Guide for the Monitoring of Bird Species of Community Interest in Romania).

The assessments carried out at the level of the operated sites are carried out by certified persons, in accordance with the applicable legal requirements. The documentation and environmental impact studies related to projects under development or refurbishment are also prepared by certified persons. Regular monitoring, including those on biodiversity, water and sediment quality, as well as noise levels, shall be carried out by authorised providers, with the frequency set out in the regulatory acts, and the results shall be reported to the competent authorities.

For ongoing projects, public consultations/debates were carried out in accordance with the environmental impact assessment procedure.

The table below shows the projects in different stages of development or regulatory procedures, as well as the (target) installed capacity related to them and the status of obtaining the environmental agreement, at the date of reporting:

Site name	Capacity (Installed Target)	Status of obtaining environmental agreement
AHE of the Jiu River on the Livezeni - Bumbești sector	65 MW	The Environmental Agreement no. 2/17.06.2025; The agreement is challenged in court, and until the dispute is resolved, no activities are carried out within the project.
Cerna-Motru-Tismana hydrotechnical and energy complex, stage II	The project does not change the already installed power (10 MW), only the storage capacity and the energy produced (the equipment is already installed)	The environmental agreement no. 2/09.03.2026.
AHE Răstolița	35.2 MW	The environmental agreement related to the Răstolița AHE project was suspended by a final court decision. As a result of this decision, no project implementation activities were carried out during the reporting period. At the

		same time, the environmental agreement is the subject of a dispute regarding its annulment, pending before the Cluj Tribunal.
Floating system arrangement - photovoltaic panels - pilot project Nufărul	10 MW	The environmental agreement no. 8/25.06.2024 and is currently being implemented.
Photovoltaic Power Plant – CEF Tudor Vladimirescu	45.94 MW	The environmental agreement no.910/27.01.2025 was issued
Pașcani AHE, on the Siret River	9.4 MW	The Environmental Agreement no. 3/10.10.2025 and the project is currently in the implementation stage.
Râul Mare Retezat AHE – secondary adduction Râu Bărbat-outlet (part of the Râul Mare Upstream AHE)	To be established	For the project HE Râul Mare Retezat – secondary adduction Râu Bărbat – outlet, the procedure for obtaining the environmental agreement was not initiated by the date of reporting, as there was no administrative act issued by the competent authority in this regard.
CHEMP Poneasca	1.8 MW	In the recruitment phase at DJM Caraș-Severin
AHE Cerna – Belareca. Cădere Belareca	14.7 MW	The Environmental Agreement no. 1/16.04.2025At the date of reporting, the project is in the preparation stage of implementation, and the procedure for obtaining the building permit is underway.
AHE a râului Olt defileu, sector Cornetu-Avrig. CHE Căineni	40.5 MW	At the stage of the issuance of the environmental agreement by the MMAP
AHE Surduc -Siriu	55 MW	At the stage of the issuance of the environmental agreement by the MMAP

At the time of reporting, for the projects presented in the table, no construction activities or physical interventions were carried out on the sites in 2025, as they are in different stages of the environmental

regulatory procedures, the permitting process or in the preparation stage of the implementation of investments.

The comments and observations made by the public were analyzed and dealt with during the consultations carried out as part of the environmental impact assessment procedures carried out by the competent authorities for environmental protection, in accordance with the requirements of Law no. 292/2018.

Consultations with potentially affected communities, carried out in the framework of regulatory procedures for projects, included dialogue with local communities and environmental organisations in order to identify relevant biodiversity issues. Experts and local groups were also involved to better understand dependencies and potential impacts on common ecosystems.

As part of this process, biodiversity-sensitive areas have been identified, where operations could generate impacts, as well as possible effects on communities dependent on ecosystem services, including activities such as fishing or flood protection functions. Measures to mitigate the impact on biodiversity

The Hidroelectrica Group has carried out studies to assess the impact on biodiversity and ecosystems, especially for projects under development for the completion of objectives in advanced stages of achievement and for the modernization of existing facilities. The list of projects and their installed capacities are presented in the previous sections of the report. The studies were carried out by certified independent experts and covered, where appropriate, issues related to water quality, protected species, habitats of community interest and measures to manage impacts on biodiversity. Following the assessments carried out, no significant negative impacts on endangered species were identified, in compliance with the measures provided for in the regulatory acts.

Biodiversity mitigation measures, identified as necessary in the environmental impact assessment studies for projects in progress, include:

- Construction of structures to ensure the longitudinal continuity of watercourses (e.g. fish ladders), as well as monitoring their effectiveness, in accordance with the requirements set out in the regulatory acts,
- Maintaining the ecological flows downstream of the dams for new projects, according to the applicable legal provisions, including Government Decision no. 148/2020, as detailed in ESRS Section E4-5the analysis and, where appropriate, the adoption of alternative solutions for carrying out projects in order to reduce the impact on species and habitats;
- Biodiversity monitoring, carried out through field activities, in accordance with the approved monitoring programs;
- carrying out consultations with local communities in the framework of environmental impact assessment procedures.

The Hidroelectrica Group owns objectives included in or in the vicinity of protected natural areas (natural and national parks, Natura 2000 sites, etc.). The activities carried out at these sites are regulated by environmental agreements and permits issued by the competent authorities, following the completion of the environmental impact assessment procedures and, where appropriate, the appropriate assessment according to the Habitats Directive and the Birds Directive. Following these assessments, it was not concluded that there were significant adverse effects on the integrity of the protected natural areas, namely the deterioration of natural habitats or the disturbance of the species for which they were designated, within the meaning of the applicable legislation.

The regulatory acts include conditions and measures for prevention and monitoring, but no compensatory measures were imposed, as no significant impact was identified within the meaning of those directives.

For the activities that are carried out within the limits of the protected natural areas, the competent authorities (ANMAP, the administrators of the protected natural areas) are notified, and the monitoring is carried out according to the requirements established by the regulatory acts, where applicable. The documentation and studies necessary to obtain the environmental regulatory documents are developed by certified external experts. Environmental permits and other regulatory acts are issued by the competent authorities, under the conditions provided for by national and European legislation, and may include, where appropriate, specific measures or conditions to prevent or reduce the impact on biodiversity. Depending on the requirements of the competent authorities and the conclusions of the environmental assessments, the Hidroelectrica Group may adjust certain technical solutions or design elements, including hydropower development plans, in order to ensure an adequate integration of the projects into the natural environment. No compensation measures are established in the regulatory acts issued.

Transition plan and consideration of biodiversity and ecosystems in strategy and business model

E4-1

Water is an essential natural resource for the operations of the Hidroelectrica Group and for the production of electricity. The risks associated with the availability of water resources, including those arising from drought and climate change, are taken into account in the Group's operational activities with a view to the responsible use of this resource. The Group monitors water levels and flows of watercourses, in accordance with the requirements set out in the applicable regulatory acts and operating regulations, in order to support the operation of the facilities and the management of water resources. It also assesses technological options that can contribute to increasing the efficiency of water use in the electricity generation process, including through energy storage solutions or the integration of complementary renewables, depending on the applicable strategic and regulatory framework. The activity of the Hidroelectrica Group is carried out in compliance with the conditions provided in the environmental regulatory acts held. For the existing objectives, the operation is carried out on the basis of valid

environmental permits. Projects under development are implemented in accordance with the conditions set out in environmental agreements or framing phase decisions issued following environmental impact assessment procedures, which may include, where appropriate, appropriate assessment and impact assessment on water bodies. The Hidroelectrica Group integrates the protection of biodiversity and ecosystems into its strategy and business model through:

The impacts, dependencies, risks and opportunities related to biodiversity and ecosystems derive directly from the Hidroelectrica Group's business model, which is mainly based on the use of water resources for the production of electricity. Hydropower activity involves direct interaction with aquatic ecosystems and the hydrological regime, generating both dependencies on ecosystem services (availability of water resources, functioning of aquatic ecosystems) and potential impacts on habitats and species.

The risks identified, including those related to restrictions on ecological flows, additional regulatory requirements or limitations imposed in protected natural areas, have led to the integration of biodiversity considerations in investment planning, reservoir exploitation regulations and prioritisation of projects under development.

Specifically, these elements have led to:

- adaptation of exploitation programs to ensure ecological flows;
- the inclusion of environmental conditions in the design and modernization phases;
- re-evaluating the timing or structure of projects under development according to the requirements of the appropriate evaluation procedures;
- integrating regulatory and biodiversity risks into double materiality analysis and investment decision-making.

Thus, biodiversity is not treated exclusively as a conforming element, but as a factor that directly influences the Group's operational and investment strategy.

During the reporting period, the impacts, dependencies, risks and opportunities related to biodiversity and ecosystems did not lead to changes in the business model of the Hidroelectrica Group, which remains based on the production of electricity from renewable sources, mainly hydropower. These elements have mainly led to operational and investment planning adjustments, such as the integration of environmental requirements into the design and implementation of projects, the adaptation of exploitation programmes and the inclusion of regulatory and biodiversity risks in internal analysis and decision-making processes.

The Group has not yet carried out a formal assessment of the resilience of its business model and strategy to biodiversity and ecosystem risks. In the context of the progressive implementation of ESRS requirements and the strengthening of the internal ESG risk analysis framework, the Group intends to initiate such an

assessment in a medium time horizon, i.e. in the period 2026–2027, after the stabilization of the applicable regulatory framework.

Taking into account the legislative changes that postponed the obligation to report certain information, as well as the revision of the ESRS standards, the company decided to postpone the completion of the adoption of a Transition Plan in the coming period.

Policies related to biodiversity and ecosystems

E4-2

The Hidroelectrica Group has not adopted formalized policies or commitments related to biodiversity and ecosystems, an environmental policy with commitments exists prepared in the draft and is to be adopted after the completion of the revision of the ESRS standards. The monitoring of environmental performance and the management of impacts on biodiversity and ecosystems are integrated into the Group's overall environmental management framework and operational and investment planning processes.

However, in practice, the Hidroelectrica Group ensures the protection of biodiversity and ecosystems in the operational areas owned, leased/leased or managed, including those located within or in the vicinity of biodiversity-sensitive areas, through biodiversity monitoring measures, established in regulatory acts (environmental agreements, environmental permits, water management permits and permits), impact assessments in environmental impact assessment procedures.

The group's activity is aligned with relevant national regulations, including environmental protection legislation, transposed at national level from European Union directives⁸. The competent authorities (GNM, ANAR and other competent institutions carry out periodic checks on the Group's objectives, in accordance with their own inspection programs. No sanctions were applied during the reporting period as a result of these controls.

The Group's approach to biodiversity is aligned with the general principles promoted by the Convention on Biological Diversity (CBD), including the sustainable use of natural resources and consideration of the interests of local communities. Consultations with potentially affected communities are integrated into environmental impact assessment procedures, in line with legal requirements, to ensure public

⁸ [Council Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora](#) and [Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds](#)

information and participation in the regulatory process. The concrete measures adopted by Hidroelectrica S.A. in order to manage the impacts on biodiversity and ecosystems are presented in ESRS Section E4-3 – Actions and resources related to biodiversity and ecosystems.

Actions and resources related to biodiversity and ecosystems

E4-3

No key actions aligned with the ESRS reporting standard (ESRS 2 MDR-A) in the field of biodiversity and ecosystems have been established. The Hidroelectrica Group has not adopted a separate strategy document dedicated exclusively to biodiversity and ecosystems, nor a key action plan with quantitative targets specific to this area. The actions presented below represent operational and compliance measures implemented based on the applicable regulatory acts and/or within the Group's overall environmental management system. . The management of biodiversity and ecosystem issues shall be carried out within the framework of the general approach to environmental protection, in accordance with the principles of the applicable environmental legislation. In this context, the activities carried out by the Group in the field of environmental protection (and implicitly those related to biodiversity and ecosystems) take into account the principles of biodiversity conservation and ecosystem protection specific to the natural biogeographical framework, including the conservation of natural habitats and species of wild flora and fauna, as provided for by national and European legislation. In order to reduce the impact on biodiversity, in particular in the case of projects under development, measures to avoid the impact on protected natural areas are applied, where possible, as well as measures to reduce or manage the impact on the environment and through regulatory acts issued by the competent authorities. Under the law, all relevant comments received from experts or the community during legal proceedings are taken into account. As regards local knowledge, it is integrated into environmental impact assessment procedures, through consultation with local communities, public authorities and expert experts. The relevant comments made during the public consultations shall be analysed and, where appropriate, integrated into the technical documentation and under the conditions laid down in the regulatory acts issued by the competent authorities. Among the categories of measures applied by the Group are:

- Carrying out environmental impact assessments, by developing studies and technical documentation before the implementation of projects, in order to identify potential effects on natural habitats and protected species.
- Monitoring of biodiversity, in accordance with the conditions laid down in regulatory acts, for species and habitats of Community interest, including regular reporting of results to the competent authorities.

implementing measures to ensure ecological connectivity, such as the construction of structures for the longitudinal continuity of watercourses (e.g. fish ladders), when they are provided for in environmental agreements or water management permits; allocating financial resources for the implementation of biodiversity protection measures, including for the preparation of studies, the application of established measures and monitoring activities. At the date of reporting, no situations were identified requiring the

application of measures to remedy significant negative impacts on biodiversity or compensatory measures, based on the environmental agreements issued for the Group's projects.

Within the Hidroelectrica Group there are organizational structures with responsibilities in the field of environmental protection at the level of each entity, which ensure the implementation and monitoring of the measures provided for in the regulatory acts. The Group's activities and projects are managed in accordance with the requirements established by the environmental regulatory acts, with the objective of limiting the impacts on habitats and species of community interest in protected natural areas. In order to reduce the impact on biodiversity, measures to avoid and manage impacts are applied from the planning and development stages of the projects, within the framework of the environmental impact assessment procedures. Examples of initiatives and activities carried out by the Group include:

1. **The Nufărul floating photovoltaic park** – Hidroelectrica Group has obtained the environmental agreement for the construction of the floating photovoltaic park, with a capacity of 10 MW, on the Ipotesti reservoir. This project aims to produce green energy and reduce the evaporation of water from reservoirs, contributing to the protection of water resources and aquatic ecosystems. The project is being implemented.
2. **Biodiversity monitoring at the Racovița Hydroelectric Power Plant** – The Hidroelectrica Group runs a monitoring program for species in the Oltul Mijlociu-Cibin-Hârtibaciu protected natural area, upstream and downstream of the Racovița hydroelectric power plant. The purpose is to assess the impact of the activities on the local fauna and ensure the conservation of protected species.
3. **Biodiversity monitoring in the vicinity of the Crucea Nord wind farm** – The Group implements a monitoring program in order to carry out activities at the work site with minimal impact on environmental factors and without generating significant impacts.
4. **Monitoring of abiotic and biotic environmental factors in the area of the project "Refurbishment of the Vidraru hydropower development"**

The Group implements the monitoring program for abiotic and biotic environmental factors, in accordance with the requirements set out in the environmental agreement. The monitoring aims to assess the potential impacts on the quality of the environment and biodiversity during the execution of the works.

The scope of the Hidroelectrica Group's main actions on biodiversity and ecosystems can be described by referring to the following dimensions:

- Coverage by type of activities (Design and construction of infrastructure: Environmental actions are integrated into the design phase by assessing the impact on biodiversity in the framework of environmental impact assessment procedures, including measures to protect species and habitats of Community interest; Operation of hydroelectric and wind power plants: The operating activities are carried out in compliance with the conditions provided in the environmental permits, being accompanied by the monitoring of environmental factors according to the requirements established by the regulatory acts; Adaptation and impact reduction:

environmental impact management measures, including adaptation measures to variable hydrological conditions, are applied in accordance with operating regulations and regulatory acts; Modernization of installations - within the framework of modernization and refurbishment projects, technical solutions are evaluated and, where appropriate, integrated aimed at reducing the impact on the environment and affected habitats..)

- Geographical coverage in relation to watercourses (Upstream areas: water catchment areas are managed to minimise erosion and degradation of riparian habitats; Downstream areas: measures to maintain ecological connectivity are implemented, including structures for ichthyofauna migration – e.g. fish ladders or alternative solutions – in accordance with the requirements set out in regulatory acts.)
- Affected stakeholder groups (Local communities: potential impacts on communities are analysed in environmental impact assessment procedures, and management measures aim to limit adverse impacts on the use of natural resources and ecosystem services; Natural resource users: farmers and fishermen: support for downstream natural resource users by ensuring a minimum ecological flow for irrigation and fisheries; Research institutions and experts: The Group collaborates, where appropriate, with experts and specialized institutions in the framework of evaluation and monitoring studies, in order to substantiate the measures for the protection of biodiversity).

Hidroelectrica SA considers different time horizons for actions related to biodiversity and ecosystems, depending on the nature, complexity and stage of implementation of the projects. In the **short and medium** term, the actions are mainly aimed at:

- Implementation of biodiversity monitoring projects, in accordance with the requirements established by the environmental regulatory acts, in the areas where the Group carries out activities (e.g.: the monitoring program related to the Racovița HPP, located in the Oltul Mijlociu-Cibin-Hârtibaciu protected natural area).
- Implementation of measures to ensure ecological connectivity, such as the construction of structures for the migration of ichthyofauna (e.g. fish ladders), for projects in progress, when they are provided for in the regulatory acts.

Long-term: The Hidroelectrica Group is considering integrating biodiversity and ecosystem considerations into projects to adapt to climate change and streamline the use of water resources in energy production. In this context, options such as the modernisation of existing plants, hybridisation projects with battery storage solutions or the integration of complementary renewables (e.g. floating or ground-mounted photovoltaic plants) are assessed, depending on the applicable strategic and regulatory framework. The long-term approach aims to ensure the continuity of electricity production, in compliance with environmental protection requirements and in line with the relevant objectives of the EU Biodiversity Strategy.

The financial resources necessary for the implementation of environmental measures are included in the Group's operational and capital budgets (Opex and Capex), financed from internal funds. Given the

current status of projects and the structure of investment budgets, the costs related to biodiversity protection measures are not highlighted separately, being integrated into the total costs of development or modernization projects.

As part of the procedures for obtaining environmental regulatory acts, alternative technical options are analysed, including from the perspective of the impact on biodiversity, and the costs associated with the measures established by the competent authorities are included in the respective projects. All measures are agreed with the competent authorities following studies carried out by certified external experts and are included in the development projects.

The Hidroelectrica Group applies the hierarchy of mitigation measures in the management of project impacts on the environment and to ensure a balance between the development of energy infrastructure and the protection of biodiversity. This approach is used systematically in all phases of projects, including planning, construction and operation.

At the date of reporting, no compensatory measures were established against Hidroelectrica S.A. through the regulatory acts issued for the projects carried out. As part of the regulatory procedures, alternative solutions have been analysed so that the residual impact of the projects is not significantly negative. No biodiversity and ecosystem targets have been set. Depending on the evolution of the volatile regulatory framework and the completion of the amendments to the ESRS standards, the Group will consider setting or adapting biodiversity and ecosystem targets. The performance of these targets, to the extent that they will be defined, will be reported annually in the Sustainability Report.

Targets related to biodiversity and ecosystems

E4-4

No biodiversity and ecosystem targets have been set. A strategy for the protection of biodiversity and ecosystems with a transition plan is to be drawn up in the next period, depending on the reporting requirements of the revised ESRS standards.

The activity of the Hidroelectrica Group is carried out in compliance with the applicable national legislation on environmental protection and water management⁹ and the conditions established by the regulatory acts issued by the competent authorities.

⁹ GEO no. 195/2005 on environmental protection, with subsequent amendments and completions approved by Law no. 265/2006 on environmental protection, with subsequent amendments and completions and the Water Law no. 107/1996 with subsequent amendments and completions

Protection of biodiversity and the ecosystem

Impact metrics related to biodiversity and ecosystems change

E4-5

Sites located within or near protected natural areas are managed in accordance with the regulatory acts held. For projects that may have an impact on protected natural areas, specific measures to prevent and reduce the impact are established at site/project level.

The ESG pillar "Environment and biodiversity", included in the Hidroelectrica Group Management Plan 2023-2027, aims to prevent and mitigate potential impacts on areas of high ecological value, generated by new projects or existing activities. In this context, the following directions of action have been considered:

1. determination and calculation of easement flows with ecological flow component;
2. Determination of concrete measures in accordance with the requirements for alignment with the technical screening criteria on biodiversity and water resources, provided in the Taxonomy for new investments.

The key performance indicators defined in this context are:

1. Conducting 103 studies on the operations covered by the Water Baseline Study by 2026;
2. 100% operations aligned with the criteria of the Taxonomy in the case of new investments until 2027.

The measurement of the 2 indicators is not validated by an external body, other than the auditor.

As for the baseline water studies, the objective was met in 2024. The studies were developed by contracting the National Institute of Hydrology and Water Management (INHGA) in accordance with the requirements of national and European legislation on the protection of aquatic ecosystems. These studies were carried out for the dam sections, taking into account national and European regulations relating to the protection of aquatic ecosystems and the maintenance of an adequate flow of water downstream. The studies are the basis for establishing the value of the ecological component easement debts by the authorities, debt values that will have to be respected, and will be included by the authorities in the regulatory acts.

However, according to the legislation in force, there is a possibility that the value of the easement flow with an ecological component that will be provided for in the water management authorizations will be adjusted to the value of the flow resulting from the above-mentioned studies, if it has been found that the threshold values regarding the significant negative effect on water use are exceeded, i.e. representing the loss of energy production by more than 2%/year at the level of a single hydropower plant or by more than 5%/year for the hydropower development as a whole. In the event that, as a result of the technical-economic studies carried out, disproportionate costs have resulted for the implementation of the

technically feasible construction solution, the regulatory authority in the field of water management will decide, on a case-by-case basis, to establish less severe objectives regarding the flow of easements with an ecological component, or to exempt the damming or water abstraction works from the application of GD no. 148/2020, thus preserving the initial regulatory conditions. The company is in the process of updating the water management authorizations, taking into account the aspects considered above.

Following the analysis of the activities carried out, the Hidroelectrica Group concluded that the operation of the existing hydroelectric infrastructure and the development of new projects do not directly generate significant impact factors associated with changes in land use or freshwater, as defined in ESRS E4-5 para. 38. This conclusion is based on the fact that the project sites are selected on the basis of environmental studies carried out prior to implementation, avoiding areas of high ecological value, and the operation of existing activities is carried out in accordance with the applicable environmental requirements, including by respecting the ecological flows established by specialized studies. Consequently, the Group considers that the metrics set out in ESRS E4-5 para. 38 letters (a) to (e) are not applicable for the reporting exercise.

In 2025, the activities carried out by the Hidroelectrica Group consisted exclusively of maintenance, maintenance, repair and rehabilitation works of the existing infrastructure (e.g. unclogging, rehabilitation of adductions, safety works of the existing arrangements).

The results are summarized in the table below:

Crt. no.	Project/Site	Type of activity	Type of environmental document	Issuing authority	Conclusion of the environmental document	There are monitoring obligations (YES/NO)	Type of impact on biodiversity	Impact material (ESRS E4-5)
1	Works for the unclogging of secondary catchments - Vâlcea accumulations	Construction maintenance	Agreement with conditions for carrying out works 18514/25.11.2025	DJM Vâlcea	Activity allowed with protected conditions	No	Does not generate material impacts on biodiversity (in the sense of ESRS E4-5)	No
2	Unclogging works at CHEmp Sebeş Făgăraş	Construction maintenance	Classification stage decision 141/21.07.2025	DJM Braşov	Not subject to environmental impact assessment	No	Does not generate material impacts on biodiversity (in the sense of ESRS E4-5)	No
3	Rehabilitation of installations with running water, cooling	Rehabilitation/existing works -	318/05.08.2024	APM Dâmboviţa	Not subject to	No	Does not generate material	No

	water and fire related to the Dobrești HPP (Dobrești HPP site, Ialomita river)	Construction maintenance			environmental impact assessment		impacts on biodiversity (in the sense of ESRS E4-5)	
4	Rehabilitation of the Scropoasa adduction gallery (site of the Scropoasa HPP, Ialomita River)	Construction maintenance	Classification stage decision 67/18.02.2025	APM Dâmbovița	Not subject to environmental impact assessment	No	Does not generate material impacts on biodiversity (in the sense of ESRS E4-5)	No
5	Structural rehabilitation (metal construction, mechanical parts, seals and embedded parts) and related installations (heating of the dam body, heating of guides and lubrication) and anti-corrosion protection of double hook spillways Portile de Fier I spillway dam (site CHE Portile de Fier I)	Equipment maintenance	Classification stage decision 51/05.06.2025	DJM Mehedinți	Not subject to environmental impact assessment	NO	Does not generate material impacts on biodiversity (in the sense of ESRS E4-5)	No
6	Long River Polder Repair Works (SH Hațeg)	Construction maintenance	Classification stage decision 390/13.10.2025	DJM Caraș - Severin	Not subject to environmental impact assessment	NO	Does not generate material impacts on biodiversity (in the sense of ESRS E4-5)	No
7	Unclogging of the Middle Olt Counter-Canal (site of the Ionești/Zăvideni HPP/Drăgășani/Olt River HPP)	Construction maintenance	Agreement with conditions for carrying out works 570/VL/23.06.2025	DJM Vâlcea	Activity allowed with protected conditions	No	Does not generate material impacts on biodiversity (in the sense of ESRS E4-5)	No
8	Works to rep the DMD connection area with the GOVORA HPP (Govora/Olt River HPP site)	Construction maintenance	Agreement with conditions for carrying out works 303/ST	ANANP - ST Vâlcea	Activity allowed with protected	No	Does not generate material impacts on biodiversity (in the	No

			VL/03.04.2025		conditions		sense of ESRS E4-5)	
9	Leveling of the dike crown and filling of ravines DMD Băbeni, Ionești, Zăvideni, Drăgășani (site of the Băbeni HPP/Ionesti HPP/Zăvideni HPP/Drăgășani/Olt River HPP)	Construction maintenance	Agreement with conditions for carrying out works 589/ST VL/04.07.2025	DJM Vâlcea	Activity allowed with protected conditions	No	Does not generate material impacts on biodiversity (in the sense of ESRS E4-5)	No
10	Repair works for the regularization downstream of Strejești, Arcești, Frunzaru (Slatina/Strejești, Arcești, Frunzaru/Olt River HPP site)	Construction maintenance	Agreement with conditions for carrying out works 53156/20.10.2025	ANMAP	Activity allowed with protected conditions	No	Does not generate material impacts on biodiversity (in the sense of ESRS E4-5)	No
11	Counter-canal unclogging works in the Olt Inferior sector	Construction maintenance	Agreement with conditions for carrying out works 50145/06.05.2025	ANMAP	Activity allowed with protected conditions	No	Does not generate material impacts on biodiversity (in the sense of ESRS E4-5)	No
12	Paving works for the Costești stream riverbed	Construction maintenance	Agreement with conditions for carrying out works 1619/FOM/19.11.2025	Buila - Vânturarița National Park Administration	Activity allowed with protected conditions	No	Does not generate material impacts on biodiversity (in the sense of ESRS E4-5)	No
13	Refurbishment of the Vidraru AHE	Refurbishment	Environmental Agreement no. 07/11.04.2022	APM Argeș	90% of the works are carried out in the existing premises of AHE Vidraru The implementation of the project	Yes	The activities are carried out on the basis of the environmental agreement, without material impacts on biodiversity (in the sense of ESRS E4-5)	No

					will not affect the conservation status of the habitats and fauna species that constitute the conservation objectives of the N2k site ROSCI0112 the Făgăraș Mountains			

The activities presented above reflect exclusively maintenance, repairs and works on the existing infrastructure, carried out based on the regulatory acts issued by the competent authorities.

These activities do not involve the occupation of new areas, changes in land use, the fragmentation of habitats or the loss of ecological connectivity.

As for the project "Refurbishment of the Vidraru AHE", it is partially located in the Natura 2000 protected natural area ROSCI0122 the Făgăraș Mountains. Potential impacts on biodiversity and ecosystems were assessed through the Appropriate Assessment Study (EA) and the Environmental Impact Report (EIA), which analysed, inter alia, effects on habitats and species of Community interest, temporary changes in the hydrological regime, and ecosystem integrity and functionality.

The conclusions of these assessments show that the works are mainly for the rehabilitation of the existing infrastructure, that any changes in environmental factors are temporary, controlled and subject to prevention, reduction and monitoring measures, and that there are no significant residual or material impacts on biodiversity, the status of species or the extension and condition of ecosystems.

Based on the available information and environmental documentation related to the activities carried out in 2025, no material impacts on biodiversity and ecosystems were identified within the meaning of ESRS E4-5 requirements.

Consequently, the reporting requirements of quantitative indicators set out in ESRS E4-5 (paras. 33–41) are not applicable for the reporting year 2025, their absence reflecting the nature of the activities carried out and not a limitation of the information analysed.

OWN WORKFORCE

ESRS S1

Strategy and concepts related to one's own workforce

Interests and views of stakeholders

ESRS 2 SBM-2

Human capital is essential for achieving the objectives of the Hidroelectrica Group, by attracting and retaining qualified personnel and optimizing the organizational structure, developing human capital, continuous training of employees, implementing a performance management system.

In line with its vision of creating a sustainable future, the Hidroelectrica Group is constantly concerned with ensuring a safe and healthy work environment, promoting fair work practices, respecting dignity and providing opportunities for professional development.

The employees of Hidroelectrica SA are represented by the Hidroelectrica "Hidrosind" Trade Union, which covers approximately 85% of the employees. Within Hidroelectrica there is also the Union of Hydroelectric Power Plant Operators, which has a number of members representing approximately 2% of the company's staff. Also, at the level of Hidroserv and UCMH, trade unions are established, the National Hydropower Union and, respectively, the Resita 1771 Union.

Hidroelectrica SA has the legal obligation to inform and consult the trade union regarding recent developments, as well as the prospects of the Company's activities and economic situation, in accordance with the applicable legal provisions. In general, any change in the strategy or business model of Hidroelectrica SA also involves the adjustment of the organizational structure, so that it is aligned with the new strategic direction. As part of this change process, employees are consulted through their representatives. At the same time, Hidroelectrica SA annually evaluates the level of satisfaction and involvement of employees, through a survey conducted at the beginning of each year for the previous year, the questionnaires being sent to all employees.

Among the ESG pillars of the Sustainability Strategy 2023 – 2030, there is also the Occupational Health and Safety pillar, with the objective of zero work accidents and the Organizational Culture Pillar, with the

strategic objective of improving the culture in which employees work, through diversity, inclusion and non-discrimination and by developing employees' skills. During 2025, a process of updating the Sustainability Strategy was started so as to include in a more detailed measure the social sub-themes identified as material in the context of ESRS reporting for fiscal year 2024. As part of this process, the existing policies at Group level, a series of actions, targets and indicators were evaluated, as well as the way of monitoring and evaluating them, but the final version of the Strategy will be approved after the adoption of the revised ESRS standards and after assessing the implications generated by the recent legislative volatility.

Material impacts, risks and opportunities and their interaction with strategy and business model

ESRS 2 SBM-3

The impacts on its own workforce identified and assessed in the double materiality analysis process are summarised in the table below. In the double materiality analysis process, no material risks or opportunities were identified.

Own workforce	Impact	Location on the value chain	Risk/Opportunity (R/O)
Working conditions	The positive impact generated by the values promoted by the group is manifested by respecting employees' rights and supporting safe working conditions. Also, the active involvement of union leaders ensures continuous and effective communication with employees, thus contributing to their overall well-being.	Own operations	No material risks or opportunities identified
	Potential negative impact generated by the risk of accident at work – potential impact if safety measures and training are not properly implemented in day-to-day activities. Thus, it increases the risk of accidents, injuries and	Own operations	No material risks or opportunities identified

	affects the long-term health of employees.		
Equal opportunities and treatment for all	Positive impact - The Hidroelectrica Group recruits employees of all genders (male, female, etc.), and if gender equity is not carefully managed in hiring, promotion and retention practices, this could negatively affect workforce attractiveness, retention and performance.	Own operations	No material risks or opportunities identified
Other rights related to the work of its own employees	Positive impact - The Hidroelectrica Group, through the existence of internal employment, promotion and retention policies periodically reviewed and improved, increases the attractiveness of the workforce, retention and performance.	Own operations	No material risks or opportunities identified

The positive impacts on its workforce, such as adequate working conditions and respect for employees' rights, come from the fact that the Hidroelectrica Group wants to be a responsible employer in the energy sector, and contributes to the adaptation of the business model by increasing productivity and retaining talent.

All employees of the Hidroelectrica Group who could be significantly affected are included in the scope of the presentation of the information. The Hidroelectrica Group's own workforce includes hydroelectric power plant employees, technical and engineering staff, IT specialists and administrative staff, all of whom are direct employees of the Group.

Hidroelectrica carries out its activity in accordance with the standards and practices imposed on listed companies, having implemented a series of regulations and procedures aimed at generating a positive impact on employees on multiple aspects, such as those regarding employees' rights, freedom of association and negotiation, social dialogue, secure workplaces, adequate salaries, work-life balance. The Group's employees benefit from the provisions of *the Collective Labor Agreement* which regulates the

reciprocal rights and obligations related to the employment contract, working and rest time, working conditions, salary rights and other rights of a salary nature or assimilated to them, social protection of employees, dignity at work, equal opportunities and treatment, professional training. Also included in the CCM are provisions related to trade union organizations that have the right to use specific means of action (negotiations, protests, strikes, etc.), to represent their members in socio-professional and economic matters, to be informed about changes affecting employees, to defend members' rights before the courts, to make proposals for improving the activity, to organize educational activities and actions according to the statute, as well as to organize congress activities, general assemblies during working hours, with the prior information of the employer.

In addition to the basic salary, employees also receive allowances, bonuses and other additions. To these are added the indexations and/or legal compensations, as well as the increases as a result of the negotiations.

The Internal Regulation – Code of Conduct in Hidroelectrica SA establishes all the provisions regarding occupational safety and health, non-discrimination, the rights and obligations of the parties, labor discipline and aspects related to disciplinary misconduct, the procedures for amicable settlement of individual labor conflicts, individual requests and complaints of employees, as well as the criteria and methodology for evaluating their professional activity.

No significant widespread or systemic negative impacts have been identified in the contexts in which the Hidroelectrica Group operates. The only potential negative impact identified is related to safety at work, but this is mitigated by the implementation of preventive measures and internal protection procedures, as well as by systematic training of workers, which reduces exposure to risks and helps to ensure a safe working environment.

The Romanian Constitution and legislation expressly provide for the prohibition of forced labor as well as the exploitation through labor of children. Taking into account the fact that the Hidroelectrica Group complies with the legislation in force, there are no operations with a significant risk of forced or compulsory labor incidents, or operations with a significant risk of child labor incidents. Hidroelectrica's *policy (paragraph Labor)* also states that any form of forced labor or exploitation of children is strictly prohibited.

Policies related to own workforce

ESRS S1-1

Policies have been adopted to manage material impacts related to one's own workforce, in line with the minimum reporting requirements set out in the ESRS 2 MDRP. The Management Board is responsible for the implementation of procedures related to its own workforce.

Through the Hidroelectrica SA Policy on the main objectives in terms of the relationship with stakeholders, social aspects (human rights, working conditions), environmental and governance, the Company describes its commitments in terms of human rights policies (*Human Rights section*) that are relevant to one's workforce, processes and mechanisms for monitoring and correcting and mitigating adverse impacts in order to comply with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work. The policy is aligned with the aforementioned international instruments and its application is guaranteed by the Management Board. The company ensures the identification and compliance with the legal regulations on the prevention and sanctioning of all forms of discrimination and equal opportunities and treatment between women and men through the Human Resources Department.

Through **the Code of Ethics**, approved by the Hidroelectrica Supervisory Board, the rules of ethical behavior in Hidroelectrica are adopted:

Discrimination (*Chapter 3.1*) – Society aims to create a working environment in which individual differences are accepted and appreciated. Positive or negative discrimination of any nature based on actual or alleged attributes of the given person, including, but not limited to, skin color, gender, nationality, sexual or ideological belief, sexual identity, ethnicity, disability, sexual orientation, political or other views, marital status, and so on is prohibited.

Harassment (*Chapter 3.2*):

- a) The company prohibits and does not tolerate unprofessional language and abusive, discriminatory, threatening behaviour based on intimidation or physical or mental harassment of employees.
- b) Any verbal, non-verbal or physical form of behavior that aims at or leads to the injury of the dignity of the person concerned or that creates a humiliating and offensive environment, is prohibited.
- c) If an employee feels that he or she has fallen victim to harassment in one of the above forms, he or she will notify the company's harassment case reception and resolution committee, which will then investigate the case and propose to the Company's Management Board to take the necessary measures.

In order to identify and reduce the risks associated with various activities and work processes, to prevent accidents and occupational diseases, the OSH Prevention and Protection Plan is developed. Human rights principles are also incorporated into Internal Regulations or collective agreements and other related documents. All these documents have received the approval of the Board of Directors or the Boards of Directors of our companies.

At the same time, by adopting the aforementioned Hidroelectrica SA Policy (*Labor section*), the Company undertakes to respect the employees' right to association and collective bargaining, according to Principle 3 of the Global Compact. The company strongly condemns and prohibits any form of forced or compulsory

labour, in line with Principle 4 of the Global Compact. Any form of child exploitation is also prohibited, according to Principle 5 of the Global Compact.

In accordance with Principle 10 of the Global Compact and the ISO 37001 standard, the Company strongly prohibits and condemns any form of corruption and is committed to adopting ethical behavior, based on fairness, impartiality and transparency, ensuring full compliance with domestic and international legislation and norms prohibiting such practices (*Anti-Corruption/Anti-Bribery section*)

At the level of Hidroelectrica SA, these policies are provided for:

- Collective Labor Agreement of Hidroelectrica SA for the years 2024-2026;
- Internal Regulation – Code of Conduct in Hidroelectrica SA;
- Code of Ethics of Hidroelectrica SA.

These commitments aim to maintain a transparent and accountable business environment. The company remains committed to the fight against corruption and bribery, promoting an organizational culture based on sound ethical values.

To ensure compliance with these commitments, Hidroelectrica SA has implemented internal policies and procedures aimed at monitoring and evaluating performance in terms of employee, human rights and labor standards.

The Code of Ethics specifically addresses Hidroelectrica SA's policy commitment on discrimination (chap. 3.1 *Discrimination*), positive or negative of any nature based on actual or alleged attributes of the given person – including but not limited to skin color, gender, nationality, sexual or ideological belief, sexual identity, ethnicity, disability, sexual orientation, political or other views, marital status, and so on.

The processing and disclosure of employees' personal data is carried out in accordance with the applicable legal bases, in compliance with the principles of legality, confidentiality and data minimization, and disclosure to third parties takes place only to the extent justified and permitted by the applicable legal framework.

The measures, respectively the documents within Hidroelectrica through which remedies are provided or facilitated in case of negative impacts on human rights:

- The Collective Labor Agreement of Hidroelectrica SA, which provides for the rights of employees and measures to protect them;
- Internal Regulation – Code of Conduct in Hidroelectrica SA;
- Guide on preventing and combating harassment based on sex, as well as moral harassment in the workplace (Hidroelectrica SA) developed to ensure equal opportunities and treatment between women and men, guaranteeing a working environment free of violence and harassment and promoting a culture of respect, dignity and professionalism. The main objective is to create an optimal working environment, based on equal respect and trust, and applies to all employees and the people with whom they interact.

- The main objective: to create an optimal working environment, based on equal respect and trust. At the level of Hidroelectrica, the Joint Administration-Trade Union Commission is created, in which both the employer and the Hidroelectrica Hidrosind Union have an equal number of members and which has among its duties the resolution of requests, notifications or complaints received from employees.
- In the Hidroelectrica units, personnel commissions are constituted, in which both the employer and the Hidroelectrica Hidrosind Union have an equal number of members and whose attributions are:
 - o developing proposals for solving the requests, notifications, complaints or appeals of the employees under the competence of the administrative bodies;
 - o Developing proposals for attempting an amicable settlement of requests, notifications, complaints or appeals that fall within the competence of the courts.

Hidroserv has implemented **the Code of Ethics and Integrity**, which regulates the rules of professional and social conduct within the company, promoting the moral responsibility of all employees for the achievement of the company's major objectives. The Code prohibits any form of direct or indirect discrimination, harassment or victimisation based on criteria such as race, nationality, ethnicity, colour, language, religion, social origin, sex, sexual orientation, age, disability, chronic illness, political choice, family status, trade union membership or membership of a disadvantaged category (*Chapter 7.1.4*). This Code acts as a policy commitment and applies to all employees and management of the company.

UCMH has also implemented a **Code of Ethics and Professional Conduct** that emphasizes respect for employees' rights, including equal and non-discriminatory treatment (*chapter 2.9*), and promotes professional and transparent behavior. The Code promotes an organizational climate based on mutual respect, collaboration and professional support between employees and management and constitutes the company's policy commitment.

The company includes provisions in **the Collective Bargaining Agreement (CCM)**, which reflect positive measures for employees with disabilities, who are entitled to an additional 3-day leave each calendar year, in addition to the leave days provided by the legal regulations. The company grants this right to all employees with disabilities, based on the presentation of a copy of the disability certificate.

Based on the history of the Group's activity, the current activities carried out by the Human Resources and OSH departments, the continuous relationship with the trade unions as well as the history of complaints, no vulnerable groups of employees were identified.

Also, through the provisions of the procedure *M01.021 Analysis. In the public interest*, the right of any employee to report and report any violation of the law or ethical norms (including related to discrimination) is guaranteed, and the company has defined the necessary reporting framework and the company's responsibilities for solving them.

The collaboration activities with the Union are carried out at the level of each entity, including the negotiation of the Collective Labor Agreement (CCM) and the addenda, as well as the implementation of the recruitment, selection and evaluation processes, along with the disciplinary investigation of the employees. Employees and trade unions work together through information and consultation sessions. The Collective Labor Agreement includes provisions regarding the respect of the confidentiality of employees' personal data, in accordance with the applicable legal framework and the Group's internal regulations.

Hidroelectrica SA, Hidroserv and UCMH have implemented an integrated management system in terms of occupational safety and health, aligned with international standards. The occupational health and safety management system is certified according to the SR EN ISO 45001 or 45001 standard, as the case may be, by the SRAC.

The Hidroelectrica Group allocates financial and human resources to support collaboration with employees and trade unions, and to facilitate a constructive dialogue.

The recruitment of personnel within the Hidroelectrica Group is carried out through a process that allows the evaluation of candidates' skills, professional and behavioral performances. Emphasis is placed on professional competence and their compatibility with the system and work environment of the Company. The Hidroelectrica Group rejects any form of favoritism in hiring, evaluation, promotion or distribution of job tasks, according to the Code of Ethics and the Internal Recruitment Procedure.

Hidroelectrica SA attaches importance to the development of its employees, promoting the improvement of professional training through internal programs supported by internal lecturers or external authorized trainers, according to the procedure "*S05.210 Planning of personnel development training activities*".

Processes for engaging with own workers and workers' representatives about impacts

ESRS S1-2

In order to ensure a genuine commitment, Hidroelectrica SA adopts several measures, such as:

- Creation of communication channels – If a member of the Management, an employee of the Company or a partner, wishes to communicate a violation of the law or the rules of ethical behavior, as a whistleblower in the public interest, including anonymously, he must submit a written report to the comportament.etic@hidroelectrica.ro address managed by the Manager of the Internal Public Audit Department, subordinated to the Supervisory Board of Hidroelectrica SA.
- Providing transparent and accessible information about the Company's activities, performance and impact, through sustainability reports, press releases and through SharePoint, social media pages, corporate events;
- Responding to employee questions, concerns, and complaints.

The negotiation of the Collective Labor Agreements (CCM) with the unions Hidroelectrica SA, Hidroserv and UCMH is carried out by a commission designated at the level of each entity. The CCM negotiation process starts at least 60 calendar days before the expiry of the contract in force. The negotiation of addenda to the CCM takes place whenever there are legislative changes that require it or when one of the parties requests an amendment or completion.

The collaboration with the employees through their representatives, respectively the Trade Unions, is carried out continuously, and the duration of this collaboration varies depending on the specific object of the collaboration.

The interaction with the employees' representatives, respectively the unions within Hidroelectrica, takes the form of the following forms:

- meetings/meetings for the negotiation of the Collective Bargaining Agreement and its addenda, following these meetings resulting in these documents applicable to all the company's employees;
- meetings within the joint administration-union commission, as a result of which there are regulations on granting rights to employees, granting material aid to employees with serious illnesses;
- meetings within the Joint Notes commissions as a result of which the following are established: the start and end time of the working hours, the way of ensuring transport to and from the workplace;
- meetings for the joint elaboration of documents applicable to all the company's employees such as: internal regulations, recruitment procedure, employee evaluation procedure, award regulations, promotion protocol, protocol for establishing days off;
- sending replies to trade union requests (through written addresses).
-

Hidroelectrica SA annually measures the degree of employee satisfaction and involvement, the evaluation taking place at the beginning of the year for the previous year.

The effectiveness of the collaboration with employees is evaluated annually through a tool with a role in measuring employee satisfaction with the job, commitment and overall morale. The results of these evaluations are taken into account for the improvement of the working environment and the general working climate.

Within the Company, the salary rights of employees, regardless of gender, are established according to the salary system implemented in collaboration with the Trade Unions. The rights of persons with disabilities are also respected, which include additional annual leave, flexible working hours, and financial support for prostheses and expensive treatments.

In the first quarter of 2025, Hidroelectrica SA held a training session to improve employees' awareness of diversity, inclusion and non-discrimination.

As for the activity of UCMH and Hidroserv, they comply with the legislative norms on Occupational Health and Safety (OSH) in the implementation of the OSH management system.

Within each entity, according to the regulations of the CSSM (Occupational Health and Safety Committee), there is a separate committee that organizes at least quarterly meetings of the committees in which the social aspects affecting employees are analyzed. Through the CSSM meetings, the workers' representatives express the employees' points of view, according to the agenda or additionally at the request of the CSSM secretary, various other possible problems are exposed. This committee is a joint body made up of representatives of employees with responsibilities in the field of OSH, on the one hand, and the employer, on the other hand; guests can also take part, if necessary. On the agenda, problems can be noticed directly by employees regarding any aspects related to the safety and health at work of employees, but also through employee representatives.

Processes to remediate negative impacts and channels for own workers to raise concerns

ESRS S1-3

The employees of Hidroelectrica SA have the opportunity to address complaints to the company and can send petitions or complaints, which will be answered within the deadline established by law. The applicable procedure is S05, entitled 'Dealing with a complaint'.

The company has implemented a system for assessing and remediating negative impacts on employees. This system includes:

- Prompt and impartial investigation of complaints
- Implementing appropriate corrective measures (e.g. modifying a process, correcting a procedural violation or updating existing procedures, improving reporting processes)
- Monitoring the effectiveness of measures through feedback from employees and performance indicators.

The complaint, depending on its specificity, is assigned to a responsible department according to the specifics of the complaint, and according to the procedures for solving complaints, they are investigated according to the specifics of the complaint and are monitored by the designated responsible. The corrective measures are proposed for adoption by the management, and the performance indicator is to respond to all notifications.

The Company also implemented procedure *M01.021, entitled "Analysis/Resolution of whistleblower reporting in the public interest"*. If employees find violations of the code of ethics, they can send written complaints to the comportament.etic@hidroelectrica.ro email address. Whistleblowings in the public interest are managed by the Manager of the Internal Public Audit Department.

The company has implemented a Code of Ethics, and employees can report any violation of it to comportament.etic@hidroelectrica.ro's email address. The process of analyzing the reports made on possible violations of the Code of Ethics is presented in Section G1 *Professional Conduct*.

A Guide to preventing and combating gender-based harassment and psychological harassment at work was also adopted. A commission has been set up to deal with and deal with cases of sexual and moral harassment. Employees can contact the commission by phone at a dedicated number or by e-mail provided for this purpose.

The company has instituted a policy of protection against retaliation for employees who use the whistleblowing mechanisms, guaranteeing confidentiality and prohibiting any form of discrimination or harassment as a result of expressing concerns.

In order to encourage the use of these channels, Hidroelectrica SA:

- Informs all employees about the existence and use of hiring mechanisms
- Displays channel information in visible locations at work
- Regularly trains staff on the possibilities of addressing.

Complaints on these channels are monitored and analyzed according to internal regulations. Hidroelectrica SA assesses employees' knowledge and trust in these mechanisms by analyzing the rate of use of reporting channels.

Evaluation of the effectiveness of the reporting channels is carried out through: periodic analysis of the recurrence of incidents and resolution times; verifying how corrective measures have been implemented; direct feedback from the employees involved; involvement of relevant stakeholders, such as members of the Committee of Inquiry, trade union representatives or other users of the mechanisms.

Through these processes, Hidroelectrica ensures that the reporting mechanisms remain accessible, efficient and oriented towards protecting employees, and the measures applied contribute to preventing the repetition of incidents."

Hidroserv management encourages employees and other stakeholders to report any ethics and integrity incidents. If an employee of the Company or a partner wishes to communicate a violation of the provisions of the Code of Ethics and Integrity, he must send a written report to the email address, managed by the ethics advisor.

Failure to comply with the aspects related to the Code of Ethics and Professional Conduct at UCMH is considered a disciplinary offense and is sanctioned according to the legal provisions and internal regulations in force. If there are complaints regarding the violation of the provisions of the Code of Ethics and Professional Conduct by the branch staff, administrative investigations are carried out according to the legislation in force by a Disciplinary Commission.

UCMH has an Anti-Harassment and Anti-Discrimination Policy and a dedicated channel through which employees can directly express their concerns or needs, as well as a procedure through which complaints and notifications can be submitted, following which they are resolved through the mechanism established in the policy. UCMH has not yet finalized its internal procedure regarding the Public Interest Whistleblower, and until such procedure is completed, it is not covered by Hidroelectrica's procedure.

The process of analyzing the reports made on possible violations of the Code of Ethics and Integrity is presented in Section G1 *Professional Conduct*.

Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

ESRS S1-4

The Group's current human resources practices support the generation of positive impacts on employees by the fact that the majority are full-time employees, which provides financial stability to them and their families, by supporting freedom of association, conducting collective bargaining, organizing regular consultations with employee representatives, promoting work-life balance and implementing rigorous health and wellness programs. safety at work.

The Group also addresses attracting new talent by implementing strategic actions, such as offering private scholarship programs, organizing internship programs and conducting internship programs for students. These initiatives are meant to attract young talents and provide them with opportunities for professional development within the company, with participants having the opportunity to be selected as future employees according to specific rules. In addition, the Company is committed to supporting the professional development of its employees through various methods of motivation, both intrinsic and extrinsic, thus ensuring a stimulating and innovative work environment.

The company introduced a salary system in collaboration with the social dialogue partner, which resulted in reduced staff turnover. Recruitment and selection processes include: S05.120, which refers to the recruitment of an employee; S05.240, for the selection of a scholarship; and S05.250, which aims to carry out the contracts for granting private scholarships. There are also specific instructions for hiring interns or dual education students.

The effectiveness of these actions is assessed through the analysis of the targets set as part of the 2023 Sustainability Strategy (presented in the next section) and internal audits of human resources processes, but also through the implementation of mechanisms for the prevention of OSH risks (risk assessments, audits, worker involvement), ethical/whistleblowing channels with certain response and information deadlines, as well as HR and OSH operational indicators that are regularly monitored and consolidated annually. The effectiveness of the actions implemented on its own workforce is assessed through regular monitoring in the field of human resources and occupational safety and health, including indicators on staff turnover, staff recruitment and retention, participation in training programmes, as well as OSH-specific indicators (e.g. frequency of accidents at work, results of risk assessments and internal audits). The evaluation of these indicators is carried out periodically at the level of human resources and OSH structures and is reinforced annually at the level of executive management.

Until the adoption of the new sustainability strategy aligned with ESRS standards, the evaluation of performance in these areas shall be carried out through the existing operational mechanisms, including periodic internal reporting, internal audits and the analysis of indicators specific to the areas of human resources and occupational safety and health. These processes are applicable at the level of the Group entities (Hidroelectrica SA, Hidroserv SA and UCMH SRL), depending on the specifics of the activity of each entity.

In the case of Hidroserv, within the integrated management system for quality, environment and occupational health and safety, certified according to the SR EN ISO 9001, SR EN ISO 14001 and SR EN ISO 45001 standards, Hidroserv has established a methodology for identifying and managing risks and opportunities. These aspects are detailed in the operational procedure "Risk management", code PO-M3-07, edition/revision in force. As part of the risk management process, risks related to one's own workforce are also analyzed. The ISO 45001 standard also contains provisions regarding the relationship with contractors, such as the assessment of risks and hazards related to them, their selection and evaluation, training, incident reporting.

The actions implemented within the occupational safety and health (OSH) management and risk management systems are directly correlated with the material negative impact identified by the double materiality analysis, namely the risk that employees do not benefit from safe working conditions. In this regard, the Hidroelectrica Group applies preventive and mitigation measures such as periodic assessment of occupational risks, implementation of prevention and protection plans, periodic training of employees in the field of OSH, internal audits and field checks, as well as monitoring of indicators on incidents and accidents at work. These mechanisms are applied at the level of the Group entities, depending on the specifics of the activities carried out.

In relation to contractors and other business partners, the Group imposes specific occupational health and safety requirements, including the prior assessment of the risks associated with the activities carried out by them, mandatory training on the OSH rules applicable at the company's sites, the inclusion of contractual clauses on compliance with OSH requirements and the performance of field checks and controls to ensure compliance with these requirements.

Internal functions involved in managing workforce impacts include human resources and occupational safety and health departments, as well as structures responsible for internal audit and compliance.

Hidroserv develops and implements prevention and protection plans (PPPs) for each section, and dedicated expenditure plans are established annually for their application. The PPP includes technical, sanitary, organizational and other measures, adapted to the specific working conditions in each unit.

At the level of each section, the following are developed and executed:

- annual OSH control plans to verify compliance with the legal requirements in the field;

- Annual audit programs of the integrated management system in the field of OSH to verify compliance with the conditions of ISO 45001 certified standard;
- Annual internal public audit programs.

Both within Hidroelectrica SA, Hidroserv, and at UCMH, various measures were implemented in 2025 with the main aim of having positive impacts on their own workforce:

- **Occupational health and safety measures:** Implementation of standards such as **SR EN ISO 45001** to ensure a safe and healthy working environment.
- **Staff Motivation and Retention Programs:** Providing benefits, bonuses, and career advancement opportunities to keep valuable employees within the company.
- **Training and professional development programs:** Organizing courses and trainings to improve employees' technical and managerial skills.

The actions taken by the Group's companies derive from its current operational activities and existing business strategy, without being developed or explicitly correlated with the process of identifying and assessing impacts, risks and opportunities in materiality analysis, this correlation to be achieved with the adoption of the new Sustainability Strategy.

The Group allocates resources to manage significant impacts, including a dedicated budget for professional development programs, investments to improve working conditions (OSH), personnel specialized in human resources management, but these are not quantified and reported in correlation with the significant impacts identified in the materiality analysis. If real impacts on its workforce are identified, the Hidroelectrica Group applies internal investigation and remediation mechanisms, in accordance with human resources and occupational health and safety procedures. These include the investigation of incidents or accidents at work, the analysis of the causes, the establishment and implementation of corrective and preventive measures, as well as the monitoring of their implementation. The processes are documented within the framework of internal OSH procedures, management systems certified according to the SR EN ISO 45001 standard and incident reporting and analysis processes. Employees have at their disposal mechanisms for reporting situations that may have negative impacts on working conditions, including through internal communication channels, workers' representatives or social dialogue mechanisms. Complaints are analyzed by the competent structures (human resources, occupational safety and health), and when necessary, measures to remedy or improve working conditions are established.

The results of the implemented actions are monitored through operational indicators specific to the areas of human resources and occupational safety and health, such as the evolution of indicators on occupational accidents, the degree of participation in training and professional development programs or the level of staff turnover. These indicators are analyzed at the level of the responsible structures and reported to the management.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

ESRS S1-5

Hidroelectrica SA has identified a series of indicators and targets, part of the Sustainability Strategy approved in 2023, to monitor the material impacts on the workforce. The indicators and targets set are aimed at achieving the assumed objectives. The strategy was developed based on the assessment of the material ESG aspects identified in 2023, with high relevance for both the company and the stakeholders from the perspective of social and environmental impact, as well as from the point of view of financial impact. Starting from these material aspects, the company has defined a set of Sustainability Pillars, representing the areas for which objectives, indicators and targets have been set. The establishment of the objectives, indicators and targets of the 2023 Sustainability Strategy also took into account the prospects of its own workforce, through internal consultations and dialogue with employee representatives. The monitoring of performance against these targets and the identification of possible improvements are carried out through internal analysis and reporting processes, which include the contribution of human resources, occupational safety and health structures and, where appropriate, consultation of workers' representatives.

At the time of writing, the targets and indicators are being updated due to the need to align with the ESRS standard of the IRO material, but the approval of the new strategy has been postponed and will be approved after the adoption of the revised ESRS standards.

The indicators and targets reported for 2025 are presented in the table below and reflect measures to manage potentially negative impacts (related to occupational health and safety) and promote positive impacts (diversity, attracting new talent, promotion and retention).

ESG pillar	Theme	Objective	Initiative/action	Performance indicator	Target	Results 2024	Results 2025	Implementation deadline
Occupational health and safety	Work incidents	Zero serious work incidents or fatalities	Annual update of the Occupational Health and Safety (OHS) Prevention and Protection Plan	LTIR (Lost Time Injury Rate, in the case of own employees)	LTIR < 1%	0.28	0.28	Annual
				No. of serious work incidents or deaths	0 serious work incidents or fatalities	0	0	

			Identification of OHS skills/knowledge at all organisational levels Provision of ad-hoc training initiatives to improve both performance and general awareness of health and safety at work	No. of SSO training hours/employee/year	minimum 8 hours of SSO training/employee/year for operational staff	16 hours/employee/year for operational staff	16 hours/employee/year for operational staff	Annual
Organizational culture	Attractiveness for employment	(1) Increasing employee satisfaction (2) Increasing retention (3) Attracting new talent and young professionals	Identifying training needs and providing an annual training program	No. of training hours/employee/year	- minimum 22 h/employee/year for TESA staff without access to facilities - minimum 102 h/employee/year for operational staff	- 20 h/employee/year for TESA staff without access to facilities - 117 h/employee/year for operational staff	- 21 h/employee/year for TESA staff without access to facilities - 120x h/employee/year for operational staff	Annual
					10% increase in the minimum number of hours per employee per year, for each of the two categories	20-117 h/employee/year (depending on the category of personnel)	21-120 h/employee/year (depending on the category of personnel)	2027
			Conducting annual employee satisfaction surveys	% voluntary staff turnover (FP)	FP < 2%	0,93	0	Annual
			Development of new projects for the training of young students in various specialties	No. of private scholarships: no. Employed scholarship holders / no. graduate scholarship holders = 1No. of scholarships	50 scholarships 210 places in dual education 60 internship programs 75 places for practice for pupils and students	10 scholarships awarded for 10 new students; During the year, a total of 16 scholarships were awarded (6 being awarded	18 students were supported for the 2024-2025 school year, of which 11 students remained for the	Until the places allocated to these programs are filled, depending on the

			for the hydropower industry	for the financial support of students in the dual education program, awarded /no. students enrolled in dual education who meet the conditions for granting =1.Expenses incurred by the Internship programs carried out/amounts allocated in the BVC for the Internship programs ≤ 1 No. of students who carry out their internship program in Hidroelectrica/N o. of internship programs provided for in the Framework Agreements concluded with the university education units ≤ 1		recurrently from previous years) 15 graduates from the dual education program were hired in 2024 55 internship programs occupied 29 students completed internship	2025-2026 school year. In October 2025, a new selection process was started for the granting of 34 scholarship places (25 students and 9 students). Following the selection, 13 students and 4 students were selected who will conclude the scholarship contracts until February 2026. 4 graduates from the dual education program were hired in 2025 15 contracts for dual university education were concluded (10 students and 5 master's students) 38 programe internship demarate 58x students completed an internship	annual approvals
	Diversity, inclusion and non-discrimination	0 incident to discriminate	Developing and delivering a training session to improve managemen	% of management trained	100%	100%	100%	Annual
				Incident No. to discriminate	0	0	0	Annual

			t's awareness of diversity, inclusion and non- discriminatio n					

Regarding the implementation of the ISO 45001 Occupational Health and Safety Management System standard, Hidroelectrica SA has met the target of 100% for the certification of its sites in 2025.

No performance indicators and targets have been set for Hidroserv and UCMH.

Characteristics of the undertaking's employees

ESRS S1-6

The number of employees as of December 31, 2025 **was used to present the data**. The group considered as employees the persons with whom it has concluded individual employment contracts, in accordance with the provisions of Law 53/2003 Labor Code - republication. The members of the Supervisory Board and the Management Board are not included in the table below, as the Company has concluded mandate contracts with them.

In the consolidated financial statements, the number of employees as of December 31, 2025 can be found in Note 16 Employee Benefits.

Employee breakdown

Gen	Number of employees as of December 31, 2024	Number of employees as of December 31, 2025
Female	796	824
Male	4,440	4,478
Other	0	0
Not reported	0	0
Total	5,236	5,302

The group has employees only in Romania.

Employee breakdown (contract types)

Number of employees			
Gen	Permanent	Temporary	Hours denied

Number of employees						
	2024	2025	2024	2025	2024	2025
Female	783	801	13	22	0	0
Male	4,324	4,322	116	157	0	0
Other	0	0	0	0	0	0
Not reported	0	0	0	0	0	0
Total	5,107	5,123	129	179	0	0

Breakdown of employees (by working time)

Gen	Full-time		Part-time	
	2024	2025	2024	2025
Female	794	821	2	2
Male	4,431	4,471	9	8
Other	0	0	0	0
Not reported	0	0	0	0
Total	5,225	5,292	11	10

Total fluctuation and voluntary fluctuation

	2024	2025
Total staff turnover	6.41%	7.32%
Voluntary staff turnover	1.34%	1.36%

The total turnover of the staff is calculated as the ratio between the number of employees who have terminated the individual employment contract, regardless of the cause (either voluntarily or due to dismissal, retirement or death in the course of service), and the average number of employees in that year. Thus, with 381 employees leaving out of an average total of 5,204, the total fluctuation is 7.32%. As for the voluntary staff turnover, this represents the percentage of those who terminated the contract on their own initiative, being 1.36% in 2025, i.e. 71 employees out of the same average number of 5,204.

Percentage of female employees	2024	2025
Total percentage of female persons employed within the Hidroelectrica Group	15.20%	15.54%
Percentage of women on the Supervisory Board and Management Board	16.7%	20%

The total percentage of female employees within the Hidroelectrica Group is mainly influenced by the specifics of the jobs within the Group. These jobs, by the nature of the availability and effort requirements, are mostly occupied by male people.

Diversity metrics

ESRS S1-9

The Hidroelectrica Group recognizes the importance of diversity and inclusion for creating a positive workplace culture and is dedicated to promoting these values. To this end, initiatives such as bias courses and employee resource groups have been implemented. The group does not restrict access to positions in the recruitment, selection and promotion process, although most of the employees are men due to the specifics of the jobs. The Hidroelectrica Group is committed to creating a working environment in which individual differences are respected and valued, prohibiting discrimination and abusive or discriminatory behavior.

Details on the Group's diversity indicators are highlighted in the tables below.

Gender distribution at senior management level* (Supervisory Board and Management Board)				
Employees	Numeric value		%	
	2024	2025	2024	2025
Age				
< 30	0	0	-	-
30 – 50	10	7	83.3%	70%
> 50	2	3	16.7%	30%

* At Group level, senior management is represented by the Supervisory Board and Management Board

Distribution of employees by age groups at Group level

Distribution by age groups at staff level		
Employees	Numeric value	%

	2024	2025	2024	2025
Age				
< 30	265	320	5.06%	6.04%
30-50	2,109	2,296	40.28%	43.30%
> 50	2,862	2,686	54.66%	50.66%
Total	5,236	5,302	100%	100%

Fair and safe working conditions

Collective bargaining coverage and social dialogue

ESRS S1-8

The working conditions of the employees are established by the collective labor agreements, according to the terms agreed at the level of each entity in the group. Employees obtained through personnel leasing benefit from the same rights as permanent employees of the company.

	2024	2025
Percentage of the Group's total employees subject to collective bargaining agreements*	100%	100%

*The collective bargaining agreement is not applicable to the members of the Supervisory Board and the Management Board, who have mandate contracts for the duration of their mandate. If they are elected from among the employees, their individual employment contract is suspended for the duration of the mandate.

The Group's activity is carried out entirely in Romania, and 100% of the employees are covered by collective bargaining agreements and employee representatives.

Adequate wages

ESRS S1-10

The Group ensures fair remuneration for all its employees. All employees of the Hidroelectrica Group are remunerated according to the salary system established by the Collective Labor Agreement at the level of each entity, in compliance with the legislation in force regarding the minimum wage, social contributions and tax. It represents the reference level used to define the appropriate salary in the context of ESRS reporting, as there is no official alternative for setting it.

There are no employees or persons earning below the reference level of the appropriate salary applicable at national level, i.e. the minimum gross basic salary per country guaranteed in payment.

At the level of Hidroelectrica SA, gender equality and equal remuneration are ensured through a salary system applied since 2018, based on the Mercer methodology, which evaluates positions on five dimensions (impact, communication, innovation, knowledge and risks) and promotes competence. This methodology is based on comparing positions with objective market salary data, using external databases and benchmarks to correctly position roles in relation to the market and to ensure a competitive and fair remuneration structure, ensures that it implements a competitive and market-aligned salary structure.

Through the applied salary system, Hidroelectrica SA establishes, in the medium and long term, the following objectives:

- reward employee performance;
- reflect the responsibilities of each position;
- ensure the efficient use of financial resources;
- offer salaries that attract, motivate and retain employees.

The salary system applies to all employees of Hidroelectrica SA with an individual employment contract and takes into account the following factors:

a) efficiency – the reward system must ensure judicious administration and control of personnel costs;

b) equity that is defined according to 3 dimensions:

- internal fairness – by taking into account job requirements as a result of the job evaluation process;
- external equity – by paying a post in relation to similar posts in other companies;
- individual equity – by taking into account the competences of the person occupying a certain position in relation to persons occupying similar positions in Hidroelectrica SA.

Hidroserv and UCMH, in turn, apply salary systems that comply with the legislation and promote equity.

Persons with disabilities

S1-12

The Hidroelectrica Group is committed to supporting the inclusion of people with disabilities. However, it is important to note that certain jobs within the organization have specific health requirements, according to the applicable legal regulations. The health status of the staff is certified at the time of employment and periodically, by the specialized occupational medicine service provided by the Company, so that the health status of the staff is corresponding to the identified occupational risk factors, for each position in the organizational chart.

As of 31.12.2025, the Group has 75 employees with disabilities, of which 64 men and 11 women. There are no persons with disabilities among employees who are subject to legal restrictions on data collection.

	Female		Male		Total	
	2024	2025	2024	2025	2024	2025
Number of employees with disabilities	11	11	65	64	76	75

	2024	2025
Total percentage of employees with disabilities	1.45 %	1.41%

Compensation metrics (pay gap and total remuneration)

ESRS S1-16

The remuneration of the Hidroelectrica Group's staff is regulated, at the entity level, by the applicable Collective Labor Agreements (CCM), which includes a hierarchy of functions and trades within each company. Here are mentioned salary limits for each hierarchical level, established according to the complexity of the work, the degree of technicality and professional competence specific to the positions in the organizational chart.

When negotiating the salary, the requirements contained in the Job Description, annexed to the CCM, are taken into account, a comparative evaluation with the average levels of income achieved in similar activities at national level, thus resulting in a salary whose value will be established in accordance with the limits of the Nomenclature of Hierarchy of Functions provided for in the CCM.

Gender pay gap - all group staff

Gen	Number of employees		Pay gap*	
	2024	2025	2024	2025
Female	796	824	-11.01%	-11.02%
Male	4,440	4,478		
Total	5,236	5,302		

** During 2025, the company revised the calculation methodology for the indicators in order to comply with ESRS requirements, and the indicators for the 2024 reporting period were recalculated..*

The gender pay gap is calculated, according to the ESRS definition, as the difference between the average pay levels (average monthly income was used) between female and male employees, expressed as a percentage of the average pay level of male employees. For the purpose of calculating the total number of worked hours, the entity used a standard working time of 8 hours per day (equivalent to 160 hours per month) for each employee, multiplied by the number of months worked during the reporting period. The hourly earnings used in the calculation were derived by dividing the total gross remuneration by the number of hours thus determined.

The pay gap between women and men in the energy sector, including in companies such as those in the Hidroelectrica Group, is influenced by factors such as the different distribution of genders in operational and administrative/technical roles. Thus, the pay gap of -11.02% is justified by the presence of female people predominantly in technical and administrative positions, and less in the exploitation area, predominantly male employees.

Annual total remuneration ratio	
2024	2025
5.58*	14.59

** During 2025, the company revised the calculation methodology for the indicators in order to meet ESRS requirements, and the indicators for the 2024 reporting period*

were recalculated.

At group level, the ratio of the total annual remuneration for the highest-paid employee to the total annual median remuneration for all employees (excluding the highest-paid employee) is 14.59. The calculation was made using the annual earnings per employee, composed of the gross basic salary, bonuses and other benefits granted according to the CCM. Only employees who were active for 12 months during the year were included (*for 2024, in the case of UCMH, employees who were active for 10 months of the year were considered, taking into account the timing of the company's acquisition by Hidroelectrica).

In determining the pay gap and the ratio between the total annual compensation for the highest-paid employee and the total annual median compensation for all employees, the Group took into account all employees.

The members of the Supervisory Board and the Management Board are also included in the calculation of the remuneration indicators.

Protection of human rights

Incidents, complaints and severe human rights impacts

ESRS S1-17

The Hidroelectrica Group is committed to combating any form of discrimination.

By promoting an inclusive work environment, the Group aims to create a workplace where all employees feel valued and supported, thus contributing to a healthy and productive organizational culture.

Employees are encouraged to report any form of harassment to the manager of the Human Resources Department, who will investigate and propose appropriate measures to the Company's Management Board.

In 2025, a total of 5 complaints were submitted by employees to Hidroelectrica SA, being received on the e-mail address of the commission for receiving and solving harassment cases, all of which were resolved according to the Guide on preventing and combating harassment based on sex, as well as moral harassment at work. All these 5 complaints were related to potential situations of harassment at work. Following the committee's analysis, according to the procedure, it was found that 1 of these 5 complaints fall into the category of "harassment at work".

At UCMH level, an incident of verbal harassment was registered and there were no incidents of discrimination. The notification was sent in letter format to the General Manager and registered with the Human Resources Service. The incident was analyzed and solved by the Preliminary Disciplinary Investigation Commission, according to the working procedure Application of disciplinary sanctions, code PL 306-50 and was registered in the UCMH SRL Harassment Register.

In 2025, no incidents of discrimination or harassment among employees were reported at Hidroserv and no employee complaints regarding occupational safety and health were reported. There were also no reported work-related incidents and/or complaints or serious human rights impacts (e.g. forced labour, trafficking in human beings or child labour) within their own workforce.

The group has not received any significant fines, sanctions or compensation in relation to its human rights or its workforce.

Total number of incidents of discrimination, including harassment	2024	2025
Number of complaints filed through the channels through which people in the company's own workforce can express their concerns	16	5
Total number of incidents of discrimination, including harassment	0	2
Total amount of fines, penalties and compensation for damage caused by incidents	0	0
Remedial action	0	2

Employee welfare and development measures

Health and safety metrics

ESRS S1-14

The situation of work accidents at the workplaces within the Hidroelectrica Group units, in 2025.

Events	2024	2025
No. of work-related injuries with temporary incapacity for work (own employees)	3	2
No. of work-related injuries and acquired disability (own employees)	0	0
No. of work-related accidents with death (own employees)	0	0
Total events (own employees)	3	2
No. of work-related accidents with death (contracted employees)	0	0

Number of deaths because of work-related injuries and work-related diseases at the level of Hidroelectrica units						
Drive	Deaths of own employees		Contractor deaths		Total work-related deaths	
	2024	2025	2024	2025	2024	2025
Locations of the Hidroelectrica Group	0	0	0	0	0	0
Head Offices	0	0	0	0	0	0
Total	0	0	0	0	0	0

In 2025, at the level of the group, 2 work accidents were recorded. The main causes that generated the events are:

- Hațeg (Hidroelectrica SA): Moving the generator set from the premises of the dam operator's house, where, at the time of performing the maneuver to turn the generator to the access gate (the necessary measures were taken to safely perform the maneuver), the generator entered and swayed, injuring one of the workers in the right leg, by pressing the sole of the foot, which slipped when the group was swinging between the fixing/riding support and the floor.
- Rm. Vâlcea (Hidroserv): Indirect contact with the electric arc in the 220 kV substation as a result of improper control-maneuvering.

Number of occupational accidents registered at the level of the Hidroelectrica Group

Event type	2024	2025
No. of work-related injuries with temporary incapacity for work (own employees)	3	2
No. of work-related injuries with disability (own employees)	0	0

No. of work-related accidents with death (own employees)	0	0
Total events (own employees)	3	2

The number of days lost as a result of work-related injuries and deaths due to work-related accidents, work-related illnesses and deaths caused by illnesses.

	2024	2025
Number of days lost due to work-related injuries	181	301

Incident-related absenteeism rate

	2024	2025
Incident-related absenteeism rate Number of accidents x 1000000 / total number of hours worked per year	0.28	0.22

The Group has implemented a procedure for organising internal training, detailing all types of training, their durations, methods of knowledge verification and those responsible for each type of training. According to the legislative provisions, OSH training is carried out at the time of employment, at the workplace, periodically (at the latest every 6 months after the last training) and additionally (for example, after a work accident or after an absence of the employee for more than 30 days). These trainings are offered free of charge, during working hours, by OSH specialists or job managers, and their effectiveness is evaluated by testing the knowledge gained.

	Employees		Non-employed		Employees in the value chain	
	2024	2025	2024	2025	2024	2025
Percentage of people in its own workforce who are covered by the company's health and safety management system based on legal requirements and/or recognised standards or guidelines	100%	100%	0	0	0	0

Number of deaths as a result of work-related injuries and work-related diseases;	0	0	0	0	0	0
Number and rate of work-related accidents that can be recorded	3	2	0	0	0	0
Number of cases of work-related diseases that can be registered	0	0	0	0	0	0
Number of days lost due to work-related injuries and deaths due to work-related accidents, work-related diseases and deaths due to diseases	181 days	301 days	0	0	0	0

The indicators included in this report have not been verified by any external body other than the insurance provider.

AFFECTED COMMUNITIES

ESRS S3

Strategy and concepts related to affected communities

Interests and views of stakeholders

SBM-2, SBM-3

The Hidroelectrica Group follows a series of processes related to the consultation of the communities that could be affected by the Group's activities, in particular within the procedures for obtaining environmental agreements and permits (public information through press announcements, on the website of the Environmental Protection Agencies and/or on the company's website, public participation, as the case may be in various public debates, depending on the environmental procedure followed).

The Group has identified as potential affected communities those who live or work around the Group's sites. No affected communities on the value chain or indigenous peoples were identified to be affected by the Group's operations.

The Hidroelectrica Group takes into account the impacts on communities, as well as the risks and opportunities in its strategy and business model, including for vulnerable groups.

The positive impacts on communities derive from the company's business model, in the sense that it is an affordable energy supplier, and the hydrotechnical facilities protect the localities by controlling water flows, reducing the risk of flooding and stabilizing watercourses during periods of heavy rainfall.

The potential indirect negative impacts related to possible temporary interruptions in the raw drinking water supply of some beneficiaries who take water from the hydropower facilities operated by Hidroelectrica, for delivery to the population in the areas adjacent to these facilities, are isolated cases and are prevented by prior communication of the need and duration of technical interventions, so that the respective beneficiaries take technical and legal measures necessary to ensure the continuity of the population's water supply.

Hidroelectrica has developed a Stakeholder Engagement Plan (SEP) that establishes the framework through which the company provides a way to communicate consistently with all groups affected or interested in its activities. The plan aims to ensure continuous dialogue, through the identification and analysis of stakeholders, regular consultations and adaptation of communication according to the needs of each group. The SEP is updated during the implementation of the projects and includes clear mechanisms for collecting and managing complaints, as well as activities dedicated to local communities. Through this process, Hidroelectrica strengthens constructive relationships, manages risks and contributes to the success of projects and the development of the communities in which it operates

The table below presents the material IROs identified following the conduct of the double materiality analysis, detailed in ESRS section 2 Double materiality analysis. These IROs refer to communities identified by the Group as potentially affected communities.

Affected communities	Impact	Location on the value chain	Risk/Opportunity
The economic, social and cultural rights of the communities in which we operate	Positive impact , through affordable energy supply. In addition, hydropower developments play a role in mitigating flood waves, water supply to localities, irrigation, fish farming, navigation through locking, recreation and tourism, stimulating the local economy (jobs and road connectivity).	Own operations	Opportunity: Hidroelectrica SA can invest in the development of sustainable projects that directly benefit local communities, such as education, health or vocational training. It can also work with local authorities to support the preservation of cultural identity and the protection of heritage.
The economic, social and cultural rights of the communities in which we operate	Potentially indirect negative impact – Possible temporary interruptions in the raw drinking water supply of some beneficiaries who take water from the hydropower facilities operated by Hidroelectrica, these beneficiaries having the responsibility for supplying drinking water to the communities including in exceptional situations and including the responsibility of ensuring the backup source.	Own operations	No material risks or opportunities have been identified for this sub-theme.
Civil and political rights of the communities in which we operate	Positive impact , Hidroelectrica's projects and activities are subject to the procedures for obtaining environmental regulatory acts with public consultation, respecting all the civil and political rights of the	Own operations	No material risks or opportunities have been identified for this sub-theme.

	communities in which it operates.		

Policies related to affected communities

S3-1

Hidroelectrica SA's commitment to the affected communities identified is reflected in the corporate governance policies adopted, among which the [Hidroelectrica Policy](#), [the Hidroelectrica Policy on donations and sponsorships](#) and [the Hidroelectrica Social Responsibility Policy are mentioned](#), as well as the actions taken mentioned in the subchapter below.

At the level of the other entities in the Group there are also relevant policies for the relationship with the communities. In the case of UCMH, the UCMH Policy, the Donations and Sponsorships Policy and the Corporate Social Responsibility (CSR) Policy are applicable, which include provisions on community involvement and support for social projects.

Hidroelectrica SA does not have a stand-alone policy, aligned with the ESRS standard. The IROs identified materially are to be integrated into the new Sustainability Strategy, not being specifically addressed in the current policies. At the time of writing, the targets and indicators are being updated due to the need to align with the ESRS standard of the IRO material, but the approval of the new strategy has been postponed and will be approved after the adoption of the revised ESRS standards.

Through the Hidroelectrica Policy, the Company is committed to supporting and respecting the protection of international human rights (GCP-1) and to ensuring non-involvement in activities that violate/may violate human rights (GCP-2).

[Hidroelectrica's policy on donations and sponsorships](#) establishes principles for providing financial support. It prioritises environmental protection, health, education, research and sport, supporting projects that promote sustainable development and social solidarity. The approval process involves a dedicated committee, and beneficiaries must report on the impact of projects, ensuring that they contribute significantly to the company's sustainability objectives.

Within Hidroelectrica SA, the responsibility for the implementation of community involvement and sustainability policies is assumed at the level of the Management Board.

The Hidroelectrica Group invests in education initiatives, facilitating access to modern educational resources and supporting the development of the skills of future generations. The Society also supports health projects and the promotion of a healthy lifestyle. In the cultural and sports field, Hidroelectrica SA finances events and activities that encourage community participation and the valorization of local traditions.

There were no cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises involving affected communities.

Processes for engaging with affected communities about impacts

S3-2

The entities within the Group organize together with the environmental authorities public consultation sessions within the procedures for obtaining the permits and approvals necessary for the activity. Consultations with local communities are carried out in particular to obtain environmental agreements and permits, according to the applicable legal regulations, and their frequency is established in the specific regulatory procedures. The environmental agreement is issued by the competent authority for environmental protection and sets out the conditions to be complied with in the case of a development or modification project. The environmental impact assessment procedure for public and private projects, as well as the permitting procedure, involves the organisation of public consultations, in accordance with the EU Directive transposed into national law.

All public consultations and debates are open to community members, regardless of gender, age, background, or ethnicity. Local organizations and community leaders can be involved in the process to understand and address the needs of vulnerable communities, including marginalized groups. The comments are analysed and taken into account in the decision-making process of the authorisation procedures.

The Hidroelectrica Group collaborates with the affected communities, including representatives of local authorities and competent organizations, through meetings and through the development and implementation of various social responsibility projects, depending on the identified needs. Collaboration takes place throughout the project cycle, from planning to implementation, with regular meetings for information and consultation. The responsibility for the development of these activities is ensured by the Public Relations Department, the social responsibility projects being approved by the Management Board. In 2025, interactions took place mainly in the context of regulatory procedures and specific requests received from local authorities or communities. Hidroelectrica SA conducts a stakeholder consultation process within the double materiality analysis in which the communities in which the Company operates are also involved, through NGOs and other associations. These consultations take place at intervals of no more than three years, or more frequently if the situation requires it. In 2025, such a process was not carried out because there were no major changes that would require the resumption of the entire process of double materiality.

Regarding the evaluation of the effectiveness of the collaboration with the communities through the double materiality analysis, this consists in measuring the impact of the Group's activities on them, but also in obtaining direct feedback from the stakeholders.

Processes to remediate negative impacts and channels for affected communities to raise concerns

S3-3

Local communities can use the communication channels made available by Hidroelectrica SA (and detailed in section S4-3) to address any complaints in the public interest.

Another way for affected communities to express opinions and concerns is through media channels. The public image of an energy company has a significant impact on its relationships with customers, partners and authorities. In the event of crises or negative events, such as accidents or incidents, media monitoring can reveal the concerns of the public and NGOs regarding the impact of the activities of the Hidroelectrica Group. Public and media feedback provides information about the community's perception of the Group's activity, facilitating the implementation of continuous improvement measures and the adjustment of corporate social responsibility (CSR) strategies.

Hidroelectrica SA does not currently have a dedicated system for monitoring the progress and solving the feedback from the affected communities, but it is analyzing the opportunity to develop an internal procedure dedicated to the management and monitoring of the feedback from the affected communities. At present, no formal implementation deadline has been set, but this aspect is taken into account in the process of alignment with the ESRS requirements, after the approval of the Strategy at the company level.

In situations where the activities of the Hidroelectrica Group may generate negative impacts on the affected communities, such as temporary interruptions in the raw water supply of some users who take water from hydropower facilities, the company applies prevention and remediation measures in accordance with the conditions established in the environmental and water management regulatory acts, as well as with the regulations for the operation of hydropower facilities. The effectiveness of the measures implemented is assessed by monitoring the operational parameters and conditions set out in the regulatory acts.

Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

S3-4

No actions are taken in accordance with the provisions of ESRS 2 MDR-A with regard to affected communities along the value chain. No material risks associated with this theme have been identified.

With regard to the significant negative impacts associated with possible temporary interruptions in the raw drinking water supply of the communities indirectly served by the beneficiaries (Water Company, local administrations) that take water from Hidroelectrica's hydropower facilities, the company implements essential preventive actions, such as the prior communication of the need and duration of technical interventions, in order to allow the beneficiaries to take the necessary measures to ensuring the continuity of the drinking water supply and activating alternative sources. This process provides the framework for the company to establish the appropriate approach for each situation (e.g. scheduling of technical works in periods of low demand or low hydrological risk, in order to avoid unplanned interruptions), including when coordination with local authorities or other operators involved in the water supply is necessary (regular consultations with ANAR, local authorities and water operators for the joint establishment of protection measures for possibly affected communities).

However, the Group engages in projects of interest to communities. One of the ESG pillars of the 2023 Sustainability Strategy is addressed to local communities, with the strategic objective of proactive and

transparent involvement in projects of local interest, in supporting the community in the areas where Hidroelectrica operates.

During 2025, the Sustainability Strategy underwent an update process so as to encompass, to a more detailed extent, the sub-themes identified as material in the context of ESRS reporting for fiscal year 2024. As part of this process, the existing policies at Group level, a series of actions, targets and indicators were evaluated, as well as the way of monitoring and evaluating them, but the final version of the Strategy will be approved after the adoption of the revised ESRS standards and after assessing the implications generated by the recent legislative volatility.

In the event that, exceptionally, the exploitation activities or technical works carried out by Hidroelectrica would lead to temporary interruptions in the raw water supply of downstream users, the company collaborates with water operators and competent authorities to identify and implement the necessary measures to remedy and limit the impact on the affected communities. Depending on the circumstances, these measures may include adapting the operating schedule, ensuring adequate flows or other technical solutions agreed with the competent authorities. The identification and management of these situations is achieved through the permanent monitoring of the operating conditions of the hydropower facilities, through collaboration with the National Administration "Apele Române", local authorities and water operators. The effectiveness of the measures implemented is assessed by monitoring the operational parameters and through dialogue with the authorities and operators involved.

The actions that Hidroelectrica SA has undertaken so far, as well as those it has proposed in the medium term (2024-2026) related to the theme of community involvement are:

- Hidroelectrica SA has developed a Stakeholders Engagement Plan (SEP) in order to address the needs of local communities, especially vulnerable ones. The main objective of the SEP is to identify vulnerable communities, assess their needs and establish an action plan to meet them. SEP emphasizes the importance of providing accessible and meaningful information, ensuring cultural appropriateness, promoting two-way dialogue and integrating feedback into company programs. The plan also provides mechanisms to address stakeholders' concerns, ensuring inclusiveness and transparency throughout the engagement process.
- Conducting a Community Needs Assessment (ENC) to better understand the critical needs of communities (completed in 2024)
- Preparation of a Community Development Plan detailing the projects agreed with each community (in 2025 the sponsorship requests for the implementation of the projects included in the plan were not approved; the plan will be revised according to the approved new Sustainability Strategy and the updated action plan).

In order to plan and implement future actions related to the Local Community Needs Assessment (ENC), based on information from the National Register of Houses without Electricity in Romania provided by the Ministry of Energy, Administrative-Territorial Units (TAUs) were identified in which Hidroelectrica SA operates and where there are energy-vulnerable groups.

During 2025, Hidroelectrica SA supported various projects in the field of health, sports, culture, education. The effectiveness of these actions is assessed by monitoring the number of beneficiaries and the results obtained are used for the continuous improvement of the programmes. In order to monitor the use of

the funds granted through sponsorship, according to art. 4.5 of the sponsorship contract, after the completion of the contract, we ask the beneficiary, within a maximum of 60 days, to submit a report presenting the results obtained and the impact of the project, accompanied by the supporting documents related to the expenses incurred.

In 2025, Hidroelectrica SA spent **8,780,060** lei as follows:

- **50,000 lei in the field of environmental protection**
- **3,512,760 lei in the field of health**
- **2,951,850 lei in the field of sports**
- **767,150 lei in the cultural field**
- **669,600 lei in the social field**
- **828,700 lei in the field of education and research.**

Hidroelectrica SA has contributed and will contribute from its own sources through its sponsorships to support social cohesion, community development, the medical sector, education and culture, the environment and sports. Annually, Hidroelectrica SA publishes on its website a detailed report on the sponsorships granted, available [here](#).

In 2025, UCMH invested 49,459 lei in dual education (vocational and university).

In 2025, no significant environmental events have been identified that have generated material impacts on the affected communities. Consequently, no remedial measures were necessary compared to those provided for in the normal operating conditions established by the environmental permits, water management permits and internal emergency plans applicable to the Hidroelectrica Group's sites. No serious human rights problems and incidents were reported within the communities in the areas of activity of the Hidroelectrica Group.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

S3-5

From the strategic targets regarding Local Communities, established in 2023 through the 2023 Sustainability Report, Hidroelectrica SA has met the two targets for 2024, by preparing the ENC Report (Community Needs Assessment) and developing the Program Plan to meet the identified needs, and after updating the Strategy, we will start the project implementation phase.

ESG Pillar	Topic	Objective	Initiative/Action	Performance Indicator	Target	Year
Local Communities	Community Involvement	Proactive and transparent involvement with local communities in decision-making phases with social impact	Development of a Stakeholder Engagement Plan (SEP)	Number of completed community engagement evaluations (CNA)	CNA report (addressing various operations)	2024
			Conducting an evaluation of community needs (CNA) to better understand critical community needs	Number of communities in which projects were finalized, developed based on CNA	Development of a program plan to satisfy identified needs	2024
			Preparing a Community Development Plan detailing the projects suitable for each community	Project implementation	2 communities (1project/community)	2026

CONSUMERS AND END-USERS

ESRS S4

Consumer and end-user strategy and concepts

Interests and views of stakeholders

SBM-2

Final consumers are considered essential stakeholders for the Hidroelectrica Group, being included in the "Customers" category. The company acts both as a wholesaler and as a supplier of electricity directly to end consumers, including household and business customers, which comprise businesses in various industrial sectors, such as automotive manufacturing, telecommunications and construction.

The Hidroelectrica Group adapts its strategy to meet the needs and expectations of customers and promotes transparent communication with customers.

The interests and points of view of Hidroelectrica SA's customers are varied and complex, reflecting economic, social and environmental needs. Hidroelectrica SA integrates the interests and rights of consumers, i, into its strategy and business model.

In 2025, the identification of customer interests and points of view was achieved through the existing operational mechanisms for interaction with consumers, such as the analysis of requests and complaints received through customer service channels, interactions in the call center, the activity of customer service centers and communications received through the company's digital channels. The information resulting from these interactions is periodically analyzed to identify the main concerns of customers and to improve the operational processes and services offered.

The customer satisfaction questionnaires were in the testing phase at the end of 2025 and were not operationally used to identify customer needs during the reporting period.

Clients' interests can be summarized into several main categories, such as:

- **Continuity of service:** Customers want uninterrupted access to electricity, demanding stability and reliability in energy supply.
- **Competitive tariffs:** Customers want affordable and competitive tariffs for electricity, given their impact on living and production costs.
- **Cost transparency:** Customers appreciate transparency in pricing structure and clarity in billing.
- **Quality standards:** Ensuring a high level of quality of service, including fast response times to requests and promptness in solving problems, are appreciated by consumers.
- **Reducing emissions:** Customers are increasingly concerned about their environmental impact and prefer companies that take action to reduce emissions of greenhouse gases and other pollutants. Hidroelectrica SA responds to these concerns, being a producer of 100% renewable energy.
- **Ethics and responsibility:** Transparency and ethics in the operation of society, including respect for consumer rights and social responsibility, are topics of interest to clients.
- **Community impact:** Clients are interested in how the company's activities affect local communities and the potential positive contribution of society to their development.
- **Dialogue and collaboration:** The openness of society to communicate and collaborate with local communities and authorities is appreciated by this category of stakeholders.

These views and interests are essential for Hidroelectrica SA's strategies and operations, influencing customer satisfaction and the long-term success of the company. The company, through its investment program, current activities as well as implemented policies and procedures, makes efforts to meet customer expectations. Customer interests and feedback are taken into account in defining the company's priorities, including the development of the supply segment, the improvement of customer service channels and the digitization of services. Also, the requirements regarding transparency, continuity of service and the protection of consumers' rights influence the way electricity is supplied and the development of internal procedures regarding the relationship with customers, helping to adapt the business model to market expectations.

The significant impacts, risks and opportunities related to Hidroelectrica SA's customers are assessed at a maximum interval of 3 years to ensure alignment with Hidroelectrica SA's strategy and business model, taking into account both environmental, economic and social aspects. As part of the Strategic Sustainability Plan (2023), a set of sustainability pillars was defined in 2023 on which the Company focuses in the short, medium and long term. Among the ESG pillars of the Sustainability Strategy, one is addressed to customers, with the strategic objective of guaranteeing access to clean and affordable energy and permanently improving the relationship with customers.

An update of the Sustainability Strategy was initiated in 2025, to align with the material IROs identified in the context of ESRS reporting for fiscal year 2024, but the final version of the Strategy will be approved after the adoption of the revised ESRS standards and after assessing the implications generated by the recent legislative changes.

Material impacts, risks and opportunities and their interaction with strategy and business mode

SBM-3

The strategy and business model of the Hidroelectrica Group are built in such a way that the impacts on the final consumers of electricity are positive in the long term. The Hidroelectrica Group covers the needs of a wide spectrum of consumers, including large industrial consumers, residential households and local communities.

The actual and potential impacts on consumers, including those related to the transparency of information, the correctness of billing and the continuity of electricity supply, the protection of personal data, are directly related to the strategy and business model of the Hidroelectrica Group, which include both the production and supply of electricity to final consumers.

These impacts derive from the operational processes, the way the customer relationship is managed and the legal and contractual obligations applicable to the supply activity.

At the same time, managing these impacts underpins the continuous adaptation of the business model and commercial strategy. For example, the Group has implemented digital systems dedicated to customer relations (online portal, electronic invoicing, dedicated communication channels), as well as mechanisms for monitoring and correcting any billing errors, in order to ensure the transparency and accuracy of the information provided. Also, the strategy of diversification of production sources and investments in infrastructure modernization contribute to increasing security of supply and reducing the risk of non-fulfillment of contractual obligations.

The regular assessment of the impacts, risks and opportunities associated with the relationship with consumers, including by monitoring operational indicators, complaints received and regulatory requirements, contributes to the continuous adjustment of operational and commercial processes, supporting the adaptation of the strategy and business model in order to maintain consumer confidence and compliance with the applicable requirements.

The impacts, risks and opportunities associated with consumers, identified as a result of the double materiality analysis, described in ESRS Section 2 Double materiality analysis, are summarised in the table below. The impact, risks and opportunities identified are applicable to all categories of end consumers mentioned above (household and business customers). Please note that the policies, actions, processes and indicators presented in this chapter reflect the current activity of the company and are not specifically related to the result of the double materiality analysis, however, where possible, the information has been presented in such a way as to meet the requirements of the ESRS standard.

Subtopic	Impact	Location on the value chain	Risk/ Opportunity
Information impacts	Negative impact , if the company does not deliver according to customer expectations	Own operations, Downstream	Potential financial risk generated by the loss of some final consumers and implicitly of the

	regarding transparency, public information and awareness of the benefits of renewable energy.		related revenues, if the improvement of the processes applicable to the supply segment of Hidroelectrica is not implemented.

The topic of satisfaction and needs of end consumers is relevant only for Hidroelectrica SA, not for its subsidiaries, Hidroserv and UCMH. This is because Hidroelectrica SA focuses on supplying electricity directly to consumers, while Hidroserv and UCMH provide services and produce equipment for Hidroelectrica SA, without directly influencing the experience of end customers.

Impact, risk and opportunity management

Policies related to consumers and end-users

S4-1

Hidroelectrica SA supplies its final customers mainly with electricity from its own production, from renewable energy sources (hydroelectric/wind). **The end-users of Hidroelectrica SA** in 2025 are represented by household and business customers. More details about the structure of Hidroelectrica SA's supply portfolio can be found in *Chapter 6.1.3 – Electricity supply activity* of the Annual Report.

In order to manage the risks, opportunities and impacts on customers, Hidroelectrica SA has implemented the following policies and procedures that apply to all end customers:

- **Code of ethics:** It defines the expected behaviors in customer and consumer relations, promoting a culture based on compliance with laws and regulations. The Code reflects Hidroelectrica's values, such as integrity, social responsibility, competition issues or data privacy and applies to all employees, regardless of the position held, as well as in relations with customers, suppliers, civil society, local communities and other stakeholders. Its scope covers the entire organization and all its interactions on the value chain, both upstream and downstream.

By establishing these rules of conduct, the Code of Ethics contributes to the management of the impacts on consumers associated with lack of transparency, non-compliant behaviors or misuse of information and supports the maintenance of trust in the relationship between the company and customers.

The implementation and updating of the Code of Ethics are carried out within the company's internal governance mechanisms, under the supervision of the executive management and with the approval of the Supervisory Board of Hidroelectrica. In this context, an Ethics Counselor is appointed at the level of the company, responsible for the ethical counseling activity and for monitoring the application of the principles and rules of conduct established by the Code of Ethics.

The application of the Code of Ethics is also supported by internal mechanisms for reporting violations of ethical norms and applicable legislation, which allow employees and partners to report any irregularities in confidential conditions.

In this way, Hidroelectrica ensures a correct and responsible communication with the public and contributes to reducing the risk of potential loss of end consumers, by promoting an honest and compliant behavior in the relationship with customers and other stakeholders.

Hidroelectrica's Policy supports customer orientation and improving the level of customer satisfaction, as well as that of other stakeholders, being applicable to all activities carried out by the company, and contributing to the permanent improvement of the company's social performance.

The implementation of this policy is carried out within the company's internal governance mechanisms, under the supervision of the executive management and with the approval of the Supervisory Board of Hidroelectrica.

The policy takes into account the requirements of the applicable national legislation, the United Nations SDGs (The United Nations's 17 Sustainable Development Goals), the 10 UN Global Compact Principles, the Corporate Governance Code of the Bucharest Stock Exchange and the specific requirements of ISO standards.

By applying these principles, Hidroelectrica contributes to managing the impacts on consumers associated with the quality of the services provided, transparency in the relationship with customers and the company's social responsibility, supporting the development of sustainable and trust-based relationships with consumers and other stakeholders.

Hidroelectrica's policy applies to all company employees, contractual partners, affiliated entities (Hidroserv and UCMH), as well as customers, consumers and other stakeholders in the upstream and downstream value chain. The policy covers customer and public relations, data protection of data subjects, environmental impact management, respect for human rights, working conditions, employee health and safety, as well as integrity and anti-corruption standards applicable in all internal and external interactions of the company.

Internal Customer Relationship Management Procedures: These procedures comprise regulations for activities such as pre-contractual negotiation, complaint resolution, contract management, invoicing of the supply service, and customer satisfaction assessment. The objective of these procedures is to improve relations with final consumers of electricity, including in terms of contracting and billing the electricity supplied, as well as the time to resolve any complaints. These procedures manage the negative impact generated by insufficient, unclear or transparent

communication to customers and the public, as well as the financial risk associated with the loss of end consumers, by standardizing the contracting, invoicing, complaint resolution and satisfaction assessment processes, which contribute to the real improvement of the customer experience. These procedures apply to all activities carried out within Hidroelectrica S.A. in relation to end customers, both domestic and business, covering the contracting, invoicing, request and complaint management processes, as well as customer satisfaction assessment. The implementation and monitoring of these procedures are carried out at the level of the organizational structures responsible for the supply and customer relations activity, under the coordination of the company's executive management.

- **Personal Data Protection Policy:** The internal regulatory framework for the protection of personal data is established by the Personal Data Protection Regulation. It defines the principles, rules and responsibilities applicable to the processing of personal data within the company and establishes the organizational framework necessary to ensure lawful, fair and transparent processing of data, as well as to protect its confidentiality and security, in accordance with Regulation (EU) 2016/679 and applicable national legislation.

The Regulation includes, as an integral part, a set of internal policies governing different aspects of the processing of personal data, including the Personal Data Protection Policy. The implementation of these policies is supported by dedicated internal operational procedures.

This framework applies to all personal data processing activities carried out within Hidroelectrica S.A., including the processing of consumer and end-user data in the context of the electricity supply activity. Consumers are informed about how their personal data is processed and the rights they enjoy through information notes made available through the communication channels used in relation to customers, and access to their personal data is limited to authorized personnel, depending on their specific duties.

At the level of Hidroelectrica S.A., a Data Protection Officer (DPO) is appointed, who performs the duties provided by the applicable legal framework and supports the organization in ensuring compliance with the requirements regarding the protection of personal data.

The responsibility for the implementation of the regulatory framework on personal data protection lies with the executive management of Hidroelectrica S.A., and the monitoring of compliance with the applicable requirements is carried out by the DPO, in collaboration with the organizational structures involved in the personal data processing activities.

In 2025, no cases of non-compliance with the principles of business and human rights in relation to final consumers were identified.

Hidroelectrica SA has implemented a procedure for measuring customer satisfaction, which involves sending satisfaction questionnaires to customers, using two main channels: a QR code included on the invoice, which directs customers to an online form, and feedback requests sent separately by email. The selection of customers for these surveys is done based on criteria such as the type of service contracted

and the history of interactions with the company. In addition, for customers who personally visit the customer service offices, there is a physical feedback system, available through tablets installed in the reception area. The feedback collected is centralized monthly and is reported to the Supply Manager and the Head of Customer Service and Complaints. In 2024, the process of developing the procedure for monitoring customer satisfaction for the supply activity was initiated, with the key performance indicator "Customer satisfaction score for the Supply activity" being defined, with a target value set at 72%. At the end of 2025, the CSS tool was being tested, with satisfaction questionnaires being collected. During this testing phase, a satisfaction score of 88.9% resulted. The operational implementation of the CSS (Customer Satisfaction Survey) system is planned starting with 2026, when the results will be systematically used in the processes of evaluating satisfaction and identifying customer needs.

The procedure aims to monitor customer satisfaction and identify opportunities to improve supply services, helping to manage the impacts associated with the quality of services and communication with end consumers. The procedure applies to the supply activities carried out by Hidroelectrica S.A. in relation to household and business customers. Its implementation and monitoring are carried out at the level of the structures responsible for the supply and customer relations activity, under the coordination of the company's executive management. At the level of Hidroelectrica S.A., an internal regulatory framework is established that supports the application of the personal data protection policy in relation to consumers and end users. This framework is operationalized through dedicated internal procedures, which aim to manage the requests of data subjects, the administration of situations that may affect the security of personal data, as well as the recording and monitoring of processing activities.

The internal framework also includes mechanisms for assessing the impact of processing on data protection, adapted to the nature and context of the operations carried out, including in situations involving the use of appropriate legal bases or data transfers to third countries, in accordance with the applicable legal requirements. This framework applies to all personal data processing activities carried out by Hidroelectrica S.A., including in relation to consumers and end users in the downstream value chain. The implementation of related policies and procedures is the responsibility of the executive management, and compliance monitoring is carried out by the Data Protection Officer (DPO).

Hidroelectrica SA is committed to ensuring fair and non-discriminatory access to electricity for all consumers, in accordance with the applicable legislative framework and regulations in the energy sector. In this regard, the company complies with the provisions on consumer protection, including vulnerable consumers, where applicable, and ensures the non-discriminatory application of contractual and commercial conditions.

Hidroelectrica also implements mechanisms for receiving and resolving consumer requests and complaints, ensuring a structured process for their management. Additional information on the reporting and management mechanisms for complaints is presented in the Whistleblower Protection Policy and in section G1 of this report.

Processes for engaging with consumers and end-users about impacts

S4-2

Hidroelectrica SA attaches importance to communication and transparency towards customers, continuously developing its collaboration processes with customers and their representatives. The constant updating of the information available on the company's website on issues of public interest is an example, as well as the publication of press releases, internal and/or legislative changes.

Collaboration takes place throughout the different stages of the company's operations - from public debates in regulatory procedures, to the process of concluding electricity supply contracts, billing processes and processing customer feedback.

The Hidroelectrica Group collaborates directly with end consumers through dedicated communication and interaction channels, including the online contracting portal, mobile application, customer service centers, call center, e-mail and other digital channels. These mechanisms allow direct communication with consumers, the management of requests, the transmission of complaints and the collection of feedback, helping to understand their perspectives and interests.

The frequency of interactions varies depending on the channel used and the type of request, which are recorded and managed through internal customer relationship management systems.

The process includes the following operational steps:

- **Taking and registering** requests within the request and complaint management platform, QDesk. Upon receipt of a request from customers, they receive the request registration number in order to ensure its traceability.
- **Classification of requests, their classification according to the allocated issue and allocation** to the levels and services responsible for handling the request;
- **Analysis and resolution** within the deadlines provided by the legislation in force;
- **Communicating the response** to the client and closing the case.

The monitoring and analysis of the data resulting from these interactions shall be carried out:

- **daily** – monitoring of request volumes and response times;
- **monthly** – analysis of operational indicators and compliance with the deadlines of the ANRE standard;
- **periodically (quarterly / annual)** – internal reporting and to the National Energy Regulatory Authority regarding the activity of solving customer requests and complaints.

The evaluation of the efficiency of the process of managing requests and complaints is carried out through operational indicators and quality indicators, in accordance with the requirements of the Performance Standard (ANRE Ordinance no. 83/2021) and internal procedures, but also through dedicated CSS (Customer Satisfaction Survey) tools.

The main indicators used are:

- the rate of compliance with the legal deadlines for response;
- the average time for solving requests on each issue;

- the percentage of complaints solved within the deadline.
- volume of requests/complaints according to each input channel;

The ANRE standard establishes quality indicators and the obligation of suppliers to pay compensations if the guaranteed level of indicators is not respected.

The results of these indicators are used to improve operational processes and optimize the customer experience.

The main stages in which customer interaction takes place are:

The pre-contract stage where the main interactions concern:

- information on offers and contracting conditions;
- contracting requests (change of supplier, administrative change, etc.);
- clarifications regarding the billing method, payment methods, other contractual conditions.

Channels used: Call Center, written channels (e-mail, single contact form), customer service centers, Self-Service (contracting portal).

Stages of service delivery where the main interactions are related to:

- contractual changes;
- index transmission;
- invoicing and payments;
- operational requests or complaints regarding the services offered.

These requests are managed through the request management platform, QDesk, and are monitored according to performance indicators.

Post-incident / post-resolution stage where the main interactions are aimed at:

- clarifications subsequent to the resolution of a request/complaint;
- granting any compensation according to performance standards;
- feedback from the customer on how to solve it.

The information collected at this stage is analysed to identify recurrent causes and to implement improvement measures.

Also, the collaboration takes place indirectly through legitimate representatives and competent authorities, in particular the National Energy Regulatory Authority (ANRE), the National Authority for Consumer Protection (ANPC), as well as other relevant institutions, which have a role in protecting consumers' rights and supervising the compliance of electricity suppliers. These authorities may submit requests, referrals or recommendations relevant to consumer protection, which are analysed and managed in accordance with the applicable internal procedures.

Interactions with competent authorities and other bodies relevant to consumer protection take place mainly in the context of regulatory processes, the management of complaints submitted by consumers to the authorities, regular reporting and one-off requests for clarification or verification. The frequency of

these interactions depends on the nature of the requests and the reporting obligations set out in the regulatory framework applicable to the electricity supply activity.

These interactions with the regulatory and consumer protection authorities (ANRE, ANPC) are managed through a process that includes the following steps:

- Receipt of the request – notifications are received through official channels (ANRE – through the <https://spv.anre.ro> platform, ANPC – through the e-mail sent to clienti@hidroelectrica.ro).
- Registration and classification – the documents are registered in the request management platform, QDesk, and classified according to the type of request (bidding, contracting, intermediation of the relationship with the Distribution Operator, invoicing, receivables, etc.)
- Internal analysis – the situation is analyzed by the assigned person in charge of the Customer Service and Complaints Service who, in collaboration with other services (Domestic Contracting, Business Contracting, Invoicing, Debt Collection, etc.) and takes care of the management of the case.
- Formulation and submission of the response – the response is prepared in accordance with the legal framework and internal procedures and is sent to both the client and the authority within the deadline requested by the latter.

Interactions with the authorities are carried out:

- **continuously**, depending on the notifications or requests received from the authorities;
- **occasionally**, as part of control actions.

The efficiency of the process of managing requests from authorities is assessed by operational indicators such as:

- **compliance with the response deadlines** requested by the authorities;
- **the number of cases solved within the set deadline**;
- **compliance confirmation rate of responses** (lack of additional requests received from the authority);
- **analysis of the typologies of notifications** in order to identify the recurring causes.

The results of the analyses are used to adjust internal processes, if the situation requires it, and to improve the relationship with customers/authorities.

Concrete examples of implemented measures that resulted from interactions with the authorities:

- Collection through a single communication channel (clienti@hidroelectrica.ro) of all requests received from the authorities.
- Update and development of the existing WIKI mode in Qdesk, which is available to specialists within the Customer Service and Complaints Service. WIKI is a functionality

adapted to the Customer Relations and Complaints Service where you can find the working methods and instructions, as well as the applicable internal procedures.

- Continuous monitoring of complaints and transmission of needs for implementation in IT systems of developments that reduce the reasons for complaints filed by customers.
- Implementation of the single contact form and optimization of the contracting portal made available to customers, as well as the portal for updating contract data.

The effectiveness of these collaboration mechanisms is assessed by monitoring the way in which the requests and notifications sent through the authorities are resolved, the observance of the legal deadlines for response and the analysis of any recommendations or measures ordered by the competent authorities.

Main communication channels:

- [Company Website](#)
- Customer Service Centers: [Working hours with the public](#)
- Email: clienti@hidroelectrica.ro contractare.business@hidroelectrica.ro
- Call Center: 021 9834, 021 9861 – dedicated to general requests received from Hidroelectrica customers
- Call Center: 0800 800 359 – dedicated to the transmission of the self-read index in the dedicated interval
- [Contracting portal](#) (dedicated to domestic and non-domestic customers)
- Personal data update portal (dedicated to household customers)
- iHidro mobile application (allows Payment of bills (only for household customers), using a bank card/Google Pay/Apple Pay, Consumption monitoring, Management of consumption places, View of bills, Transmission of the index during the allocated period)
- Social Media Channels
- Online feedback system (forms or surveys)

The operational responsibility for ensuring collaboration with end consumers lies with the Supply Department, through the Customer Service and Complaints Service, which manages current interactions with customers, including their requests, complaints and feedback.

At the management level, the responsibility for supervising this activity and integrating its results into the operational and commercial processes lies with the executive management responsible for the supply segment, respectively the member of the Management Board responsible for the electricity supply activity. It ensures the implementation of the necessary measures for the continuous improvement of the relationship with customers and the adaptation of operational processes, in accordance with the strategy and applicable legal obligations.

Hidroelectrica SA has established a clear monitoring framework, by producing quarterly reports on the satisfaction of end customers. This systematic approach allows for a continuous process of analysis, adjustment and strengthening of the relationship with customers. In addition to these, for a more coherent

and relevant overview, half-yearly reports are also drawn up, as well as a final annual report, which summarises the developments and trends recorded throughout the year. As a result of this process, a number of decisions/improvements have been made, such as:

- Increasing the number of email marketing information campaigns
- Reorganization and simplification of the information presented on the website, www.hidroelectrica.ro, and in the commercial offers
- Creating guides for the various tools made available to customers.
- Optimization of the iHidro app: a friendlier interface, clearer navigation.

At the end of 2025, the customer satisfaction survey, sent to a sample of household customers, resulted in a Net Promoter Score (NPS) worth 64.2 points out of the maximum of 100, which demonstrates that the services and products offered generate a positive perception.

NPS (Net Promoter Score) is a numerical value, expressed as a whole score, and can be interpreted in context, as a measure of customer satisfaction and loyalty. A score above 50, it is rated Excellent *and* shows very good customer loyalty and satisfaction.

Also, with a percentage of 75.3% dominant promoters (the percentage of customers who completed the customer satisfaction assessment questionnaire and gave a maximum grade of 5 to the question: "How likely is it to recommend Hidroelectrica to other people?"), it can be concluded that there is a solid customer base.

Customer complaints are handled within the Supply Department, Customer Service and Complaints Service according to ANRE Order 83/2021. This order approves the framework procedure regarding the obligation of electricity and natural gas suppliers to settle the complaints of end customers. The procedure details the registration, investigation, resolution and reporting of complaints made by suppliers and consumers. All these activities are integrated into the "Analysis and resolution of end-customer complaints" process.

The staff involved in the collaboration with end consumers, especially within the Supply Department and the Customer Service and Complaints Service, benefit from periodic training and capacity building activities, which include aspects regarding the applicable legal and regulatory framework (including ANRE requirements), the use of IT systems dedicated to customer relationship management, as well as good practices regarding customer communication and resolution complaints. These activities contribute to ensuring an appropriate level of competence for the efficient and compliant management of interactions with end consumers.

Consumer perspectives are integrated into the operational and commercial processes of the Hidroelectrica Group through the analysis of notifications, requests and feedback received through the dedicated channels. For example, during the reporting period, consumer feedback helped to improve the functionalities of the online portal and mobile application, facilitating access to information on contracts, bills and energy consumption. Also, the analysis of complaints led to the optimization of internal billing and customer communication processes, helping to reduce the risk of errors and improve transparency in the relationship with consumers.

Within the electricity supply activity, the Hidroelectrica Group also takes into account the perspectives of final consumers who may be considered vulnerable, including financially or medically vulnerable consumers, in accordance with the applicable national legislation on the protection of vulnerable consumers.

Vulnerable consumers on income grounds are identified on the basis of lists submitted by local public administration authorities, in accordance with the applicable legislation on home heating aid and energy supplement. These consumers are duly marked in the internal billing systems and the facilities provided for by the legislation (e.g. the energy surcharge or the heating aid in the cold season) are applied in accordance with the information received from the competent authorities. Consumers can also be classified as vulnerable for medical reasons, based on the medical documentation submitted. In these situations, the status is recorded in the internal systems and communicated to the distribution operator, which applies the specific obligations laid down in the regulatory framework (e.g. restrictions on disconnection or measures to ensure continuity of supply).

To ensure the accessibility of information and interactions with consumers, the company uses several communication channels, including customer service centers, call centers, communication by email or postal mail, as well as dedicated information published on the company's website regarding the rights and facilities applicable to vulnerable consumers.

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

S4-3

Hidroelectrica S.A. provides consumers and end users with dedicated channels through which they can submit notifications, complaints or concerns related to the services provided, including those related to the protection of personal data. These channels allow for the early identification of potential negative impacts, such as lack of transparency, processing errors or delays in the resolution of claims, as well as the identification of incidents or operational risks that may affect consumers, representing a starting point for corrective and preventive measures.

The notifications and complaints received are analyzed and managed within the applicable internal processes, in order to clarify the reported situations and, where appropriate, to remedy the identified impacts. In situations where recurring incidents or risks are identified, they are documented and integrated into continuous improvement processes, so that the measures adopted prevent the recurrence of similar problems. All remedial actions are carried out in compliance with the applicable legal framework and the internal regulations in force. Where internal complaints or investigations indicate systemic risks or personal data security incidents, they are analysed to determine the causes and to substantiate remedial measures and further training.

In order to support the prevention of incidents and the consolidation of an organizational culture oriented towards data protection, Hidroelectrica S.A. implements training and awareness measures for employees. In 2025, 9 training sessions were organized on the specific theme of personal data protection, addressed both to all staff and to employees directly involved in operational processes involving the processing of customer data. New employees also receive training on personal data protection at the time of employment. These sessions had the role of increasing the level of awareness and accountability of staff in terms of data protection and were also developed in response to risks or incidents previously identified in the operational activity.

The effectiveness of training measures is assessed by indicators such as the frequency of data security incidents, the level of compliance observed in internal controls and feedback from training participants. Hidroelectrica S.A. maintains mechanisms to protect against retaliation, so that employees can report incidents, risks or irregularities without fear of negative consequences, facilitating the early identification of problems and the continuous improvement of processes.

Regarding the management of requests and complaints received from end customers, Hidroelectrica SA has a system for recording, analyzing and solving them, which can be registered through the above-mentioned communication channels and which are addressed directly by Hidroelectrica SA. At the same time, at the level of the Customer Service and Complaints Service, mechanisms for evaluating the quality of the answers provided to customers are implemented, as well as tools made available to consultants (library of working modes, operational flows, response models).

The complaint management process is a **continuous** one, being carried out through customer service channels (Call Center, e-mail, online portal, contact form, customer service centers). Requests are **recorded and processed daily** in the request and complaint management platform, QDesk.

The remediation process includes the following steps:

- **registration and classification of the request** according to the problem;
- **case analysis** by verifying contractual data and information from operational systems;
- **identifying the solution and implementing corrective measures**, if necessary;
- **communication of the response to the client** and closure of the case;
- **subsequent analysis of the types of complaints**, in order to identify the recurring causes.

The analysis of aggregated data on complaints is carried out **periodically (monthly, half-yearly and annually)**, including through the reporting provided by ANRE regulations.

The effectiveness of the mechanism is assessed by indicators such as:

- compliance with response deadlines;
- the rate of resolution of complaints within the deadline;
- the evolution of the volume of complaints on management issues/services;

The data collected from the analysis of the cases encountered and the performance indicators are used to adjust operational processes, update internal procedures, develop training plans for the staff in charge of managing customer requests and complaints.

Following the analysis of the types of complaints and the identified operational situations, training sessions and individual feedbacks are organized at the level of the Customer Service and Complaints Service, in order to prevent similar situations from occurring.

These training modalities represent an indirect remedial measure, being oriented towards:

- clarification of the applicable legislative framework;
- clarification of working methods and internal procedures;
- improving communication with customers;
- standardising the application of internal procedures across all communication channels.

The company evaluates consumers' trust in communication channels on a monthly basis through surveys and analysis of the NPS (Net Promoter Score). Questionnaires for assessing customer satisfaction are sent monthly, as part of notification campaigns for contract extensions.

The company has encountered difficulties in invoicing in previous years, but has made considerable efforts to implement invoicing and CRM (Customer Relationship Management) systems, as well as to interconnect information systems. These efforts have led to a decrease in the number of complaints and fines from ANRE.

At the level of the Supply Department, the Process Development Department periodically implements technical improvements to the information systems used in operational processes (for example: contracting portal, customer data update portal, SAP, interconnection of internal systems), in order to optimize customer relationship management and reduce the risk of incidents.

These measures are initiated as follows:

- internal analyses of operational processes;
- the identification of malfunctions or limitations of existing systems;
- analysis of the types of customer complaints and requests.

The impact of the measures is assessed by:

- monitoring the evolution of the volume of requests and associated complaints;
- analysis of request processing times;
- assessment of the stability and functionality of IT systems.

Hidroelectrica SA ensures a structured process for managing end-customer complaints, including by publishing periodic reports on the company's official website ([Reports section](#)), in accordance with the provisions of the Framework Procedure of March 18, 2015 regarding the obligation of electricity and natural gas suppliers to resolve end-customer complaints, approved by ANRE Order no. 16/2015, as subsequently amended and supplemented. The semi-annual reports include:

- **Total number of complaints**
- **Types of complaints** (e.g. quality of service, interruptions, billing errors, etc.)

- **Results of the analysis:** what measures have been taken to resolve each type of complaint
- **Performance statistics:** including the percentage of complaints resolved within the legal deadline.

The publication of this information contributes to:

- increasing transparency on how to handle customer requests;
- informing consumers about the types of requests and how to solve them;
- building trust in complaint filing and handling mechanisms.

The effectiveness of this mechanism is indirectly assessed by monitoring the evolution of the volume of complaints, the number of compensations paid to customers and through customer satisfaction indicators.

The company takes measures to ensure that each complaint is treated seriously and resolved within the legal deadline, according to the Performance Standard on the energy supply activity, depending on the category to which the customers fall. The performance indicator for solving end customer requests is defined as follows: Number of requests in compliance with the performance indicator (according to the legislation in force) / Total number of requests > 80%. In 2025, Hidroelectrica SA was evaluated based on the performance indicators applied to the electricity supply activity, in accordance with ANRE Order no. 83/2021 on the approval of the Performance Standard for the electricity/natural gas supply activity. During the four reporting quarters, the company obtained an average score of 4.725 points out of a maximum of 5 points, which confirms the effectiveness of the mechanisms implemented to manage the relationship with consumers and solve their requests.

Although NPS mainly reflects the general perception of the customer experience, its results can also provide clues to the level of trust in the processes of relationship with the supplier, including in the mechanisms for handling requests and complaints.

The analysis of NPS results is used in conjunction with other operational indicators (e.g. volume of complaints, response times) to identify opportunities to improve processes and customer experience.

Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and effectiveness of those actions

S4-4

No specific actions aligned with the ESRS reporting standard (ESRS 2 MDR-A) have been established in terms of managing impacts on consumers and end-users. The measures presented below represent

operational mechanisms and internal procedures implemented within the company's current activities for managing the relationship with customers and for solving their complaints.

Hidroelectrica SA has identified the risks and opportunities relevant to the current activity in terms of customer relations, has allocated resources to address them and is adopting measures to manage the impact on customers, including the implementation of accessible communication channels, such as the call center and the Single Contact Form. They allow customers to access information and express their concerns. Also, through the procedure *M01.021 Analysis. In the public interest*, the right of any client to report and report any violation of the law or ethical norms (including related to discrimination) is guaranteed, and the company has defined the necessary framework for reporting and the company's responsibilities for solving them.

If a customer wishes to report a violation of the law or ethical rules of conduct, as a whistleblower in the public interest, including anonymously, he must submit a written report to comportament.etic@hidroelectrica.ro. In order to achieve an immediate and complete solution, each report must contain concrete identification elements regarding the act that represents/may represent a violation of the law or the norms of ethical behavior, the date/period, the person(s) involved, supporting documents, other details regarding the notification.

Each report is analyzed according to the internal procedure, respectively the receipt of the notification will be confirmed to the whistleblower in the public interest within a period of no more than 7 days from its receipt. The whistleblower in the public interest will be informed about the status of the follow-up actions within 3 months from the date of acknowledgment of receipt and, subsequently, whenever there are developments in the development of the follow-up actions, until the resolution of the report, unless the information could jeopardize their development.

The Supervisory Board / Hidroelectrica's Management Board will be informed about the result of the reporting analysis upon its completion.

The company improves information transparency and remedies deficiencies in order to provide better services and develops technological solutions and infrastructure necessary for market requirements. Resources are concentrated in the Supply and IT departments for the effective implementation of actions.

Among the subsequent actions and methods to improve the relationship with customers and the degree of customer satisfaction, it is mentioned:

- 1) Improving communication with customers, ensuring that each customer receives clear and accurate information about the services and benefits of Hidroelectrica SA,
- 2) Strengthening the relationship with the promoter customers who are already satisfied, making sure that their experience remains positive and that they actively recommend our services,
- 3) Quickly manage the negative feedback received, carefully analyzing the responses of the detractors and solving the problems identified as soon as possible.
- 4) Review internal processes to remove bottlenecks and deliver a faster and more enjoyable experience. Simplifying customer interactions can improve their perception of our company.

The improvement actions presented above do not derive exclusively from the use of the single contact form. It is mainly used for the transmission and management of customer complaints and requests. The identification of actions to improve the customer relationship is based on the integrated analysis of information from several sources, including complaints and requests received through the single contact form, interactions through call centers and customer service centers, requests sent by email or online portals, as well as the analysis of operational indicators on customer relationship management. This information is used to identify recurring problems and to improve internal processes, customer communication and the functionalities of the digital platforms used in the relationship with consumers.

The protection of personal data is also a relevant element in the management of impacts on consumers and end users, given that the activities of contracting, supplying and billing electricity involve the processing of their personal data.

The Company implements appropriate technical and organizational measures for the protection of customers' personal data, in accordance with the requirements of the applicable legal framework, in order to prevent and limit the risks associated with data processing and reduce potential negative impacts on consumers.

The measures adopted shall be reviewed and strengthened regularly, in accordance with technological developments, the nature of the activities carried out and the operational experience, including on the basis of incidents or risks identified, with the aim of continuously improving data protection mechanisms.

During 2025, Hidroelectrica SA notified the National Supervisory Authority for Personal Data Processing of a number of 5 personal data security breaches. Most of these incidents were associated with human error in current operational activities, and one incident had technical causes. The company subsequently implemented additional technical and organisational measures to reduce the risk of similar situations occurring, such as additional training of staff on personal data protection and strengthening internal controls on data transmission and access. The above-mentioned personal data security incidents are dealt with within the framework of data protection compliance mechanisms and are not considered serious human rights incidents in relation to consumers or end-users.

During the reporting period, no serious human rights incidents were identified or reported in relation to consumers or end users of Hidroelectrica S.A.

The management of Hidroelectrica S.A. is periodically informed about the activities and measures implemented in the field of personal data protection, through internal reports, in order to ensure an adequate approach at the governance level.

The actions taken by the company derive from its current operational activities and existing business strategy. Their explicit correlation with the impacts, risks and opportunities identified in the materiality analysis is to be strengthened in the process of developing and implementing the new Sustainability Strategy.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

S4-5

No targets aligned with the ESRS reporting standard for the impacts, risks and opportunities (IROs) identified in relation to consumers and end-users have not been set. The targets, targets and specific indicators aligned with the identified material IROs will be established with the adoption of the new Sustainability Strategy, after the completion of the revision process of the ESRS standards.

The performance indicators currently monitored are the result of the company's business strategy.

For the current activity, for the efficient management of the relationship with customers, Hidroelectrica SA has implemented a series of indicators calculated and published every quarter. This report can be found on the Company's website, in the [Performance Indicators section](#) and includes:

- **Response time to requests:** Includes response time to requests to submit a bid, conclude a contract, amend a contract, and others.
- **Compensations and penalties:** The document details the number and amount of compensation paid for non-compliance with guaranteed levels of quality indicators, as well as penalty interest.
- **Phone calls:** The number of phone calls made through the call center and the pickup time by a human operator are analyzed.

In 2025, the single contact form was implemented, available to household customers, homeowners' associations and business customers, which can be accessed at: <https://formularunic.hidroelectrica.ro/>. Through this form, customers can register requests or complaints, using the identification data and description of the situation they are facing. The requests are managed by Hidroelectrica SA specialists through the dedicated platform, depending on the skills of each one.

BUSINESS CONDUCT

ESRS G1

The role of the administrative, supervisory and management bodies

GOV 1

The activity of the Hidroelectrica Group is based on national legislation, including: Law no. 31/1990 on companies, republished, with subsequent amendments and completions, Energy Law no. 123/2012, Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises and with the Romanian legislation in force, Law 24/2017 on issuers of financial instruments and market operations and the BVB Corporate Governance Code, as well as the Group Code of Ethics, which provides for the policies and principles of integrity, responsible and transparent business.

The expertise of the administrative, management and supervisory bodies in matters related to professional conduct derives from the professional experience and relevant skills of the members of the Supervisory Board and the Board of Directors, in areas such as corporate governance, management, compliance, internal control, audit and risk management. By exercising the duties provided for by the corporate governance framework of the company and through the activity carried out within the management structures and advisory committees, the members of these bodies contribute to the supervision of compliance with the principles of integrity, ethics and responsible conduct within the Hidroelectrica Group.

The role and powers of the Board of Directors and the Supervisory Board are provided for in the Articles of Association as well as in the Regulations on the Organization and Functioning of the Board of Directors, respectively the Regulations on the Organization and Functioning of the Supervisory Board.

The main duties of the Supervisory Board, defined in the Articles of Incorporation, with regard to aspects of business conduct include:

- exercises permanent control over the management of the Company carried out by the Management Board;
- verifies the compliance with the law, the Articles of Association and the decisions of the General Meeting of Shareholders of the Company's management operations;
- reports to the General Meeting of Shareholders on the supervisory activity carried out;
- prepares the proposal for the management component of the Management Plan;

- approves the Management Plan in its entirety, including the management component developed by the Management Board;
- approves the Company's strategies and policies developed by the Management Board.

The following advisory committees have been set up at the level of the Supervisory Board:

- Nomination and Remuneration Committee;
- The Audit Committee - is in charge of monitoring compliance with the Code of Conduct;
- Risk Management Committee; and
- Governance and Sustainability Committee.

The main responsibilities of the Board of Directors, defined in the Articles of Association, include the development and implementation of the Company's strategies and policies, including those relating to professional conduct.

The members of the Supervisory Board and the members of the Management Board are aware of and apply the legal norms and international standards on ethics and business conduct, as well as the governance principles of transparency, accountability and fairness. Also, ethics, integrity and governance issues were taken into account in the selection process of the members of the Supervisory Board and the members of the Management Board as a selection criterion, as evidenced by the [Letter of Expectations](#) at the level of Hidroelectrica SA point VII – *Elements regarding ethics, integrity and corporate governance*.

Description of the processes to identify and assess material impacts, risks and opportunities

ESRS 2, IRO 1

The Hidroelectrica Group has implemented a risk management system in order to identify, manage, prevent or maintain them within acceptable limits and improve.

At Hidroelectrica SA, procedures are implemented for the analysis, identification and management of impacts and risks related to business conduct, according to specific legal regulations. These procedures include the application of the National Anti-Corruption Strategy, the SR ISO 37001 standard for Anti-Bribery Management Systems and the Good Practice Guide on Internal Controls, Ethics and Compliance issued by the OECD. Starting with September 2021, Hidroelectrica SA has obtained the certification of compliance with the SR ISO 37001 requirements. These anti-bribery management system policies and procedures are to be formally aligned with the United Nations Convention on Group Corruption. To alleviate them, it was decided to wait for the new revised ESRS standards to ensure the inclusion of all aspects relevant to the Group's activity. Even if at the time of this report there are no procedures developed as a direct result of the business conduct IROs identified for the group entities, Hidroelectrica SA already has a series of procedures implemented. Specifically, the risk assessment within Hidroelectrica SA is carried out based on the internal procedures M05.001 - Updating the risk classification at the level of Hidroelectrica, M05.010 - Defining the risk assessment tools, M05.801 - Assessing the risks of a process,

M05.890 - Monitoring and reviewing the risks of a process, M05.901 - Managing the Risk Register and M05.910 - Determining the risk profile according to OSGG 600/2018 on the approval of the Control Code managerial internal of public entities.

The analysis and detailing of the risks attached to the objectives of Hidroelectrica SA is carried out through the M05-Corporate Risk process group, based on the methodologies recommended by the Order of the General Secretariat of the Government no. 600/2018 on the approval of the Code of Internal Managerial Control of Public Entities and by the ISO 31000 standard on risk management.

The Process Portfolio and Internal Management Control System Monitoring Committee also has responsibilities regarding the risk management system adopted by the Company, namely it identifies, analyzes, evaluates, monitors and reports the identified risks, the plan of measures to mitigate or anticipate them, other measures taken by the executive management, performs an annual evaluation of the internal control system and presents relevant reports for the attention of the Management Board. This committee will have the task of incorporating the IROs associated with Business Conduct resulting from the analysis of the double materiality carried out in the Risk Register.

Hidroserv - within the integrated quality-environment-HSE management system certified according to the requirements of SR EN ISO 9001:2015, SR EN ISO 14001:2015 and SR EN ISO 45001:2023 standards, the company has established a methodology for determining and dealing with risks and opportunities. Risks with the risk level above the accepted limit are included in a risk management plan and treatment measures are established to be implemented by each Head of Service responsible for risk management. Annually, the Risk Register and the Risk Treatment Plan are analysed and revised, and new risks can be identified and the classification of existing risks can be redone, according to their probability and impact. The IROs associated with Business Conduct resulting from the double materiality analysis carried out are to be incorporated into the register and the Hidroserv plan.

Within UCMH there are procedures for identifying and managing operational risks integrated into the quality, environment and occupational health and safety management system, certified according to ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards.

Within the "Risk management and objective setting" process, code 5.06, specific procedures are applied for identifying, assessing and dealing with risks and opportunities in the areas of quality, environment and OSH.

Currently, UCMH does not yet have an integrated risk management system at the organizational level, which will be developed in the next period. At the level of Hidroelectrica SA, there is an Audit Committee, a committee set up at the level of the Supervisory Board, as well as an Internal Audit Department, which conducts periodic audits to ensure that all activities comply with integrity and ethics standards.

In the process of analyzing the double materiality, the following criteria relevant to the identification of the IROs related to business conduct were considered:

Location: The double materiality analyses took into account the Hidroelectrica branches (Porțile de Fier, Hațeg, Bistrița, Curtea de Argeș, Râmnicu Vâlcea, Cluj, Sebeș, Wind and Executive) and the two subsidiaries (Hidroserv and UCMH) taking into account local regulations and specificities.

Activity: All operational segments of the Hidroelectrica Group (electricity production, electricity supply, maintenance and construction/modernization of hydropower equipment) were evaluated. Supply chain and internal operations are also included in the assessment process.

Sector: The Hidroelectrica Group positions its risk analysis to the requirements of national and international authorities regarding integrity and ethical behavior.

Business relations: In business relationships and partnerships with other companies and entities, the risks of contractual non-compliance, as well as opportunities for expansion and innovation, are assessed.

The table below presents the IROs for the year 2025 related to business conduct resulting from the analysis as material IROs.

Business conduct	Impact	Location on the value chain	Risk/Opportunity (R/O)
Organizational culture	Positive impact through the development of a fair and healthy organizational culture and the elaboration of codes of ethics for the Hidroelectrica Group companies	Own operations, Upstream	Opportunity: Improvement of internal processes and procedures to ensure efficient management of company operations, fair remuneration and adequate working conditions, contributing to the execution of the company's development plan and implicitly to financial stability.
Whistleblower protection	Positive impact: the company can develop whistleblower protection mechanisms that have a positive effect on early prevention of potential integrity-related incidents	Own operations, Upstream	No material risks or opportunities identified.
Supplier relationship management, including payment practices	Potential moderate negative impact if internal procedures regarding suppliers are not respected, including in cases of late payments. Potential negative impact on supplier relationships and supply chain stability. Potential negative impact on negotiation power and project completion timelines.	Own operations, Upstream	No material risks or opportunities identified.
Corruption and bribery	Moderate negative impact if internal codes and procedures related to corruption and bribery are not	Own operations, Upstream	No material risks or opportunities identified.

	followed, with effects on the environment / society such as reduced trust in institutions, distortion of competition and perpetuation of social inequalities		
Additional topic – Digital security	Impact	Location on the value chain	Risk/Opportunity (R/O)
IT data protection	Potential moderate negative impact in the event of incidents or accidents related to IT data security. Exposure of personal data implies significant security and financial risks, including identity theft, financial fraud and criminal misuse of information.	Own operations	Risk: Financial risks related to the security of technical data essential for electricity production services. Cyberattacks leading to customer data breaches may generate financial and reputational impacts, including potential litigation costs or reduced revenues due to reputational damage.

Governance and business practices

Corporate culture and Business conduct policies and corporate culture

ESRS G1-1

Group employees are informed about the requirements of the ethics and conduct/integrity codes at the time of hiring. Likewise, the Group's suppliers, as business partners, commit through contract to comply with the professional conduct rules of each entity within the Group. To support the implementation of professional conduct policies, the Company organizes dedicated training sessions for employees. These sessions aim to increase awareness of ethical and integrity standards and to prevent risks associated with non-compliant behaviour.

The training sessions are addressed to all Company personnel, including management staff, as well as employees involved in processes that are sensitive from a compliance perspective (for example: procurement, contractual relations, commercial or administrative activities). Training is conducted periodically, including at the time of hiring and through refresher sessions organized at the Company level.

The content of these sessions mainly covers the principles of the Ethical Code and professional conduct rules, the prevention of conflicts of interest, mechanisms for reporting irregularities and whistleblower protection, as well as compliance with applicable legislation and internal integrity policies. Regarding notifications on breaches of the ethics codes, in 2025 there were three notifications submitted to the email addresses mentioned above. No notifications were registered that would indicate potential integrity incidents according to Law no. 361/2022.

Hidroelectrica SA

Hidroelectrica SA has been listed on the Bucharest Stock Exchange (BVB) since 2023. In this regard, it committed to comply with the capital market legislation, Law 24/2017 on issuers of financial instruments and market operations and Regulation 5/2018 issued by the Financial Supervisory Authority, and to adhere to the Corporate Governance Code of BVB. Currently, Hidroelectrica SA has implemented a series of policies covering the conduct aspects mentioned below, in order to align with the requirements of the BVB. Annually reports on the manner of compliance with the BVB Governance Code through the "Apply or explain" statement, which can be found in the Corporate Governance Section of the Annual Report.

The management system of Hidroelectrica SA includes a set of internal policies, regulations and procedures that support the implementation of principles related to professional conduct, integrity and compliance within the organization. These documents establish the governance framework, internal control mechanisms and operational processes through which risks associated with professional conduct are managed and potential non-compliances are monitored.

The management system of Hidroelectrica SA defines the following System Procedures and Regulations that are relevant to professional conduct aspects and to the management of impacts, risks and opportunities identified in the double materiality assessment

- Procedure "Strategic Planning (M01.001)" – for establishing the Company's strategic objectives and translating them into objectives of the Companies' departments;
- Hydroelectric Policy; (M01.001 F2) - which establishes the Company's main areas of interest, namely communication with shareholders, improvement of customer satisfaction, respect for human rights, social aspects (relationship with its own employees and working conditions of its employees), the impacts of the Company's operations on the environment, and corruption and bribery;
- Hidroelectrica Sustainability Management System Regulation (M01.001 F3) – on Hidroelectrica SA's commitments to sustainability issues (human resources, occupational safety and health, environment/biodiversity/climate change, customers/local communities and the protection of personal data, as well as on how to set department-level objectives for the mentioned aspects;
- Organization and Functioning Regulation of Hidroelectrica SA;
- Internal Regulation – Code of Conduct Hidroelectrica SA;
- HE Corporate Governance Regulation (M01.002 F1);
- Hidroelectrica SA Code of Ethics;
- Procedure "Evaluation and Modeling of the Process Map and the Internal Managerial Control System of Hidroelectrica (M02.001)";
- Procedure "Implementation Evaluation of a Process (M02.010)" – regarding the evaluation, documentation and implementation of each process defined in the Hidroelectrica Process Map;
- Procedure 'Registration of a non-conformity (M02.080)'.

Each entity within the Group has its own internal regulations (ROI) which include specific provisions related to corporate ethics and business conduct. These ROIs cover the following sub-themes identified as materials following the double materiality analysis:

- Organizational culture
- Corruption and bribery
- Computer data protection

In addition, a number of aspects regarding business conduct and corporate culture are included in the codes of ethics of the entities in the group.

The Code of Ethics of Hidroelectrica SA was revised in July 2023 and includes the group's values and principles, both obligations and responsibilities. The Code of Ethics of Hidroelectrica SA can be found on the Hidroelectrica website: [Hidroelectrica SA's Code of Ethics](#)

The principles by which it is guided are:

- **Performance** - The performance of each employee contributes to increasing the value of the company.
- **Integrity** - Through integrity, honesty, fairness and incorruptibility, each Hidroelectrica employee creates the premises of a strong and resilient organization.
- **Creativity** - The creativity of each employee ensures the future of the company.
- **Team spirit** - Together, employees have the necessary strength to achieve Hidroelectrica's objectives.
- **Social responsibility** - By understanding and respecting the environment and the social environment in which they live and develop, each employee contributes directly to their future and that of the Hidroelectrica Group.

The Code of Ethics of Hidroelectrica SA is binding and applies at any time and regardless of the position held within the Company, both in relations within the organization and in relations with customers, suppliers, civil society, the local community or other stakeholders.

Regarding the **Protection of whistleblowers**, Hidroelectrica SA has adopted a procedure for reporting violations of the law within the Code of Ethics. All complaints regarding non-compliance with the Code of Ethics are strictly confidential. No employee or partner will be subjected to pressure and will not suffer if they have made a good faith complaint regarding non-compliance with the law or the Code of Ethics. If a member of the management (Supervisory Board or Management Board), an employee of the Company or a partner wishes to report a violation of the law or the rules of ethical conduct, as a whistleblower, including anonymously, they must send a written report to comportament.etic@hidroelectrica.ro. This address is managed by the Manager of the Internal Public Audit Department, which is under the authority of the Supervisory Board of Hidroelectrica SA.

Hidroelectrica SA has identified the following positions within the Company as the most exposed to risks in terms of corruption and bribery: members of the Supervisory Board, Management Board, managers of

Hidroelectrica SA branches, managers of departments directly subordinate to the Management Board, staff within the Procurement, Trading, Supply, Human Resources and internal control departments.

Hidroserv

Hidroserv has implemented the Code of Ethics and Integrity, which aims to prevent, detect and combat ethics and integrity risks, posted on the Hidroserv website: Hidroserv [Code of Ethics and Integrity](#).

Hidroserv's Code of Ethics and Integrity presents the set of values, principles and ethical norms necessary for the respect of dignity, integrity, as well as for ensuring fair relations between the employees of the Hidroserv organization but also in relations with society as a whole.

The objectives of Hidroserv's code of ethics are the prevention, detection and/or combating of ethical and integrity risks, from the earliest possible phases, and zero tolerance for situations likely to put the company in a position to violate the anti-corruption laws and other applicable regulations in force.

In order to report ethics and integrity incidents, Hidroserv proceeds as follows:

- The company's management encourages employees and other stakeholders to report any ethics and integrity incidents by establishing and communicating the code of ethics and integrity.
- Any person who reports violations of the code of ethics is obliged to support the notification, as far as possible, with data or clues regarding the act committed.
- Persons who complain or report violations of the code of ethics, regulations, procedures cannot be sanctioned, directly or indirectly, by applying an unfair sanction.

Also, in the case of Hidroserv, any employee of the entity or any partner of the entity can report violations of the Code of Ethics to sesizari.etica@hidroserv.ro. These complaints are managed by the Ethics Advisor within Hidroserv.

However, there is no channel for reporting integrity concerns, nor are there protection measures against retaliation in accordance with the European Directive on the protection of whistleblowers, nor an anti-bribery and anti-corruption policy in line with the UN Convention, nor investigation procedures. Furthermore, no implementation plan has been defined for these policies either at the level of Hidroserv or at group level to include Hidroserv.

UCMH

UCMH has implemented a Code of Ethics and business Conduct, posted on the UCMH website: [UCMH Code of Ethics and Business Conduct](#).

Complaints related to UCMH's activity can be sent through [the contact form available online](#) or to the e-mail address contact@ucmh.ro. However, there is no channel for reporting integrity concerns, nor are there protection measures against retaliation in accordance with the European Directive on the protection of whistleblowers, nor an anti-bribery and anti-corruption policy aligned with the UN Convention, nor investigation procedures. Furthermore, no implementation plan has been defined for these policies either at the level of UCMH or at group level to include UCMH.

Actions and targets

Plans, actions and targets related to the material IROs identified in the dual materiality analysis related to professional conduct are to be established as part of the ESG Strategy review and approval process, in order to align with the ESRS requirements. At the time of reporting, no deadline for their completion has been defined.

Management of relationships with suppliers

ESRS G1-2

The Hidroelectrica Group chooses its suppliers in accordance with public procurement legislation and upholds the principles of competition in the market, assessing their ability to deliver high-quality products and services, following regulations and best practices in environmental management and occupational health and safety. There is no specific policy for the prevention of late payment for SMEs.

Hidroelectrica SA carries out the purchases of products, services and works in accordance with the provisions of Law no. 99/2016 on sectoral procurement, most of them being carried out through the SEAP platform. For strategic projects, the Company initiated market consultations through SEAP to clarify aspects related to technical solutions, contractual clauses and the establishment of the estimated value. The management of procurement is carried out in compliance with the applicable legal provisions and aiming at compliance with the principles of sectoral procurement, namely:

- Non-discrimination
- Equal treatment
- Mutual recognition
- Transparency
- Proportionality
- Taking responsibility

The acquisitions are carried out in accordance with Hidroelectrica's Annual Sectoral Procurement Strategy, based on the Annual Sectoral Procurement Plan ("ASPP"). Within the Company, operational procedures are implemented to comply with SGG Order no. 600/2018 on the approval of the Code of Internal Managerial Control of Public Entities.

Hidroelectrica SA's suppliers are evaluated in the procurement procedure according to the Sectoral Procurement Law to ensure compliance with ethical and integrity standards. This assessment allows the Company to work only with partners who share a commitment to integrity and transparency. Through these measures, the Company is committed to maintaining a fair, transparent and ethical business environment, thus protecting the interests of all parties involved and ensuring the long-term sustainability of its activities.

At Hidroserv SA, operational procedures are implemented regarding the management of relations with suppliers. Hidroserv SA has implemented an operational procedure "Evaluation of suppliers/providers of products/services/works", ed. 2/rev.0 of 01.10.2022. The procedure establishes criteria for evaluating suppliers, such as: issuance of declarations of performance, warranty certificates, product safety data sheets, whether they have environmental protection authorizations, whether there have been delays regarding delivery deadlines, complaints, payment deadlines, etc.

Also, Hidroserv SA has implemented the operational procedure "Award of procurement contracts", ed. 3/rev. 1 of 24.07.2023, which presents the way in which procurement contracts are awarded so as to eliminate ethical and integrity risks. The organization verifies that the business partner has the necessary qualifications, experience, and resources to perform the activities for which it has been contracted, and that the business partner is known for bribery, fraud, dishonesty, or similar incorrect behavior. Subsequently, the economic and financial situation of the bidder is verified: the balance sheet submitted to ANAF; Statements regarding the global/average turnover.

UCMH has implemented a working procedure for establishing suppliers and a process procedure for the periodic evaluation of suppliers and their classification into capability classes. Purchases are made both from suppliers established in the List of Annually Accepted Suppliers who meet qualification criteria that include sustainability aspects such as compliance with legal environmental and occupational health and safety requirements, and from suppliers who respond to requests for quotations posted on the company's website. They are selected according to the legal public procurement procedures that impose conditions for compliance with the environmental and occupational health and safety legislation through the related specifications.

Anti-corruption and fair competition

Prevention and detection of corruption and bribery

ESRS G1-3

The Hidroelectrica Group considers that any form of corruption has a negative impact on its activities and threatens the achievement of its strategic objectives. Corruption undermines the integrity and efficiency of operations, negatively affecting relationships with partners and customers. The main significant corruption-related impacts occur when internal codes and procedures are not followed.

The Code of Ethics of Hidroelectrica SA includes explicit provisions on preventing and combating corruption and bribery, including the prohibition of offering, promising, soliciting or accepting bribes or undue advantages; rules on gifts, hospitality and similar benefits; prohibition of facilitation payments; the obligation to declare conflicts of interest; rules regarding the relationship with public authorities and business partners; the obligation to report suspected breaches through dedicated internal channels.

The provisions included in the Code of Ethics are aligned with the general principles set out in the United Nations Convention against Corruption and the applicable national legislation in the field of preventing and combating corruption. In the case of UCMH, there is no zero-tolerance policy on corruption, which will be drawn up after the entry into force of the revised ESRS standards.

The Hidroelectrica Group aims to zero cases of corruption. At the level of Hidroelectrica SA, anti-corruption policies and annual training sessions dedicated to the prevention of corruption incidents or situations that could create the appearance of non-compliant practices are implemented. At subsidiary level, measures and policies are being strengthened and harmonized, in line with the Group's overall governance framework.

Hidroelectrica SA has implemented an internal procedure for identifying and assessing corruption risks, as well as for implementing prevention measures. This procedure includes the annual evaluation of internal processes and the implementation of controls to prevent any form of corruption.

Also, the personnel occupying a position with a risk of corruption, detailed in Section G1-1, annually complete a declaration of compliance with the Code of Ethics of Hidroelectrica SA, confirming their commitment to the Company's ethical principles, including the firm commitment not to offer, promise, request or accept sums of money, valuables or other benefits to influence decisions. The Code of Ethics of Hidroelectrica SA mentions specific requirements regarding this commitment.

Also, in order to ensure the reduction of the risks associated with the functions, all managers of functional compartments conduct an annual (online) course to update the knowledge on the content of the Code of Ethics and take a verification test on the assimilation of this knowledge. The organization of this course and the verification test is provided by the Human Resources Department. After taking the verification test, the managers of functional departments ensure the training of subordinate employees (formalized by a training report sent to the Human Resources Department).

Regarding the independence of investigators, the designated Ethics Advisor of Hidroelectrica SA, manager of the Internal Control and Process Monitoring Department, supervises the design and implementation by Hidroelectrica SA of the way to comply with the requirements established by the Hidroelectrica Code of Ethics. The Hidroelectrica Ethics Advisor responds to each request, within a reasonable time, but not more than 10 working days, in accordance with the applicable internal procedures. The results of the analyses and investigations are documented and, where appropriate, communicated to the executive management for the adoption of the necessary measures. The ethics advisor annually conducts an evaluation of the implementation of the requirements established by the Code of Ethics, respectively of the

effectiveness/efficiency of these requirements and reports the result of this evaluation to the Hidroelectrica Management Board, respectively to the Internal Public Audit Department.

At the level of the Group entities (Hidroserv and UCMH), the notifications regarding the compliance with the codes of ethics are analyzed according to the internal mechanisms applicable to each company, and the results of the investigations are reported to the management of the respective entities.

The Company's position on corruption was also reaffirmed by the adoption in 2022 of the National Anticorruption Strategy 2021 – 2025, through [the SPEEH Hidroelectrica SA Integrity Plan](#), which has as its general objective the prevention of corruption and integrity incidents. The plan includes 4 specific objectives, for the fulfillment of which 18 measures have been established and the associated risks, those responsible, deadlines and performance indicators have been identified.

Trainings related to corruption prevention

The table below presents the trainings related to the prevention of corruption carried out in 2025 within Hidroelectrica SA. As for UCMH and Hidroserv, no anti-corruption trainings were carried out in 2025.

The percentage of positions at risk covered by the training programs is 100% for those who do not have the CIM suspended. 100% of the members of the administrative, management and supervisory bodies are trained and give a statement in this regard.

Risky positions		Managers	AMSB ¹⁰	Other own employees
Training Coverage				
Total	282 (including those with suspended CIM)	54	12	3,274
Total receiving training	274 (all active) Supervisory Board, Management Board, executive managers, heads of departments. report directly to the Management Board, personnel, procurement, trading, supply, human resources, internal control.	54	12** (self-instruction)	3,266
Delivery method and duration				
Classroom Training	2 hours	xx		3,245*

¹⁰ Administrative, management and supervisory bodies.

Computer-based training	2 hours 262 participants)	2 hours (54 participants)	-	-
Frequency				
How often training is needed	Annual	Annual	Annual	Annual
Topics Covered				
Protecting Hidroelectrica's image and reputation	x	x	x	x
Anti-corruption	x	x	x	x
Mutual respect	x	x	x	x
Competition	x	x	x	x
Insider trading	x	x	x	x
Privacy	x	x	x	x

*3544 no. average employees /2025 of which 299 no. persons in a management position

** The members of the Management Board and of the Supervisory Board sign an annual declaration, in accordance with the provisions of the Code of Ethics of Hidroelectrica SA in force, Chapter III Rules of ethical behavior in Hidroelectrica, item 2.6 Identification/Assessment of corruption risks and Implementation of measures to prevent them, letter c) regarding compliance with the Requirements of the Hidroelectrica Code of Ethics, by which they declare the following: knowledge of the provisions of the Code of Ethics of Hidroelectrica S.A. - July 2023 version and compliance with its requirements.

Confirmed incidents of corruption or bribery

ESRS G1-4

No cases of corruption or bribery were confirmed at Group level in the reporting year.

- No specific actions were needed to address breaches of anti-corruption and anti-bribery procedures and standards during this period.
- During the reporting period, no cases of bribery or corruption were registered.
- There have been no confirmed incidents where its workers have been dismissed or subject to disciplinary proceedings for incidents of corruption or bribery.

- There were no confirmed incidents related to contracts with business partners that were terminated or not renewed due to corruption-related or bribery-related violations.
- No public cases of corruption or bribery or bribery against the company and its own workers or management were reported during the reporting period.
- There have been no reported incidents of corruption or bribery involving actors in our value chain in which the organization or its employees are directly involved.

The Hidroelectrica Group targets zero cases of corruption, as set out in the 2023 Sustainability Strategy.

Payment practices

G1-6

According to the contractual provisions established regarding the payment terms, payments to the suppliers of the Hidroelectrica Group entities are made according to the contracts, of 5 and 60 days, depending on the specifications of each contract, being respected by the group entities. In the case of refurbishment projects, there is also a provision for the payment of a percentage of the works after their reception. The average payment term achieved in 2025 is estimated at 26,6 days (calculated as the average supplier balance divided by the value of purchases * 365).

At the level of Hidroelectrica SA, a performance indicator is established for monitoring compliance with payment deadlines, which can be found in procedure S04.140 Operation of payments by bank transfer and refers to the compliance with the payment terms indicated by the contract developers of Hidroelectrica SA. For the Payment of invoices and other payment obligations as due dates, the indicator is "Zero penalties resulting from late payment of payment obligations".

Thus, in the 2025 reporting period, the indicator was 100% fulfilled. The calculation of the indicator was carried out as follows: Total late payment penalties issued and paid for ANAR (National Administration of Romanian Waters) suppliers / Total invoices issued and paid for ANAR suppliers).

During the reporting period, there were no ongoing or initiated legal proceedings related to late payments.

Computer data protection

G1-7 (entity-specific)

Cybersecurity policies

At the moment, the Hidroelectrica Group does not have a formalized cybersecurity policy at Group level. However, at the level of Hidroelectrica S.A., internal documents on information security are implemented, namely "Hidroelectrica's Policy on Information Security and Information Networks and Systems" and "Regulation of the Information Security and Information Networks and Systems Management System

within S.P.E.E.H. Hidroelectrica S.A.", approved on 19.03.2025, in accordance with the applicable legal requirements.

Also, UCMH SRL has adopted the "UCMH SRL Policy on Information Security", publicly available at: <https://www.ucmh.ro/wp-content/uploads/2025/07/Politica-de-Securitate-a-Informatiei-UCMH-Resita-SRL.pdf>.

Currently, there are also operational procedures and technical mechanisms in place for incident management and protection of IT and OT infrastructure. The group is considering the development and implementation of a cyber risk mitigation plan, which involves the development and application of preventive measures for each type of cyber risk.

These initiatives are planned to be developed in stages, depending on the evolution of IT investment projects and procurement procedures, estimated for the period 2026 and beyond. At the time of reporting, there is still no detailed approved timeline for the implementation of all these policies at Group level.

Application of cybersecurity in Hidroelectrica SA

Encrypting customer data is an important component of our security strategy, and IT implements a wide range of advanced measures that help protect critical infrastructure and sensitive data.

The measures outlined below represent operational practices implemented by the Digital Transformation and Innovation Department (TID) to manage cybersecurity risks. They do not constitute actions specifically set out in the process of identifying impacts, risks and opportunities (IROs) in the double materiality analysis, but reflect the existing operational framework for the protection of IT and OT infrastructure.

Security measures implemented by the Digital Transformation and Innovation (DTI) department:

1. Managing cybersecurity issues

At the level of the Hidroelectrica Group, relevant internal policies and regulations are implemented for the management of information security and IT systems, which contribute to the prevention and management of cybersecurity risks.

- The "Hidroelectrica Policy on Information Security and IT Networks and Systems" establishes the general framework for the protection of information and IT infrastructure, defining the basic principles regarding confidentiality, integrity and availability of data, as well as the responsibilities of personnel in the application of security measures. The policy applies to all employees and IT systems within Hidroelectrica S.A.
- The "Regulations on the Management System for Information Security and IT Networks and Systems within S.P.E.E.H. Hidroelectrica S.A." details the implementation of the information security management system, including the processes for identifying and managing risks, access control, incident monitoring and security incident response measures. The regulation establishes organizational level responsibilities and internal control mechanisms.

- The “UCMH SRL Information Security Policy” defines the principles and measures applicable at the subsidiary level for the protection of information and IT systems, being aligned with the group’s requirements and adapted to its operational specifics.

These policies are applicable at the level of the relevant entities in the Group and are reviewed periodically, in order to ensure alignment with the legislative requirements and applicable standards in the field of information security.

There are additionally defined procedures for risk management, incident response, data protection and network security. Resources are also allocated and responsibilities are established.

2. Attack detection and prevention

The company uses firewall solutions to monitor and control network traffic, constantly updated to protect the infrastructure against malware and external attacks. The implementation of an advanced intrusion monitoring and detection system (IDS/IPS) is a priority to quickly identify attacks and prevent system compromise.

3. Advanced Packet Inspection

It enables the identification and blocking of malicious traffic, helping to protect IT and OT infrastructure, protect sensitive data, and maintain network performance. By filtering traffic, access control, network performance improvement and implicitly protection against cyberattacks are ensured.

4. Malware Protection

Anti-malware and antivirus solutions are implemented at workstations, servers and network devices, with automatic updates. Regular scans and real-time monitoring help prevent and eliminate cyber threats and reduce risks such as financial losses, data leaks or business interruptions.

5. Increasing resilience through redundancy and backups

Periodic backups of critical data are made and redundancy mechanisms are used for the IT infrastructure. Data restoration procedures are reviewed regularly to ensure that operations are resumed quickly in the event of incidents or malfunctions.

6. Compliance with applicable regulations

The requirements of national and European cybersecurity legislation, including GDPR and the NIS1 Directive, as well as relevant international standards such as ISO/IEC 27001, are complied with.

7. Continuous monitoring and assessment of risks

Cyber risks are regularly assessed to identify vulnerabilities and establish protective measures. Impact

analyses are also carried out on critical activities in the event of cyber incidents.

8. Incident Response

A security monitoring center (SOC) works to identify abnormal activities and respond quickly to incidents. It is also planned to implement a SIEM (Security Information and Event Management) solution to correlate events and detect complex threats.

9. Network Segmentation

Network segmentation through distinct VLANs and security zones is being implemented, to isolate critical systems and reduce the attack surface.

10. Application of the "Zero Trust" principle

The "Zero Trust" principle involves rigorous verification of users and devices before access to sensitive systems. Multi-factor authentication is implemented for critical applications with planned expansion and other sensitive systems.

11. Continuous training and education of employees

Regular information and training sessions are organized on the main cyber threats (phishing, social engineering) and good security practices. Staff are trained to recognise and report suspicious activities in accordance with the internal cybersecurity regulations.

12. Physical and digital access control

Access to data and systems is granted on a "least privilege" basis, with strict policies on password complexity and rotation.

13. Effective third-party management

Measures to verify the cybersecurity of suppliers and partners are applied. Their access to the IT&C infrastructure is granted only after risk assessment and security measures have been established, and suppliers sign confidentiality agreements (NDAs).

14. Protection against DDoS attacks

Traffic filtering solutions and DDoS mitigation services are implemented to prevent critical services from being blocked.

15. Other measures

For the implementation of cybersecurity measures, the company collaborates with strategic partners and

state institutions (DNSC, CNC, etc.). These actions help protect the IT and OT infrastructure and ensure operational security, continuity and resilience.

Confirmed cybersecurity incidents and targets

In 2025, no significant cybersecurity incidents were identified at the level of the Hidroelectrica Group. An isolated incident was previously reported in connection with the iHidro platform, being determined by a configuration error that occurred during the data migration process in 2023. The incident affected a limited number of users (69 out of more than 500,000 customers) and was promptly remedied, without representing a cyberattack.

ANNEXES

Annex 1 – Disclosure Requirements in ESRs covered by the Group’s sustainability statement

Standard	Presentation Requirements (CP)	Page number
ESRS 2	BP-1 – General basis for the preparation of the sustainability report	150
	BP-2 – Disclosures in relation to specific circumstances	150
	GOV-1 – Role of administrative, management and supervisory bodies	151, 275
	GOV-2 – Information provided to the administrative, management and supervisory bodies of the enterprise and the sustainability issues addressed by them	155
	GOV-3 – Integration of sustainability-related performance into incentive schemes	155, 189
	GOV-4 – Due Diligence Process Statement	156
	GOV-5 – Risk management and internal	157

Standard	Presentation Requirements (CP)	Page number
	controls related to sustainability reporting	
	SBM-1 – Strategy, Business Model and Value Chain	158
	SBM-2 – Interests and Views of Stakeholders	159, 221, 249, 256
	SBM-3 - Significant Impact, Risks and Opportunities and Their Interaction with Strategy and Business Model	160, 175, 196, 222, 249, 258
	IRO-1 – Description of processes for identifying and assessing significant impacts, risks and opportunities	161, 175, 202, 276
	IRO-2 – ESRS reporting requirements covered by the enterprise sustainability report	174
	MDR-P policies – Policies adopted to manage significant sustainability issues	174
	MDR-A Actions – Actions and Resources on Significant Sustainability Issues	174
	MDR-M – Significant sustainability indicators	174
	MDR-T targets – tracking the effectiveness of policies and actions through targets	174
ESRS E1	E1-1 – Climate Change Mitigation Transition Plan	175
	ESRS 2 SBM-3	175
	ESRS 2 IRO-1	175
	E1-2 – Mitigation Policies	179

Standard	Presentation Requirements (CP)	Page number
Climate	climate change and adaptation	
	E1-3 – Actions and resources related to climate change policies	179
	E1-4 – Targets related to climate change mitigation and adaptation	180
	E1-5 – Energy consumption and energy mix	180
	E1-6 – Gross GHG emissions of categories 1, 2, 3 and total GHG emissions	182
	E1-7 – GHG removals and GHG mitigation projects financed by carbon credits	188
	E1-8 – Domestic carbon pricing	189
	E1-9 – Anticipated financial effects of significant physical and transition risks and potential climate-related opportunities	189
ESRS E4 Biodiversity and ecosystems	ESRS 2 SBM-3	196
	ESRS 2 IRO-1	202
	E4-1 – Transition plan and consideration of biodiversity and ecosystems in the framework of strategy and business model	209
	E4-2 – Biodiversity and ecosystem policies	211
	E4-3 – Actions and resources related to biodiversity and ecosystems	212
	E4-4 – Biodiversity and ecosystem targets	215
	E4-5 – Impact indicators related to biodiversity and ecosystem change	216

Standard	Presentation Requirements (CP)	Page number
	E4-6 – Financial Effects	-
ESRS S1 Own workforce	ESRS 2 SBM-2	221
	ESRS 2 SBM-3	222
	S1-1 – Own workforce policies	224
	S1-2 – Processes for working with own workers and workers' representatives on Impacts	228
	S1-3 – Processes for remediation of negative impacts and channels through which their own workers can express the concerns	230
	S1-4 – Taking action on significant impacts on their own workforce, and approaches to mitigate significant risks and to pursue significant opportunities related to one's own workforce, as well as the effectiveness of these actions	232
	S1-5 – Targets related to managing significant adverse impacts, promoting positive impacts, and managing significant risks and opportunities	235
	S1-6 – Characteristics of the company's employees	238
	S1-7 – Characteristics of non-employees in the workforce of the Undertaking	-
	S1-8 – Collective bargaining coverage and	233

Standard	Presentation Requirements (CP)	Page number
	social dialogue	
	S1-9 – Diversity indicators	240
	S1-10 – Adequate salaries	241
	S1-11 – Social protection	-
	S1-12 – Persons with disabilities	242
	S1-13 – Training and skills development indicators	-
	S1-14 – Health and safety indicators	246
	S1-15 – Work-Life Balance Indicators	-
	S1-16 – Remuneration indicators (pay gap and total remuneration)	243
	S1-17 – Incidents, Complaints, and Serious Human Rights Issues and Incidents	245
ESRS S3 Affected communities	ESRS 2 SBM-2	249
	ESRS 2 SBM-3	249
	S3-1 – Policies related to affected communities	251
	S3-2 – Processes for working with affected communities on impacts	252
	S3-3 – Processes for remediation of negative impacts and channels through which affected communities can express their concerns	252
	S3-4 – Taking action on significant impacts on affected communities and approaches for managing significant risks	253

Standard	Presentation Requirements (CP)	Page number
	and pursuing significant opportunities related to affected communities, as well as the effectiveness of these actions	
	S3-5 – Targets related to managing significant adverse impacts, promoting positive impacts, and managing significant risks and opportunities	255
ESRS S4 Consumers and end-users	ESRS 2 SBM-2	256
	ESRS 2 SBM-3	258
	S4-1 – Consumer and end-user policies	259
	S4-2 – Collaborative processes with consumers and end-users on impacts	262
	S4-3 – Processes for remediation of negative impacts and channels through which consumers and end-users can express their concerns	268
	S4-4 – Taking action on significant impacts on consumers and end-users and approaches for managing significant risks and pursuing significant opportunities related to consumers and end-users, as well as the effectiveness of these measures	271
	S4-5 – Targets related to managing significant adverse impacts, promoting positive impacts, and managing significant risks and opportunities	274
ESRS G1	ESRS 2 GOV-1	275
Professional	ESRS 2 IRO-1	276

Standard	Presentation Requirements (CP)	Page number
conduct	G1-1 – Corporate Culture and Policies on Professional Conduct and Corporate Culture	279
	G1-2 – Supplier Relationship Management	283
	G1-3 – Prevention and detection of corruption and bribery	284
	G1-4 – Confirmed cases of corruption or bribery	287
	G1-6 – Payment Practices	288

Annex 2 - Data points that derive from other EU legislation

Disclosure Requirement and related datapoint	Benchmark Regulation reference ¹¹	EU Climate Law reference ¹²	Where it can be found in the Sustainability Report
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Commission Delegated Regulation (EU) 2020/1816 ¹³ , Annex II		ESRS 2 - General information
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	Delegated Regulation (EU) 2020/1816, Annex II		ESRS 2 - General information
ESRS 2 GOV-4 Statement on due diligence paragraph 30			ESRS 2 - General information
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Delegated Regulation (EU) 2020/1816, Annex II		This is not the case

¹¹ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) no. 596/2014 (OJ L 171, 29.6.2016, p. 1).

¹² Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) no. 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

¹³ Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).

Disclosure Requirement and related datapoint	Benchmark Regulation reference ¹¹	EU Climate Law reference ¹²	Where it can be found in the Sustainability Report
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Delegated Regulation (EU) 2020/1816, Annex II		This is not the case
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Delegated Regulation (EU) 2020/1818 (7), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		This is not the case
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		This is not the case
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14		Regulation (EU) 2021/1119, Article 2(1)	ESRS E1 Transition Plan
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2		This is not the case
ESRS E1-4 GHG emission reduction targets paragraph 34	Delegated Regulation (EU) 2020/1818, Article 6		E1-4 Targets related to climate change mitigation and adaptation
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38			E1-5 Energy Consumption and mix
ESRS E1-5 Energy consumption and mix paragraph 37			E1-5 Energy Consumption and mix
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43			E1-5 Energy Consumption and mix
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Delegated Regulation (EU) 2020/1818, Article 8(1)		E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions
ESRS E1-7 GHG removals and carbon credits paragraph 56		Regulation (EU) 2021/1119, Article 2(1)	E1-7 GHG removals

Disclosure Requirement and related datapoint	Benchmark Regulation reference ¹¹	EU Climate reference ¹² Law	Where it can be found in the Sustainability Report
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		This is not the case
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)			This is not the case
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).			This is not the case
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69	Delegated Regulation (EU) 2020/1818, Annex II		This is not the case. Phased-in
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28			It's not material
ESRS E3-1 Water and marine resources paragraph 9			It's not material
ESRS E3-1 Dedicated policy paragraph 13			It's not material
ESRS E3-4 Total water recycled and reused paragraph 28 c			It's not material
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29			It's not material
ESRS 2- IRO 1 - E4 paragraph 16 (a) i			This is not the case
ESRS 2- IRO 1 - E4 paragraph 16 (b)			This is not the case
ESRS 2- IRO 1 - E4 paragraph 16 (c)			This is not the case
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)			This is not the case

Disclosure Requirement and related datapoint	Benchmark Regulation reference ¹¹	EU Climate reference ¹² Law	Where it can be found in the Sustainability Report
ESRS E4-2 Sustainable oceans /seas practices or policies paragraph 24 (c)			This is not the case
ESRS E4-2 Policies to address deforestation paragraph 24 (d)			This is not the case
ESRS E5-5 Non-recycled waste paragraph 37 (d)			It's not material
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39			It's not material
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)			It's not material
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)			It's not material
ESRS S1-1 Human rights policy commitments paragraph 20			This is not the case
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21	Delegated Regulation (EU) 2020/1816, Annex II		S1-1 Policies related to own workforce
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22			This is not the case
ESRS S1-1 workplace accident prevention policy or management system paragraph 23			This is not the case
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)			This is not the case
ESRS S1-14 Number of fatalities and number and rate of work- related accidents paragraph 88 (b) and (c)	Delegated Regulation (EU) 2020/1816, Annex II		S1-14 Health and safety metrics
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)			This is not the case
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Delegated Regulation (EU) 2020/1816, Annex II		S1-16 Compensation metrics (pay gap and total compensation)
ESRS S1-16 Excessive CEO pay ratio			This is not the case

Disclosure Requirement and related datapoint	Benchmark Regulation reference ¹¹	EU Climate reference ¹² Law	Where it can be found in the Sustainability Report
paragraph 97 (b)			
ESRS S1-17 Incidents of discrimination paragraph 103 (a)			This is not the case
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		S1-17 Incidents, Complaints, and Severe Human Rights Impacts
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)			It's not material
ESRS S2-1 Human rights policy commitments paragraph 17			It's not material
ESRS S2-1 Policies related to value chain workers paragraph 18			It's not material
ESRS S2-1Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		It's not material
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	Delegated Regulation (EU) 2020/1816, Annex II		It's not material
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36			It's not material
ESRS S3-1 Human rights policy commitments paragraph 16			It's not material
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		It's not material
ESRS S3-4 Human rights issues and incidents paragraph 36			It's not material
ESRS S4-1			ESRS S4-1

Disclosure Requirement and related datapoint	Benchmark Regulation reference ¹¹	EU Climate Law reference ¹²	Where it can be found in the Sustainability Report
Policies related to consumers and end-users paragraph 16			Policies related to consumers and end-users
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	This is not the case
ESRS S4-4 Human rights issues and incidents paragraph 35			This is not the case
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)			This is not the case
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)			This is not the case
ESRS G1-4 Fines for violation of anti- corruption and anti-bribery laws paragraph 24 (a)	Delegated Regulation (EU) 2020/1816, Annex II)		G1-4 Confirmed incidents of corruption and bribery
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)			This is not the case

Management Board of Hidroelectrica

Bogdan-Nicolae BADEA – President of the Management Board (CEO)

Radu-Ioan CONSTANTIN
Member of the Management Board

Ianăș RĂDOI
Member of the Management Board

III. Management Statement

Based on the information available, we confirm that the consolidated financial statements as at and for the financial year ended 31 December 2025, prepared in accordance with the accounting standards adopted by the European Union (“IFRS-EU”), as well as the separate and consolidated financial statements as at and for the financial year ended 31 December 2025, prepared in accordance with Order of the Minister of Public Finance no. 2844/2016 approving the Accounting Regulations compliant with International Financial Reporting Standards, as subsequently amended (“OMFP no. 2844/2016”), present a true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of the Hidroelectrica Group and of Hidroelectrica.

Based on the information available, we confirm that the Management Board Report for the year 2025, prepared in accordance with the provisions of ASF Regulation no. 5/2018, the provisions of Law no. 24/2017 on issuers of financial instruments and market operations, as well as in accordance with the sustainability reporting standards referred to in Article 29b of Directive 2013/34/EU and the specifications adopted pursuant to Article 8(4) of Regulation (EU) 2020/852, provides a fair review of the development and performance of the issuer and of the companies included in the consolidation, as well as a description of the principal risks and uncertainties specific to the activities carried out, available as at the date of this report.

Management Board of Hidroelectrica

Bogdan-Nicolae BADEA – President of the Management Board (CEO)

Radu-Ioan CONSTANTIN
Member of the Management Board

Ianăș RĂDOI
Member of the Management Board

Glossary of terms and definitions

GMS	The General Meeting of Shareholders, which can be either the Ordinary General Meeting of Shareholders (OGMS) or the Extraordinary General Meeting of Shareholders (EGMS)
BSE	Bucharest Stock Exchange
FSA (FSA)	Financial Supervisory Authority
AMEPIP	The Agency for Monitoring and Evaluation of Performance of Public Enterprises
CHE	Hydroelectric Power Plant
AHE	Hydropower development
MHC	Microhydropower plant
NBR	National Bank of Romania
ANRE	Romanian Energy Regulatory Authority (Romanian: Autoritatea Nationala de Reglementare in Domeniul Energiei)
ANAR	Romanian Waters National Administration (Romanian: Administrația Națională Apele Române)
CHE	Hydroelectric plant (Romanian: Centrala hidroelectrică)
AHE	Hydropower station (Romanian: Amenajare hidroenergetica)
SB	Supervisory Board
GEO	Government Emergency Ordinance
Hidroserv	Company branch, S,S,H, Hidro serv S,A
GO	Government Ordinance
GEO	Government Emergency Ordinance
IFRS	International Financial Reporting Standards
ESG	Environmental, Social, Governance
GD	Government Decision
IAS	International Accounting Standards
LEI	The identification code of the legal entity
M&A	Mergers and acquisitions
PAM (EAP)	Energy Asset Performance
SISC	Structures, installations (systems), assemblies, subassemblies, equipment and components of capacities in the electricity and heat sector, managed by license holders, classified as fixed assets, for which EAP applies
CEPM (MACEE)	Centralized Electricity Purchasing Mechanism (Romanian: MACEE)
NRRP (PNRR)	The National Recovery and Resilience Plan (Romanian: PNRR)
GDPR	General Data Protection Regulation
OPCOM	The operator of the electricity and natural gas market in Romania - OPCOM S.A.
NPS	National Power System (Romanian: SEN)
Hidroelectrica	SOCIETATEA DE PRODUCERE A ENERGIEI ELECTRICE IN HIDROCENTRALE "HIDROELECTRICA" S.A.
Transelectrica	The national operator of transport and electricity system

- **EBITDA** is defined as profit/(loss) before tax before (i) depreciation and amortization of property, plant and equipment and intangible assets and (ii) interest income and interest expense.
- **EBITDA Margin** is defined as EBITDA divided by revenue.
- **Adjusted EBITDA** is defined as EBITDA adjusted for (a) impairment/reversal of impairment of property, plant and equipment and (b) gain on bargain purchase of subsidiaries.
- **Adjusted EBITDA Margin** is defined as Adjusted EBITDA divided by revenue.
- **Adjusted Net Debt/(Cash)** is defined as bank loans and liabilities related to leasing contracts minus cash and cash equivalents and short-term investments (investments in deposits and government bonds).
- **Adjusted Net Debt/(Cash) to Adjusted EBITDA Ratio** is defined as Adjusted Net Debt/(Cash) divided by Adjusted EBITDA

IV. Financial Statements

Consolidated financial statements - IFRS-EU

Consolidated financial statements - OMFP 2844/2016

Separate financial statements - OMFP 2844/2016

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON THE CONSOLIDATED SUSTAINABILITY STATEMENT FOR THE FINANCIAL YEAR 2025

To the Shareholders of Societatea de Producere a Energiei Electrice în Hidrocentrale Hidroelectrica S.A.

Limited assurance conclusion

We have conducted a limited assurance engagement on the Consolidated Sustainability Statement included in section "Sustainability Statement" of the Annual Report of the Company as at 31.12.2025 and for the period from 01.01.2025 to 31.12.2025, prepared by Societatea de Producere a Energiei Electrice în Hidrocentrale Hidroelectrica S.A. ("the Company"), with social premises registered in Romania, Address 15 - 17 Ion Mihalache Bd, Floors 10-15, District 1, Bucharest, Romania, Fiscal Identification Number RO13267213, Trade Register number J40/7426/2000.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Consolidated Sustainability Statement of Societatea de Producere a Energiei Electrice în Hidrocentrale Hidroelectrica S.A. as at 31.12.2025 and for the period from 01.01.2025 to 31.12.2025 is not prepared, in all material respects, in accordance with the applicable statutory sustainability reporting framework foreseen in MF Order 2844/2016, Chapter 7¹, section 7¹.3 , including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information reported in the Consolidated Sustainability Statement (the "Process") is in accordance with the description set out in the section ESRS 2 - General Disclosures, sub-section IRO-1 Description of the process to identify and assess material impacts, risks and opportunities; and
- compliance with the taxonomy disclosures detailed in the EU Taxonomy Section of the Consolidated Sustainability Statement with the applicable reporting requirements of Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulations").

Basis for conclusion

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information".

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under this standard are further described in the Auditor's Responsibilities section of our report.

We are independent of the Company in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), together with the ethical requirements that are relevant to our assurance engagement of the Consolidated Sustainability Statement in Romania, including Law 162/2017 with subsequent amendments ("The Law"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our firm applies the International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which require that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matters - Comparative information:

The comparative information included in the Consolidated Sustainability statement was subject to a limited assurance engagement in the prior year, which was performed by another auditor, who expressed an unmodified conclusion in their limited assurance report dated 26 March 2025.

Responsibilities for the Consolidated Sustainability Statement

The Management of the Company are responsible for designing, implementing and maintaining a process to identify the information reported in the Consolidated Sustainability Statement in accordance with the ESRS and for disclosing this process in the section ESRS 2 - General Disclosures, sub-section IRO-1 Description of the process to identify and assess material impacts, risks and opportunities of the Consolidated Sustainability Statement.

This responsibility includes:

- understanding the context in which the Company's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Company's financial position, financial performance, cash flow, access to finance or cost of capital over the short, medium, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- developing methodologies and making assumptions that are reasonable in the circumstances.

The Management of the Company is further responsible for the preparation of the Consolidated Sustainability Statement, in accordance with the applicable statutory sustainability reporting framework foreseen in MF Order 2844/2016, Chapter 7¹, section 7^{1.3}, including:

- compliance with the European Standards for Reporting on Sustainability;
- preparing the taxonomy disclosures of the Consolidated Sustainability Statement, in the EU Taxonomy Section, in compliance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation"); and
- designing, implementing and maintaining such internal controls that are necessary to enable the preparation of the Consolidated Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Company's sustainability reporting process.

Inherent limitations in preparing the Consolidated Sustainability Statement

In reporting forward-looking information in accordance with European Standards for Reporting on Sustainability, the Management of the Company is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Company. The actual outcome is likely to be different, since anticipated events frequently do not occur as expected.

In determining the disclosures in the Consolidated Sustainability Statement, the Management of the Company interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

Auditor's Responsibilities for the limited assurance engagement

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Consolidated Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Consolidated Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional skepticism throughout the engagement.

Our responsibilities in respect of the Consolidated Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Designing and performing procedures to evaluate whether the Process is consistent with the Company's description of its Process, as disclosed in the section ESRS 2 - General Disclosures, sub-section IRO-1 Description of the process to identify and assess material impacts, risks and opportunities.

Our other responsibilities in respect of the Consolidated Sustainability Statement include:

- Obtaining an understanding of the Company's control environment, processes, and information systems relevant to the preparation of the Consolidated Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error.
- Designing and performing procedures responsive to disclosures in the Consolidated Sustainability Statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Consolidated Sustainability Statement.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Consolidated Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
 - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
 - Inspecting/Examining the Company's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures about the Process of the Company was consistent with the description of the Process set out in the section ESRS 2 - General Disclosures, sub-section IRO-1 Description of the process to identify and assess material impacts, risks and opportunities.

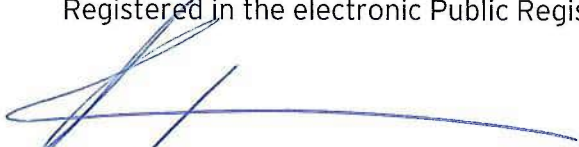
In conducting our limited assurance engagement, with respect to the Consolidated Sustainability Statement, we have:

- Obtained an understanding of the Company's reporting processes relevant to the preparation of its Consolidated Sustainability Statement;
- Evaluated whether material information identified by the Process to identify the information reported in the Consolidated Sustainability Statement is included in the Consolidated Sustainability Statement;
- Evaluated whether the structure and the presentation of the Consolidated Sustainability Statement is in accordance with the European Standards for Reporting on Sustainability;
- Performed inquiries of relevant personnel and analytical procedures on selected disclosures in the Consolidated Sustainability Statement;
- Performed substantive assurance procedures based on a sample basis on selected disclosures in the Consolidated Sustainability Statement;
- Obtained evidence on the methods for developing material estimates and forward-looking information and on how these methods were applied;
- Obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and evaluated the regulatory compliance with of Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulations") of the information provided in the Consolidated Sustainability Statement

On behalf of,

Ernst & Young Assurance Services SRL
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

Registered in the electronic Public Register under No. FA77



Name of the Auditor/ Partner: Alexandru Lupea
Registered in the electronic Public Register under No. AF273

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Firma de audit: **ERNST & YOUNG ASSURANCE SERVICES S.R.L.**
Registrul Public Electronic: **FA77**

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Auditor financiar: **Lupea Alexandru**
Registrul Public Electronic: **AF273**

Bucharest, Romania
26 March 2026

S.P.E.E.H. HIDROELECTRICA SA
Two-tier system Company



CONSOLIDATED FINANCIAL STATEMENTS
for the year ended
31 December 2025

Prepared in accordance with IFRS Accounting Standards
as adopted by the European Union

CONTENTS:	PAGE:
INDEPENDENT AUDITORS' REPORT	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2025	1 - 2
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year 2025	3
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year 2025	4 - 5
CONSOLIDATED STATEMENT OF CASH FLOWS for the year 2025	6 - 7
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS as at and for the year ended 31 December 2025	8 - 80
BASIS OF PREPARATION	
1. REPORTING ENTITY AND GENERAL INFORMATION	8
2. BASIS OF ACCOUNTING	11
3. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY	11
4. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS	11
5. USE OF JUDGEMENTS AND ESTIMATES	13
6. BASIS OF MEASUREMENT	20
7. MATERIAL ACCOUNTING POLICIES	21
8. CHANGES IN ACCOUNTING POLICIES	36
9. COMPARATIVES	36
PERFORMANCE FOR THE YEAR	
10. OPERATING SEGMENTS	37
11. REVENUE	39
12. OTHER INCOME	40
13. OPERATING EXPENSES	40
14. FINANCE RESULT	42
15. EARNINGS PER SHARE	43
EMPLOYEE BENEFITS	
16. EMPLOYEE BENEFITS	43
INCOME TAXES	
17. INCOME TAX	48
ASSETS	
18. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	49
19. INVESTMENTS IN DEPOSITS AND CORPORATE BONDS	50
20. TRADE RECEIVABLES	50
21. OTHER ASSETS	51
22. PROPERTY, PLANT AND EQUIPMENT	52
EQUITY AND LIABILITIES	
23. CAPITAL AND RESERVES	60
24. BORROWINGS	62
25. TRADE PAYABLES	64
26. OTHER PAYABLES	64
27. DEFERRED INCOME	65
28. PROVISIONS	65

FINANCIAL INSTRUMENTS

29. FINANCIAL INSTRUMENTS – Fair values and risk management	67

GROUP COMPOSITION

30. ACQUISITION OF SUBSIDIARIES	72

OTHER INFORMATION

31. COMMITMENTS	73
32. CONTINGENCIES	73
33. RELATED PARTIES	76
34. SUBSEQUENT EVENTS	80

S.P.E.E.H. HIDROELECTRICA SA Two-tier system Company
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(All amounts are in thousand RON, unless otherwise stated)

	Note	31 December 2025	31 December 2024
Assets			
Non-current assets			
Property, plant and equipment	22	19,429,425	19,848,494
Intangible assets		36,249	21,753
Restricted cash	18	23,057	-
Other non-current assets	21	374,334	276,760
Total non-current assets		19,863,066	20,147,007
Current assets			
Inventories		123,808	93,998
Trade receivables	20	1,698,378	1,633,688
Investments in deposits and bonds	19	3,732,016	3,475,933
Cash and cash equivalents	18	1,187,734	1,581,617
Restricted cash	18	32,066	21,057
Other current assets	21	64,960	23,926
Total current assets		6,838,962	6,830,219
Total assets		26,702,028	26,977,226
Equity and liabilities			
Equity			
Share capital	23	5,526,898	5,526,898
Revaluation reserve		11,083,763	11,548,962
Other reserves	23	1,029,674	1,025,970
Retained earnings		4,539,471	4,749,312
Total equity		22,179,806	22,851,142
Liabilities			
Non-current liabilities			
Bank borrowings	24	118,358	207,846
Lease liabilities		61,511	70,110
Deferred income	27	192,389	201,997
Current tax liabilities	17	7,822	8,196
Deferred tax liabilities	17	1,396,869	1,460,112
Employee benefits	16	139,904	128,596
Provisions	28	1,009,132	943,505
Trade payables	25	14,901	999
Other payables	26	57,867	52,512
Total non-current liabilities		2,998,753	3,073,873

(continued on page 2)

S.P.E.E.H. HIDROELECTRICA SA Two-tier system Company
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(All amounts are in thousand RON, unless otherwise stated)

	Note	31 December 2025	31 December 2024
Current liabilities			
Bank borrowings	24	94,957	92,887
Lease liabilities		10,136	9,244
Trade payables	25	777,323	429,683
Contract liabilities	11	48,392	97,786
Current tax liabilities	17	180,641	60,329
Deferred income	27	5,606	6,146
Employee benefits	16	155,541	147,281
Provisions	28	104,498	82,470
Tax for electricity producers	13 E	-	2,136
Other payables	26	146,374	124,249
Total current liabilities		<u>1,523,468</u>	<u>1,052,211</u>
Total liabilities		<u>4,522,221</u>	<u>4,126,084</u>
Total equity and liabilities		<u>26,702,028</u>	<u>26,977,226</u>

Bogdan-Nicolae BADEA	Radu Ioan CONSTANTIN	Ianăș RĂDOI
Chairman of the Management Board	Member of the Management Board	Member of the Management Board

Petronel CHIRIAC
Financial Director

Marian FETIȚA
Accounting Manager

The accompanying Notes are an integral part of these consolidated financial statements.

S.P.E.E.H. HIDROELECTRICA SA Two-tier system Company
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in thousand RON, unless otherwise stated)

	Note	2025	2024
Revenue	11	9,619,010	9,122,709
Other income	12	40,478	187,615
Turbinated water	13 A	(444,764)	(517,805)
Employee benefits expenses	16	(1,019,598)	(885,397)
Transport and distribution of electricity	13 C	(1,634,838)	(1,228,392)
Electricity purchased	13 B	(911,358)	(208,848)
Green certificates expenses	13D	(354,338)	(273,534)
Depreciation and amortization	22	(882,879)	(904,968)
Impairment loss on property, plant and equipment, net	22	(99,463)	(39,494)
Impairment loss on trade receivables, net	20	(37,087)	(78,829)
Repair, maintenance, materials and consumables		(111,529)	(92,356)
Tax for electricity producers	13 E	(122,721)	(234,654)
Other operating expenses	13 F	(407,790)	(307,240)
Own work capitalized		85,915	49,221
Operating profit		3,719,039	4,588,029
Finance income	14	325,829	342,025
Finance costs	14	(86,423)	(85,459)
Net finance result		239,406	256,566
Profit before tax		3,958,445	4,844,595
Income tax expense	17	(588,751)	(716,679)
Profit for the year		3,369,694	4,127,916
Earnings per share			
Basic and diluted earnings per share (RON)	15	7.49	9.18
Other comprehensive income			
Impairment of property, plant and equipment recognized in revaluation reserve, net of tax		(528)	(770)
Revaluation of property, plant and equipment, net of tax	22	-	-
Remeasurement of defined benefit liabilities, net of tax	16	2,727	(4,500)
Other comprehensive income		2,199	(5,270)
Total comprehensive income		3,371,893	4,122,646

Bogdan-Nicolae BADEA	Radu Ioan CONSTANTIN	Ianăș RĂDOI
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Petronel CHIRIAC
Financial Director

Marian FETIȚA
Accounting Manager

The accompanying Notes are an integral part of these consolidated financial statements.

S.P.E.E.H. HIDROELECTRICA SA Two-tier system Company
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in thousand RON, unless otherwise specified)

	Note	Share capital	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance at 1 January 2024		5,526,898	12,038,616	1,024,034	6,431,686	25,021,234
Total comprehensive income for the year						
Profit of the year		-	-	-	4,127,916	4,127,916
Other comprehensive income for the year						
Impairment of property, plant and equipment recognized in revaluation reserve, net of tax	23	-	(770)	-	-	(770)
Remeasurement of defined benefit liabilities, net of tax	16	-	-	-	(4,500)	(4,500)
Total other comprehensive income for the year		-	(770)	-	(4,500)	(5,270)
Total comprehensive income for the year		-	(770)	-	4,123,416	4,122,646
Transactions with owners of the Group						
Contributions and distributions						
Dividends	23	-	-	-	(6,292,738)	(6,292,738)
Total transactions with owners of the Group		-	-	-	(6,292,738)	(6,292,738)
Other changes in shareholders' equity						
Set up of legal reserves		-	-	1,936	(1,936)	-
Transfer of revaluation reserve to retained earnings due to depreciation and disposals of property, plant and equipment	23	-	(488,884)	-	488,884	-
Balance at 31 December 2024		5,526,898	11,548,962	1,025,970	4,749,312	22,851,142

(continued on page 5)

S.P.E.E.H. HIDROELECTRICA SA Two-tier system Company
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in thousand RON, unless otherwise specified)

	Note	Share capital	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance at 1 January 2025		5,526,898	11,548,962	1,025,970	4,749,312	22,851,142
Total comprehensive income for the year						
Profit of the year		-	-		3,369,694	3,369,694
Other comprehensive income for the year						
Impairment of property, plant and equipment recognized in revaluation reserve, net of tax	23	-	(528)	-	-	(528)
Remeasurement of defined benefit liabilities, net of tax	16	-	-	-	2,727	2,727
Total other comprehensive income for the year		-	(528)	-	2,727	2,199
Total comprehensive income for the year		-	(528)	-	3,372,419	3,371,893
Transactions with owners of the Group						
Contributions and distributions						
Dividends	23	-	-	-	(4,043,229)	(4,043,229)
Total transactions with owners of the Group		-	-	-	(4,043,229)	(4,043,229)
Other changes in shareholders' equity						
Set up of legal reserves		-	-	3,704	(3,704)	-
Transfer of revaluation reserve to retained earnings due to depreciation and disposals of property, plant and equipment	23	-	(464,672)	-	464,672	-
Balance at 31 December 2025		5,526,898	11,083,762	1,029,674	4,539,471	22,179,806

Bogdan-Nicolae BADEA
Chairman of the Management Board

Radu Ioan CONSTANTIN
Member of the Management Board

Ianăș RĂDOI
Member of the Management Board

Petronel CHIRIAC
Financial Director

Marian FETIȚA
Accounting Manager

The accompanying Notes are an integral part of these consolidated financial statements.

S.P.E.E.H. HIDROELECTRICA SA Two-tier system Company
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in thousand RON, unless otherwise stated)

Cash flow from operating activities:	Note	2025	2024
Profit for the year		3,369,694	4,127,916
<i>Adjustments for:</i>			
Depreciation	22	879,817	903,129
Amortisation		3,017	1,839
Impairment loss on property, plant and equipment and intangible assets, net	22	99,463	39,499
Impairment loss on trade receivables, net	20	37,087	78,829
Write-down of inventories		495	(879)
Gain from bargain purchase of subsidiaries	12, 30	-	(25,728)
Provisions for risk and charges		21,792	(34,346)
Loss on disposal of property, plant and equipment	13 F	1,293	6,253
Net foreign exchange loss	14	1,040	(211)
Interest income	14	(283,174)	(332,134)
Interest expense	14	22,397	26,925
Unwinding of discount effect	14	65,863	58,476
Income tax expense	17	588,751	716,679
		4,807,534	5,566,242
<i>Changes in:</i>			
Trade receivables		(84,372)	1,335,451
Inventories		(30,305)	(12,612)
Restricted cash		(34,066)	80,000
Other assets		(32,117)	45,644
Trade payables		185,842	21,348
Deferred income		(10,147)	25,589
Employee benefits		10,136	33,672
Other payables		31,579	112,694
Cash generated from operating activities		4,844,084	7,208,028
Interest paid		(12,239)	(18,841)
Income tax paid		(531,683)	(836,254)
Net cash from operating activities		4,300,161	6,352,933
Cash flow from investing activities:			
Payments for acquisition of property, plant and equipment		(541,450)	(284,086)
Payments for acquisition of intangible assets		(17,445)	(325)
Proceeds from redemption of corporate bonds		-	353,332
Payments for deposits held for investment purposes		(9,080,000)	(6,950,000)
Proceeds from deposits held for investment purposes		8,815,000	7,850,000
Interest received		265,770	305,880
Proceeds from disposals of fixed assets		8,827	-
Payments for acquisition of subsidiaries, net of cash acquired		-	(67,879)
Net cash flow from/(used in) investing activity		(549,298)	1,206,922

(continued on page 7)

	Note	2025	2024
Cash flow from operating activities:			
Cash flow from financing activities:			
Repayment of borrowings	24	(94,194)	(92,350)
Lease payments	24	(8,592)	(6,436)
Dividends paid	23	(4,041,960)	(6,287,086)
Net cash used in financing activities		(4,144,746)	(6,385,872)
Net increase/(decrease) in cash and cash equivalents		(393,883)	1,173,983
Cash and cash equivalents at 1 January	18	1,581,617	407,634
Cash and cash equivalents at 31 December	18	1,187,734	1,581,617

Bogdan-Nicolae BADEA Chairman of the Management Board	Radu Ioan CONSTANTIN Member of the Management Board	Ianăș RĂDOI Member of the Management Board
Petronel CHIRIAC Financial Director	Marian FETIȚA Accounting Manager	

1. REPORTING ENTITY AND GENERAL INFORMATION

(a) General information about the Group

Societatea de Producere a Energiei Electrice in Hidrocentrale Hidroelectrica SA ("the Company" or "Hidroelectrica") is a joint stock company, domiciled in Romania. The Company's registered office is 15 - 17 Ion Mihalache Blvd., Tower Center Building, 10 - 15 floors, Sector 1, Bucharest. The Company is registered at National Trade Register Office with no. J40/7426/2000 and has unique registration code 13267213.

These consolidated financial statements comprise the Company and its subsidiaries (together referred as the "Group").

The Group's main lines of business are power generation (hydro and wind) and electricity supply to end consumers.

As of 31 December 2025, the Romanian State through the Ministry of Energy owns 360,094,390 shares, representing 80.0561% of the share capital and of the total voting rights. The rest of the shares are traded on the Bucharest Stock Exchange as follows: 75,600,136 shares, representing 16.8074% of the share capital are owned by legal persons and 14,108,041 shares representing 3.1365% of the share capital by individuals.

The Company is governed by a two-tier system comprising the Supervisory Board and the Management Board. Between 23 June and 4 July 2023, the Company went through an initial public offer on Bucharest Stock Exchange. The allocation of the shares was carried out on 5 July 2023, the total offer included the entire holding of Fondul Proprietatea, namely 89,708,177 shares, representing 19.9439% of the Company's share capital.

The first trading day of Hidroelectrica shares at the Bucharest Stock Exchange was 12 July 2023.

List of subsidiaries

As of 31 December 2025, and 31 December 2024 Hidroelectrica has the following subsidiaries:

Subsidiary	Activity	Registered Office	% participation at 31 December 2025	% participation at 31 December 2024
Hidroserv SA (company in reorganization)	Services for energy sector(maintenance, repairs, construction)	Bucharest, Romania	100%	100%
Uzina de Construcții Mașini Hidroenergetice SRL	Manufacturing of engines and turbines	Resita, Romania	100%	100%

Hidroserv SA entered the insolvency proceedings in October 2016. In 2020, a reorganization plan of the subsidiary was approved by the Assembly of Creditors and confirmed by the insolvency judge. On June 25, 2025 the insolvency procedure was closed.

On 22 February 2023, the Company was declared the winner of the sales procedure of the business lines ABC and Calnicel platform, owned by UCM Resita SA. In January 2024, the Company set-up a new subsidiary, Uzina de Construcții Mașini Hidroenergetice SRL, through which it took-over the business from U.C.M. Reșița SA. The transaction was finalized on 11 March 2024.

All revenues are generated in Romania.

1. REPORTING ENTITY AND GENERAL INFORMATION (continued)

(b) Regulatory environment

The activity in the energy sector is regulated by the National Energy Regulatory Authority ("ANRE").

The main responsibilities of ANRE include: licensing the entities operating in the energy sector, issuance of regulations applicable to the electricity market, approval of regulated prices and tariffs and issuance of methodologies used to set regulated prices and tariffs.

(c) Main operations of the Group

Electricity generation and system services

The Group generates electricity by operating 188 hydropower plants and micro-hydropower plants, including 5 pumping stations, (the main generation capacities being Portile de Fier I and Portile de Fier II, which represent approximately 40% of the total electricity generated) and 36 wind turbines of 3 MW each.

The electricity generated is sold both wholesale and retail (supply to end consumers).

On 1 January 2023 a centralized electricity acquisition mechanism („MACEE”) was implemented by the Government through which the electricity producers shall sell the available (not contracted as of November 2022) quantity of electricity to the market operator, OPCOM, at a fixed price of RON 450 per MWh.

In March 2024, the Government issued a new Emergency Ordinance (OUG no. 32/28.03.2024) which states that starting 1 April 2024, the MACEE mechanism becomes voluntary, leaving producers the possibility to sell energy at the price of 400 RON/MWh until 31 December 2024. Thus, for 2024, the price paid by the sole purchaser (OPCOM) to electricity producers who sell electricity through MACEE in monthly auctions was as follows:

- RON 450 /MWh for the electricity contracted until 31 March 2024;
- RON 400 /MWh for the electricity contracted starting 1 April 2024.

Starting January 2025 the MACEE mechanism was not applicable anymore.

Hidroelectrica SA also provides system services to the national electricity system operator, Transelectrica. The system services involve making an agreed power generation capacity available to Transelectrica within a certain period of time, so that to allow the system operator to achieve permanent balancing of the electricity system.

Electricity supply to end consumers

The electricity market to end users in Romania is liberalized and all consumers are free to choose their electricity supplier from which they can purchase electricity at negotiated prices.

The Group supplies electricity at negotiated tariffs to both industrial consumers and household consumers. The supply tariff includes, in addition to the electricity price, the electricity transmission and distribution costs (see accounting policy 6 c)), the contribution to high efficiency co-generation power support scheme, and the cost of green certificates (see *Green certificates* section).

1. REPORTING ENTITY AND GENERAL INFORMATION (continued)

Starting 1 November 2021, due to the significant increase in energy prices on the international and national markets and the impact thereof on Romanian consumers, the Government implemented consumer support schemes, as follows:

- capping the electricity supply tariffs for household and non-household consumers until 30 June 2025. The difference between the cap price and the regulated cost was partially covered through a subsidy from the State reducing the impact of the capping mechanism. Once the Group submitted the requests for the subsidy to be received from the State authorities as per applicable law, the subsidy and the related income is recorded (Note 11). The impact of this mechanism on the Group's financial performance in 2025 was a reduction of revenue due to capped prices by RON 46 million.

Green certificates ("GC")

As a producer of electricity from renewable sources (hydroelectric power in refurbished micro-hydropower plants with an installed capacity of no more than 10 MW and with a service life of at least 15 years from the date of commissioning, and wind power), the Group receives green certificates through the green certificates support scheme.

In 2025 the Group received 3 green certificates for each MWh generated by the eligible micro-hydropower plant and 0.75 green certificates for each MWh generated by the wind farm. In 2024 received between 2.92 and 3 green certificates for each MWh generated by eligible micro-hydropower plants. During 2025, the Group generated from its own production portfolio a number of 24,635 GC from hydropower plants and 197,813 GC from wind power plant (CEE Crucea Nord) (2024: 28,089 GC from hydropower plants and 217,200 GC from wind power plant).

The selling price must fall between the minimum and maximum values set by law:

- (a) a minimum trading value of EUR 29.4/GC and;
- (b) a maximum trading value of EUR 35/GC.

As an electricity supplier, the Group is required to purchase a number of green certificates computed by multiplying the annual mandatory purchase quota of green certificates by the quantity (in MWh) of electricity supplied to end users. ANRE establishes the annual mandatory level of purchase obligations (quotas) for green certificates. The Group is eligible to receive green certificates for the production of Crucea Wind farm which are used to partially settle the obligation to comply with the mandatory annual quota. The difference is acquired by the Group to reach the quota and the Group recognizes the amount needed to acquire the green certificates for fulfilling the quota in "Trade payables".

Applicable annual quota for 2025 is 0.49983 green certificate per MWh (2024: 0.496 green certificate per MWh).

Tax on electricity producers

The tax for electricity producers is computed as 100% of net monthly average selling price in excess of RON 400 per MWh. The tax on electricity producers was applicable until 31 March 2025.

In February 2025, the Government issued a new Emergency Ordinance (GEO no. 6/27.02.2025) extending the applicability of the tax for an additional 3 months, until June 30, 2025. Starting April 1, 2025, the tax for energy producers is calculated by applying a rate of 80% (reduced from 100%) to the difference between the average net monthly selling price and the price of 400 RON per MWh.

The net monthly average selling price is computed based on the monthly revenue of the generation segment, which includes the wholesale of electricity produced and the value of electricity transferred within the same entity from producer portfolio (generation segment) to supplier portfolio (supply segment), less monthly cost for imbalances.

1. REPORTING ENTITY AND GENERAL INFORMATION (continued)

Tax on Constructions

Starting with 1 January 2025, the tax on constructions was introduced through Government Emergency Ordinance (GEO) 156/2024, with subsequent amendments, calculated as 0,5%, of the net book value of eligible constructions held as of 31 December of the preceding year and constructions subject to concession contract.0

The tax had an impact of 51,133 thousand RON for the period ended 31 December 2025.

2. BASIS OF ACCOUNTING

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union ("IFRS-EU").

These financial statements are prepared in order to comply with reporting obligations under Law no.24/2017 regarding issuers of financial instruments and market operations and related amendments.

The consolidated financial statements were authorized for issue by the Company's Management Board on 25 March 2026 and by the Supervisory Board on 26 March 2026.

The Group also issues a primary version of these consolidated financial statements prepared in accordance with IFRS-EU in Romanian language approved at the same date with these financial statements.

These consolidated financial statements have been prepared on a going concern basis. Details of the Group's accounting policies are included in Note 7.

The Group also prepares consolidated financial statements in accordance with Order of Minister of Public Finance no. 2844/2016 and subsequent amendments ("OMFP no. 2844/2016").

3. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Romanian Lei (RON), which is the functional currency of the parent company and its subsidiaries based on separate assessment assessments conducted in accordance with IAS 21. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Following below are the new standards, amendments and interpretations to existing standards adopted starting 1 January 2025 and their effect in the preparation of the Group and the Company financial statements for the year ended 31 December 2025.

4. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS
(continued)

The standards/amendments that are effective and have been endorsed by the European Union

The accounting policies adopted are consistent with those of the previous financial year, except for the following IFRS Accounting Standard which however, is not relevant for the Group:

- IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments). The amendments are effective for annual reporting periods beginning on or after January 1, 2025. The newly adopted IFRS Accounting Standard did not have a material impact on the Group's/Company's accounting policies.

The standards/amendments that are not yet effective, but have been endorsed by the European Union

- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments (Amendments). In May 2024, the IASB issued amendments to the Classification and Measurement of Financial Instruments which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures and they become effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. Management has assessed that these amendments will not have a material impact.
- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity (Amendments). In December 2024, the IASB issued targeted amendments for a better reflection of Contracts Referencing Nature-dependent Electricity, which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures and they become effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. Management has assessed that these amendments will not have a material impact.
- Annual Improvements to IFRS Accounting Standards – Volume 11. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11. An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. Management has assessed that these amendments will not have a material impact.

4. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

The standards/amendments that are not yet effective and have not yet been endorsed by the European Union

- IFRS 18 introduces new requirements on presentation within the statement of profit or loss. It requires an entity to classify all income and expenses within its statement of profit or loss into one of the five categories: operating; investing; financing; income taxes; and discontinued operations. These categories are complemented by the requirements to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the Notes. In addition, there are consequential amendments to other accounting standards. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027, with earlier application permitted. Retrospective application is required in both annual and interim financial statements. The standard has not yet been endorsed by the EU. The Group is currently working to identify all impacts the amendments will have on the primary financial statements and Notes to the financial statements. The initial expected material impacts on Group's financial statements are as follows:
- Foreign exchange differences will be classified in the category where the related income and expense form the item giving rise to the foreign exchange difference.
- New disclosure will be added: (a) management-defined performance measures; (b) specified expense by nature if expenses are presented by nature in the operating category of the statement of profit or loss; and (c) a reconciliation for each line item in the statement of profit or loss between the restated amounts presented applying IFRS 18 and the amounts previously presented applying IAS 1.
- Interest received and interest paid will be classified in the financing activities.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (including amendments). In May 2024, the IASB issued the IFRS 19 - Subsidiaries without Public Accountability: Disclosures, and in August 2025 the IASB issued amendments to IFRS 19. IFRS 19 (including the amendments) becomes effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. Management has assessed that these amendments will not have a material impact;
- IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (Amendments). In November 2025, the IASB issued amendments to Translation to a Hyperinflationary Presentation Currency which amend IAS 21 The Effects of Changes in Foreign Exchange Rates, and they become effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. Management has assessed that these amendments will not have a material impact;
- Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

5. USE OF JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

5. USE OF JUDGEMENTS AND ESTIMATES (continued)

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is presented below:

a1) Concession agreement

In November 1998 Law no. 213/1998 was issued regulating the statute of the public domain. This law provides that the ownership right over the public domain assets belongs to the State or local authorities, which can lease the assets that are in public property. In accordance with the provisions of Law no. 213/1998 and Law no. 219/1998, the Ministry of Economy and Commerce (currently the Ministry of Energy) has leased to the Company the hydropower facilities (dams, piers, locks, water storage reservoirs) and the land on which they are located. Thus, in December 2004, the concession contract no. 171/27.12.2004 was concluded between the Ministry of Economy and Commerce (currently the Ministry of Energy) (grantor) and Company (operator) for the hydropower assets in the public patrimony existing as at 31 December 2003.

The main terms of the concession contract and its subsequent amendments are the following:

- The State, through the Ministry of Economy and Commerce (currently the Ministry of Energy), holds the ownership right over the public assets that are the subject matter of the contract;
- The Company has the right to use these assets for a period of 49 years from the signoff date (the period may be extended in accordance with the provisions of the concessions law, by half of the original period, by mutual agreement of the parties), for the purpose of operation, refurbishment, modernization, rehabilitation, as well as construction of new hydro-power facilities according to the investment programs;
- The Company pays an annual royalty of 1/1000 of the annual revenues from power generation and system services generated in hydro-power facilities;
- Upon termination of the contract, certain assets that were used by the operator in carrying out the concession will be returned to the grantor, as explained below;
- The Company has the obligation to use the assets in accordance with the provisions of the concession contract and the operating license.

The concession contract provides for the following types of assets:

- Assets to be returned – assets of public domain that belong to the grantor and that are returned to the grantor in full right, free of charge and free of any encumbrances, upon termination of the concession contract. Assets to be returned are assets of public domain such as dams, piers, locks, that are subject to the concession/lease, as well as those resulting from investments/improvements to these assets made by the Company during the concession contract period. The Company depreciates these investments/improvements over the lower of the concession contract remaining period and the useful life of those assets.
- Takeover assets – assets that belong to the operator and are used by the operator during the concession period and which are similar in nature to assets of public domain above (land improvements and constructions, technical installations and machinery), over which, upon termination of the concession contract, the grantor has an option to take over those assets in exchange for a payment equal to the “present book value” on the takeover date. In Company’s interpretation, the “present book value” is the net book value at the date of the takeover, and given that the Company uses the revaluation model, this value will be the revalued amount at that date. These assets are depreciated over their estimated useful life.
- Own assets – assets that, upon termination of the concession contract, remain the property of the operator. Own assets are assets (constructions, technological installations, machinery and equipment, measuring and control devices; vehicles; furniture, office equipment, protective equipment and other tangible assets) that belong to the operator and are used by the operator during the concession period, except for the takeover assets. These assets are depreciated over their estimated useful life.

5. USE OF JUDGEMENTS AND ESTIMATES (continued)

In assessing the application of IFRIC 12 “Service concession arrangements”, the Group considered the following criteria of the public-private service concession arrangements in the analysis of the concession contract:

- a) The grantor controls or regulates what services the operator must provide within the infrastructure, to whom it must provide them and at what price; and
- b) The grantor controls – by ownership, beneficial entitlement or otherwise – any significant residual interest in the infrastructure at the end of the term of the arrangement.

The Group concluded that it is not within the scope of IFRIC 12 because it does not meet criterium a) above, the grantor does not regulate to whom the operator must provide the service and at what price. The Group considered that the price fixing mechanism introduced by the Government starting 1 January 2023 does not affect this conclusion as this mechanism is temporary and applied only to part of the production.

The Group recognizes the royalty of the concession contract in Other operating expenses.

a2) Leasing and refurbishing of assets to be returned

In assessing the application of IFRS 16 “Leases” to the concession contract presented above, the Group considered the following criteria to determine whether this contract contains a lease:

- a) the lessee has the right to obtain in essence all the economic benefits using the identified asset;
- b) the lessee has the right to direct the use of the identified asset.

The Group concluded that both criteria are met and, consequently, the concession contract contains a lease as the Ministry of Energy transferred the right to control the use of the assets of the public domain (assets to be returned) to the Group in exchange for a royalty. According to IFRS 16, the Group measured the carrying amount of the right-of-use asset and the amount of lease liability related to this contract as nil, because the future lease payments are variable and depending on Company’s revenue, the royalty being calculated as a percentage of revenues.

In respect of refurbishments made to the assets to be returned, the Group concluded that they are improvements of a leased asset for which the Group is the “accounting owner”, in the sense that these improvements serve the Group’s interest, as lessee, to use and control the leased assets. Consequently, the Group recognized improvements of assets to be returned as property, plant and equipment. The Group depreciates these assets over the lower of the concession contract remaining period and the useful life of those assets.

The Group believes that the following facts indicate that the Group is the “accounting owner” of improvements made:

- a) The Ministry of Energy, as a lessor, does not reimburse the Company, as lessee, for the cost of the improvements made. Consequently, the improvements are fully funded from the Group’s sources, and the Group is responsible to incur the costs;
- b) The Group has no obligation to make improvements of the assets to be returned. The decisions regarding refurbishment of the assets to be returned are made by the Group depending on its needs to use these assets and are unique to the Group’s intended use of the leased assets;
- c) The Group is permitted to alter the leasehold improvements without the consent of the lessor or without compensating the lessor;
- d) Improvements are made on the risk and responsibility of the Group (the Group bears the risk of overruns) and are not available to the grantor until the termination of the concession contract.

a3) Cash-generating units (“CGU”)

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets.

5. USE OF JUDGEMENTS AND ESTIMATES (continued)

The Group concluded that the assets relating to hydro-power plants represent a single cash-generating unit, mainly based on the following considerations:

- the Company has a single hydro-power generation license which covers all power plants as a whole;
- the license stipulates the Company's obligation to maintain the availability of its production capacities as a whole;
- the decision to produce electricity in a hydro-power plant is made based on the technical operating conditions of the other hydro-power plants;
- the balancing of the electricity contracted and produced is made at the Company's level and not at individual plants;
- the contracts are concluded based on the total estimated electricity to be produced in a specific period in all of the Company's hydro-power plants, and the price is set for the entire production.

Also, the Group concluded that the wind park is a separate single CGU. The Group has different investment objective projects under construction related to hydro-power assets with complex/multiple functions for which reliable estimates related to future cash-flows can be made, therefore tested individually for specific impairment.

a4) Decommissioning obligations

Order of the Ministry of Water and Environment no. 119 of 11 February 2002 on approval of the Procedure of transfer into conservation, post-utilisation or abandonment of dams provides the procedures for post-utilisation and abandonment of dams (including levees, hydro-power plants and locks) that must be carried out by the holders of dams under certain conditions provided by law. The Company has no legal or contractual obligations to disassemble and restore the site, other than those arising from Order no. 119, which are presented in the paragraphs below.

Dam holders are defined by GEO no. 244 of 28 November 2000 (republished) on the safety of the dams as legal persons of any title, who have in their possession, ownership and/or administration a dam.

Post-utilisation refers to the dams that have reached their normal operating life span and can be used for purposes other than those for which they were originally constructed for. Post-utilisation requires the implementation of a set of measures and works that will ensure the new functionality of the dam to protect the population and the environment in safe conditions. The necessary measures and works are carried out through the care of both the holder or administrator of the dam, and the post-user.

The post-utilisation of the dams is proposed by the holders of the dams and is approved by order of the minister that exercises control, coordination or authority over the entity that holds the dam, based on the endorsement of the Ministry of Water and Environment.

After the performance of the works required by the post-utilisation project, the hand over reception protocol between the former holder and the post-user is performed.

Abandonment refers to completed or unfinished dams, with or without the normal life span exceeded, which can no longer be kept in operation or post-utilisation due to technical impossibility or very high costs and which, at the same time, represent a potential danger for the population and the environment. Abandonment requires the implementation of a set of measures and works for the decommissioning of the dam, the ecological reconstruction of the area and enabling adequate liquid and solid flows, including the maximum water flow in the dammed section. The necessary measures and works are carried out with the care of the holder or the administrator of the dam and must ensure the flow conditions existing prior to the construction of the dam.

5. USE OF JUDGEMENTS AND ESTIMATES (continued)

The triggering events of dam abandonment operations include:

- the request of the holders of the dams, when they find that the necessary performance requirements according to the law cannot be met, the dams presenting an unacceptable associated risk;
- the disposition of the control bodies, following expertises that show that the dams present an unacceptable associated risk, constituting a real danger for the population and the environment;
- accidents, when the conclusions of the expert report specifically indicate the abandonment due to the very high cost of the necessary repairs, as well as not meeting the performance requirements and the safety criteria, etc.

The reception of the decommissioning and ecological reconstruction works is carried out by representatives of the holder of the dam and of the central or local public administration, who take over the respective area, by concluding a handover protocol.

The Romanian State, represented by the Ministry of Economy and Commerce, currently the Ministry of Energy, holds the ownership right over the hydropower developments (dams, levees, locks, storage lakes) and the land on which they are located that belong to the public domain and which are the subject of the concession contract mentioned above. The Group has the right to use these assets for a period of 49 years (remaining 28 years as of 31 December 2025).

According to the concession contract, the Group has the right during the contract to abandon or deactivate assets that are part of the public domain with the consent of the grantor.

The Group considers that, in accordance with the applicable legal provisions and practices, abandonment occurs in extreme situations, when the dams become an unacceptable risk impacting the environment and the population. Given that these constructions have complex functions in addition to power generation, including flood protection, water supply, irrigation etc., post-utilisation is the usual way in which these constructions will be transferred to central or local public administration, after they can no longer be used for power generation purposes.

The necessary works for post-utilisation are established by technical documentation prepared based on an assessment of the safety status of the dam at that time, carried out by experts certified by the ministries and certified/endorsed by the Ministry of Water and Environment.

Moreover, the abandonment works are carried out based on a special documentation prepared with the water authority approval, the environmental protection agreement, and the endorsement of the local and central public administration. These documentations and endorsements will establish the activities necessary for abandonment.

The works and costs of transition into post-utilisation or abandonment are subject to significant uncertainties caused by the fact that the rate of degradation and the life span of a dam vary significantly from one case to another (some could reach more than 100 years), as well as by the complexity and variety of works that may be necessary for transition into post-use or abandonment, depending on the specific factual status of each dam at the time of entering post-utilisation or abandonment, on the cost sharing between the holder and the post-user, as well as by the very remote time period from present to the moment when the abandonment works would be performed, if any. Also, there are significant uncertainties related to the evolution of the degree of degradation and to the determination of the actual life span of a dam, which are dependent on natural disasters (floods, landslides, earthquakes, etc.) and on the reliability of the construction.

In addition, the Group estimates that, by the end of the concession contract (the remaining period of 28 years as of 31 December 2025), the occurrence of situations requiring post-utilisation or abandonment of public domain assets or its own assets – levees, hydro-power plants and locks (other than those in progress assets described in Note 22) is unlikely, considering the long life of the dams, which can be significantly extended over 100 years by maintenance and improvements.

5. USE OF JUDGEMENTS AND ESTIMATES (continued)

Consequently, the Group recognizes decommissioning provisions only when management has taken the decision to abandon an asset or switch to post-utilisation or has no realistic alternative but to do so during the concession period. The provisions are recognized based on the costs resulting from the technical documentation prepared by specialists employed by the Group.

a5) Electricity sale-purchase contracts

Under IFRS 9 “Financial Instruments”, a contract to buy or sell a non-financial item (including electricity) may be classified and recognized as a financial instrument. According to paragraphs 2.4 and 2.6 of IFRS 9, if the contracts to buy or sell non-financial items can be settled net in cash or in another financial instrument, or by exchanging financial instruments, including if the underlying commodity is readily convertible into cash, they are in the scope of IFRS 9. The standard provides an exemption from applying IFRS 9 for the contracts that are entered into and continue to be held for the purpose of the receipt or delivery a non-financial item in accordance with the entity’s expected purchase, sale or usage requirements (“own-use exemption”).

The electricity is a commodity readily convertible into cash and therefore management has conducted an analysis in order to determine if own use exemption applies to its contracts.

The main considerations are:

- the Group is an electricity producer and its only intention and purpose is to sell all the electricity produced;
- the forward sell contracts are concluded with the sole intention of delivering the electricity produced; the Group does not act as an electricity broker/dealer;
- the buy-sell transactions on the spot markets (day-ahead, intra-day and balancing markets) are entered into only for meeting the Group’s own selling and balancing necessity and responsibility;
- in 2020 the Group started to be active in the electricity supply sector (selling electricity to end users), acting also as a service provider (including customer service); and
- the Group has used limited forward purchase electricity contracts and their purpose was to cover the needs for the contractual commitments for deliveries to final end consumers.

The Group concluded that own use exemption applies in all its electricity sale and purchase contracts in 2025 si 2024 and therefore are not in scope of IFRS 9.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following Notes:

- Note 22 – assumptions related to the revaluation of property, plant and equipment;
- Note 22 – assumptions related to determination of recoverable amount of assets under construction;
- Note 7 h) and i) – estimates of useful lives of property, plant and equipment and intangible assets;
- Note 13 E – estimates in relation to electricity transfer price between production and supply activity used in calculation of tax for electricity producers;
- Notes 28 and 31 – recognition and measurement of provisions and contingent liabilities;
- Notes 7 l), 20 and 29 b) – determination of expected credit losses for trade receivables;
- Note 16 – assessment of obligations resulting from defined benefit plans and other long-term employee benefits: the main actuarial assumptions;
- Note 28 – estimates related to decommissioning provisions.

5. USE OF JUDGEMENTS AND ESTIMATES (continued)

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for financial assets and liabilities, and non-financial assets (property, plant and equipment).

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following Notes:

- Note 22: property, plant and equipment;
- Note 29: financial instruments.

Climate-related risks

Hidroelectrica is exposed to climate-related risks, which can impact water resource availability, a key factor in hydropower generation. These include variability in precipitation, with the potential for altered river flows impacting water availability for energy production. The increased incidence of extreme weather events—such as the drought experienced in 2024 that led to a significant decrease in hydro production. Nevertheless, the company has historically observed that during droughts, electricity prices have increased, which may benefit the company through increased profit margins rather than through volumes sold.

To address climate-related risks, Hidroelectrica is emphasizing the diversification of its energy portfolio, particularly focusing on expanding into renewable energy sources. The company plans to acquire and develop solar parks and additional wind farms, aiming for an additional of minimum 500 MW of installed capacity in the next years. This shift towards solar and wind energy is strategically significant, especially given the inverse correlation between solar power generation and water levels for hydropower. The adoption of solar power, therefore, offers an offset during periods of low water availability, underlining the importance of a versatile and resilient energy mix in response to the challenges posed by climate variability.

The financial implications of climate-related risks include the fair value of Hidroelectrica's property, plant and equipment, related to water resources and hydropower facilities that can be affected by a lower volume of power generation estimated during projected useful life associated with climate change compared with the initial technical and financial performance indicators of such projects. These potential implications are considered in the economic obsolescence test conducted as part of the revaluation exercise.

Also, with respect to investment objective that are currently in progress, the specific impairment assessments performed consider a lower forecasted electricity production given the expected variability in precipitation.

5. USE OF JUDGEMENTS AND ESTIMATES (continued)

Work safety and safe operations

Protecting people is a priority of the Group and the Group is committed to safe and responsible operations to protect the health and safety of its employees, contractors and surrounding communities. This commitment demonstrated through established health and safety policies, ongoing learning and development via training on human rights and workplace safety, and the annual update of the HSE Prevention and Protection Plan.

While the Group aims for zero serious workplace accidents, incidents may still occur. However, the Group's top priorities remain the enhancement of safe working conditions.

Cyber risk

Digitalization brings many benefits, but it also increases risks related to cybersecurity and system reliance. As the Group's operations grow and depend heavily on IT systems and network infrastructure, these risks can cause operational disruptions, fraud, or data theft.

Any IT system failure, including from cyberattacks, could negatively impact the business, finances, and operations. Systems face threats like power outages and cyberattacks, and despite our cybersecurity measures, disaster recovery plans, and employee training, we may not be fully protected against all unauthorized access attempts. The Group is continuously enhancing its IT systems and cybersecurity to protect data confidentiality and integrity, while also educating its employees to responsibly manage cyber risks and IT systems failures.

Risk management and internal control

The Group's internal control framework includes compliance to the company's values and guidelines on ethics and corporate responsibility. A strong commitment to integrity, responsibility, and ethical behaviour is especially crucial in preventing and detecting fraud, bribery and corruption. The Group is committed to conducting its operations fairly, honestly, and in full compliance with all applicable laws. It adopts a zero-tolerance policy toward bribery and corruption in all its operations and relationships worldwide. Internal procedures addressing conflicts of interest, gifts and hospitality, and whistleblowing are designed to reduce potential fraud and corruption risks.

Group-wide fraud preventing, anti-bribery and corruption policies, along with whistleblower procedures, provide guidance on risk assessment, legal compliance, and reporting concerns.

The Group and its Supervisory Board take whistleblowing reports and negative media coverage seriously. Established policies ensure analysis of any breaches of the internal code of conduct or legal requirements, supported by an open channel for reporting. Internal reviews conducted throughout 2025, up to the financial statements' approval date, found no instances of ethical violations or non-compliance with laws and regulations.

6. BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis except for land, buildings, equipment and other items of property, plant and equipment, which are measured using revaluation model.

7. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see 6 (a) (ii)). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Non-controlling interests ("NCI")

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

7. MATERIAL ACCOUNTING POLICIES (continued)

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized gains or losses (except for foreign currency transactions gains or losses), are eliminated.

(b) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within finance costs.

(c) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer, while the revenue from electricity supply is measured based on lower of the agreed contractual prices with customers and, where applicable, the capped electricity prices as per legislation. The Group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

7. MATERIAL ACCOUNTING POLICIES (continued)

	Nature and satisfaction of contractual obligations	Revenue recognition
Wholesale of electricity	The Group sells the majority of electricity produced on forward contracts with electricity suppliers and traders, on the spot market (day-ahead market) to the market operator (OPCOM) and on the balancing market to the system operator (Transelectrica). Invoices are issued at the end of the month or at the beginning of the following month for the electricity delivered in the current month. The payment term is 30 days from invoice date.	Revenue is recognized over time, because the customer simultaneously receives the benefits provided by the performance of the Group as the Group delivers electricity; generation and use of electricity are simultaneous because electricity is not stored. The contract liabilities primarily relate to the advance consideration received from customers under contract in relation to energy to be supplied in the following period.
Electricity supply to end users (retail sales of electricity)	The performance obligation is represented by delivery of electricity to the customer's location, which includes transmission and distribution, performed via third party assets. Customers obtain control of electricity as electricity is consumed. Revenue is recognized based on the volumes communicated to the Group by the distribution operators, which are based on automated or manual meter readings performed by the distribution operators, self-readings reported by the consumers, or based on estimates of electricity delivered for which readings were not yet performed for the interval between the date of last reading and the end of period. Invoices are usually issued on a monthly basis, in the month following consumption. The payment term is 45 days from invoice date for households final consumers and 30 days from invoice date for non-households final consumers.	Revenue is recognized over time, because the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group delivers electricity. At the end of the month an accrual is recorded for the quantity of electricity supplied during month but not yet invoiced, this being unbilled revenue. The recognition of unbilled revenue gives the unconditional right to receive the value for the electricity supplied and usually there are not difference between the estimated revenue and the amount invoiced. Electricity supply revenue include transmission and distribution tariffs, which are invoiced by the Group to end users. The transmission and distribution services are provided by the transmission operator and the distribution operators, and the related costs are billed by the transmission operator and the distribution operators to the Group. The Group assessed whether it is a principal or an agent in relation to transmission and distribution services (and related green certificates obligations as described under paragraph 7.j) passed through to the customer and it concluded that it acts as a principal. The considerations supporting this conclusion include: the Group has a single performance obligation, i.e. delivery of electricity to end user location, which includes transmission and distribution; electricity consumption happens instantaneously as the electricity is generated at the Group's plants and delivered through the transmission and distribution grids to the end user's location.
System services	System services consist of Group making available an agreed generation capacity to the system operator, Transelectrica, for a certain period of time. This capacity is used by Transelectrica in the process of balancing the electricity system. Invoices for system services are issued on a monthly basis, at the beginning of each month for the services provided in the previous month. The payment term is 30 days from invoice date.	As the Group makes available generation capacity measured in MWh and not specific assets, the Group concluded that the contract does not contain a lease and therefore is in scope of IFRS 15. Revenue is recognized over time, because the customer simultaneously receives and consumes the benefits provided by the Groups's performance as the services are performed. The fee received for system services depends on the hourly capacities made available (ie number of hours for which the capacity multiplied by the capacity) and the hourly tariffs. Both the hourly capacities and the hourly tariffs are established based on the results of daily auctions organized by the system operator. If, during the interval the capacity is made available, the system operator orders the Group to produce electricity using the capacity made available, the electricity produced is sold on the balancing market at the price established on the respective market (see <i>Wholesale of electricity</i> section above).

7. MATERIAL ACCOUNTING POLICIES (continued)

(d) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount. There are no plan assets.

The defined benefit plans include cash benefits on retirement and benefits in kind consisting of free electricity granted to employees after retirement.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income ("OCI"). The Group determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that the employees have earned in return for their service in the current period and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

Other long term employee benefits include cash benefits paid to employees at the moment when they achieve certain seniority milestones.

7. MATERIAL ACCOUNTING POLICIES (continued)

(v) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(e) Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes finance result and income taxes.

(f) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;
- unwinding of non-current provisions.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(g) Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

7. MATERIAL ACCOUNTING POLICIES (continued)

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences that occur on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(iii) Global minimum -top up tax

Law 431/2023 on ensuring a global minimum level of taxation for multinational groups and large national entities transposed into the national legislation the provisions of Directive 2523/2022. Also, according to Article 5 of the Law 431/2023, the explanations and examples from the Administrative Guidelines issued by the Organization for Economic Co-operation and Development ("OECD") are used for the application of this law.

Law 431/2023 is applicable to large groups of entities, both national and multinational, with a consolidated turnover (at the level of the entire group) of at least 750 million EUR in at least two years of the four years prior to the reference year. Thus, according to the legislation, starting with the financial year 2024, a supplemental tax ("Global minimum top-up tax ") should be collected each time the effective rate of 15%.

7. MATERIAL ACCOUNTING POLICIES (continued)

The effective tax rate ("ETR") is computed annually at the jurisdiction level. The ETR is calculated as the ratio of the adjusted covered taxes of the Constituent Entities ("CE") – the numerator and the qualifying net profit of the CE – the denominator, respectively. Both the numerator and the denominator represent the cumulative amounts of all CEs located in a jurisdiction. The OECD has introduced a number of safe harbours, aimed at simplifying the calculation for taxpayers, especially in the first years of application. As long as at least one of the tests mentioned under the protection regimes (de minimis test, the simplified ETR test and the routine profitability test) is met for a year, the additional tax in that jurisdiction for the Group can be considered to be zero. Thus, the Group analyzes if at least one of the aforementioned tests is met and, in the event that none of the tests is met, performs the calculation of the ETR at the level of the jurisdiction. If the ETR determined is less than 15%, the additional tax required to reach the minimum of 15% is recognized as corporate income tax.

(h) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are initially recognised at cost, which includes capitalized borrowing costs.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

After initial recognition:

- land, buildings, equipment and other items of property, plant and equipment are measured at revalued amount; and
- assets in progress are measured at cost less any accumulated impairment losses.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, the accumulated depreciation is eliminated from the gross book value, and the net amount is adjusted to the revalued amount of the asset.

If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised and accumulated in equity under revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same amount of the same asset previously recognised in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognized in equity in revaluation reserve if there is any credit balance existing in the revaluation reserve in respect of that asset.

The difference between revalued amount and the net book value of assets is recognized as revaluation reserve in equity.

The revaluation reserve is transferred to retained earnings in an amount corresponding to the use of the asset (as the asset is depreciated) and upon disposal of the asset.

7. MATERIAL ACCOUNTING POLICIES (continued)

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated using the straight-line method over the assets estimated useful lives, and is recognized in profit or loss. Land and assets under construction are not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Category	Useful life (years)
Buildings and special installations	65 - 97
Buildings and special installations representing assets to be returned, according to the concession contract (see Note 5 a1))	The lesser of useful economic life and remaining period of the concession contract
Technological equipment	25 - 47
Measurement and control devices	15 - 23
Vehicles	16 - 24
Fixture and fittings	12

Depreciation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

(i) Intangible assets

(i) Recognition and measurement

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets include mainly software and licenses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives of software and licenses for current and comparative periods are 3 - 5 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Green certificates

The Group recognizes the green certificates granted under the support mechanism for renewable energy producers at cost (which is 0) when electricity is produced and delivered.

7. MATERIAL ACCOUNTING POLICIES (continued)

The Group recognizes green certificates purchased at cost.

The Group, as an electricity supplier, is required by law to purchase a number of green certificates (see Note 1 c)), whose cost is subsequently charged to the end users based on the quantities of electricity consumed. In order to meet the legal annual purchase obligation (annual target or quota), the Group uses both green certificates granted under the support scheme and green certificates purchased.

Green certificates needed to to meet the purchase obligation (quota) are estimated by the Group and accrued expenses is reflected in the statement of financial position considering the acquisition cost. Further, green certificates are acquired and expensed to the extent required to meet the quota obligation. Green certificates purchased in excess of the mandatory quota at the end of the reporting period are recognized in the consolidated statement of financial position. If the mandatory quota is not met at the end of the reporting period, then the Group recognized a liability in the consolidated statement of financial position.

The cost of green certificates recharged to end users of RON 354,338 thousand is recognized in profit or loss as part of Revenue from contracts with customers.

(k) Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents include cash balances, demand deposits and deposits with maturity of up to three months from the date of origination that have an insignificant exposure to the risk of change in fair value, and are used by the Group to manage short-term commitments.

A financial asset (unless it is a trade receivable without a significant financing component) or a financial liability is initially measured at fair value plus or minus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified into one of the business models: held to collect, held to collect and sell or other.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is classified as held to collect and measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets of the Group are classified as held to collect and give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets – Subsequent measurement and gains and losses.

7. MATERIAL ACCOUNTING POLICIES (continued)

Financial assets at amortized cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains or losses

Financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains or losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognizes a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(I) Impairment

(i) Financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at fair value through other comprehensive income. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognizes lifetime expected credit losses for trade receivables.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Group measures loss allowances at an amount equal to lifetime ECLs (Note 29).

7. MATERIAL ACCOUNTING POLICIES (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessments, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of cash deficit (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset measured at amortized cost is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
 - a breach of contract such as a default or being more than 180 days past due;
 - the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- or;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

7. MATERIAL ACCOUNTING POLICIES (continued)

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs, according to the judgement described in Note 5 a3).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss, except for the property, plant and equipment measured at revalued amount, in which case the impairment loss is recognized in other comprehensive income and decreases the revaluation reserve within equity to the extent that it reverses a previous revaluation surplus related to the same asset.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(m) Share capital

The Group recognized changes in share capital in accordance with the applicable legislation and after approval of the General Meeting of Shareholders and registration in the Trade Register.

Until 31 December 2003, the statutory share capital in nominal terms was restated according to IAS 29 *"Financial Reporting in Hyperinflationary Economies"* with a corresponding adjustment to retained earnings.

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12 (see 7 (g)).

(n) Dividends

Dividends are recognized as a deduction from equity in the period in which their distribution is approved and recognized as a liability to the extent it is unpaid at the reporting date. Dividends are disclosed in the Notes to financial statements when their distribution is proposed after the reporting date and before the date of the issuance of the financial statements.

7. MATERIAL ACCOUNTING POLICIES (continued)

(o) Provisions

A provision is recognized if, as a result of a past event, the Group has a current, legal or constructive obligation, which can be reliably estimated and it is likely that an outflow of resources incorporating economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Decommissioning

A decommissioning provision in respect of abandoned or switched to post-utilization hydro-power assets, and the related expenses are recognized when management has taken the decision to abandon an asset or switch an asset to post-utilisation or the Group has not a realistic alternative except to abandon or move to post-utilization an asset before the end of the concession period (see Note 5 (a4)).

Subsequent to initial measurement, the obligation is measured at the end of each reporting period to reflect the time value of money and any changes in the estimated future cash flows underlying the obligation. The increase in the provision due to time value of money is recognized as finance costs, while the changes in estimated future cash flow is recognized as operating expense.

The Group recognizes a decommissioning provision against property, plant and equipment in respect of decommissioning of the wind turbines. The obligation is measured at the end of each reporting period to reflect the time value of money and any changes in the estimated future cash flows underlying the obligation. The change in the provision due to time value of money is recognized as finance costs, while the changes in estimated future cash flow is recognized against property, plant and equipment.

(p) Contingent assets and liabilities

A contingent liability is:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- b) a present obligation that arose from past events but is not recognized because:
 - i. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - ii. the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements, but disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent asset is not recognized in the financial statements, unless it is virtually certain. Contingent assets are only disclosed when an inflow of economic benefits is considered probable.

(q) Tax uncertainties

The Group applies IFRIC 23 *Uncertainties over income tax treatment* to account for uncertainties related to income tax.

7. MATERIAL ACCOUNTING POLICIES (continued)

An 'uncertain tax treatment' is an income tax treatment for which there is uncertainty over whether the relevant tax authority will accept it under tax law. Whether an uncertain tax treatment is present depends both on the specific position taken by the Group and on the applicable tax law. Therefore, uncertain tax treatments often occur when the applicable tax law is unclear or is not consistently understood.

If there is uncertainty about an income tax treatment, then the Group considers whether it is probable (more likely than not) that a tax authority will accept the Group's tax treatment included or planned to be included in its tax filing.

The Group reflects uncertainty about a tax treatment in measuring its current and deferred taxes as follows.

- Tax authority is likely to accept the Group's tax treatment: If the Group concludes that it is probable that the tax authority will accept its tax treatment, then it measures current and deferred taxes consistently with the tax treatment used or planned to be used in its income tax filing.
- Tax authority is unlikely to accept the Group's tax treatment: If the Group concludes that it is not probable that the tax authority will accept its tax treatment, then it reflects the effect of that tax uncertainty in determining the related taxable profit (or tax loss), tax bases, unused tax losses, unused tax credits and tax rates. To do so, the Group uses either the most likely amount or the expected value method - whichever better predicts the resolution of the uncertainty.

Uncertainties related to taxes that are not income taxes (e.g. value added tax or taxes in scope of IFRSC 21 *Levies*) are recognized and measured in accordance with IAS 37 *Provisions, contingent liabilities and contingent assets*, unless they are dealt with specifically in another standard (e.g. IAS 19 *Employee Benefits* for social security taxes).

Uncertainties surrounding the amount to be recognized as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities. The name for this statistical method of estimation is 'expected value'. The provision will therefore be different depending on whether the probability of a loss of a given amount is. Where there is a continuous range of possible outcomes, and each point in that range is as likely as any other, the mid-point of the range is used.

Where a single obligation is being measured, the individual most likely outcome may be the best estimate of the liability. However, even in such a case, the Group considers other possible outcomes. Where other possible outcomes are either mostly higher or mostly lower than the most likely outcome, the best estimate will be a higher or lower amount.

(r) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

7. MATERIAL ACCOUNTING POLICIES (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if this rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in Property, plant and equipment in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases (lease term of 12 months or less) and leases of low-value assets (less than USD 5,000 equivalent). The Group recognises the lease payments associated with these leases as an expenses on a straight-line basis over the lease term.

(s) Government grants

Government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants related to the acquisition of assets are recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

7. MATERIAL ACCOUNTING POLICIES (continued)

For green certificates grants refer to Note 7 (j).

(t) Segment reporting

Segment results that are reported to the Company's Management Board and Supervisory Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(u) Subsequent events

Events occurring after the reporting dates until the date these financial statements were authorized for issue, which provide additional information about conditions prevailing at the reporting date (adjusting events) are reflected in these financial statements. Events occurring after the reporting dates until the date these financial statements were authorized for issue, which provide information on events that occurred after the reporting dates (non-adjusting events), when material, are disclosed in the Notes to the financial statements.

(v) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for financial assets and liabilities, and non-financial assets (see Note 5 (b)).

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

8. CHANGE IN ACCOUNTING POLICIES

The accounting policies applied in these consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2024.

9. COMPARATIVES

These consolidated financial statements prepared at 31 December 2025 show comparability with the previous financial year consolidated financial statements.

10. OPERATING SEGMENTS

A. Basis for segmentation

The Group has identified two reporting segments based on the operating licenses owned – production of electricity and supply of electricity.

The following summary describes the operations of each reportable segment:

Reportable segment	Operations
Electricity generation	Production of electricity through the operation of hydropower plants, micro-hydropower plants and wind turbines, rendering of system services to the system operator (meaning making available an agreed generation capacity for the balancing needs of the energy system). Electricity produced is sold mainly to electricity suppliers and entities that trade electricity on the wholesale electricity market, as well as supplied to final consumers through the electricity supply segment.
Electricity supply	Supply of electricity to non-households and households final consumers. Electricity supplied to end consumers is mainly generated by the electricity generation segment, and where there is a gap, this is covered through spot or forward electricity purchases.

The Management Board of the Company reviews management reports of each segment. Segment profit before tax is used to measure performance because management believes that such information is one of the most relevant in evaluating the results of the segments.

B. Information about operating segments

Year ended 31 December 2025	Electricity generation	Electricity supply	Total for reportable segments	Others	Inter- segment eliminations	Consolidate d total
External revenues	4,115,263	5,503,747	9,619,010	40,478	-	9,659,488
Inter-segment revenue	1,673,946	-	1,673,946	-	(1,673,946)	-
Segment revenue	5,789,209	5,503,747	11,292,956	40,478	(1,673,946)	9,659,488
Segment profit before tax	2,973,780	944,186	3,917,966	40,478	-	3,958,446
Net finance income/(cost)	198,240	41,166	239,406	-	-	239,406
Amortization and depreciation	(881,387)	(1,492)	(882,879)	-	-	(882,879)
Impairment loss on property, plant and equipment, net	(99,462)	(1)	(99,463)	-	-	(99,463)
Electricity purchased	(23,881)	(2,528,081)	(2,551,962)	-	1,640,603	(911,358)
Green certificates expenses	-	(387,680)	(387,680)	-	33,343	(354,338)
Employee benefits expenses	(991,831)	(27,767)	(1,019,598)	-	-	(1,019,598)
Turbined water	(444,764)	-	(444,764)	-	-	(444,764)
Tax for electricity producers	(122,721)	-	(122,721)	-	-	(122,721)
Transport and distribution of electricity	(54,192)	(1,580,646)	(1,634,838)	-	-	(1,634,838)
Other expenses	(474,181)	(82,225)	(556,406)	-	-	(556,406)

10. OPERATING SEGMENTS (continued)

Year ended 31 December 2024	Electricity generation	Electricity supply	Total for reportable segments	Others	Inter- segment eliminations	Consolidated total
External revenues	5,521,040	3,601,669	9,122,709	187,615	-	9,310,324
Inter-segment revenue	1,342,630	-	1,342,630	-	(1,342,630)	-
Segment revenue	6,863,670	3,601,669	10,465,339	187,615	(1,342,630)	9,310,324
Segment profit before tax	4,128,743	528,237	4,656,980	187,615	-	4,844,595
Net finance income/(cost)	248,648	7,918	256,566	-	-	256,566
Amortization and depreciation	(904,885)	(83)	(904,968)	-	-	(904,968)
Impairment loss on property, plant and equipment, net	(39,494)	-	(39,494)	-	-	(39,494)
Electricity purchased	(25,549)	(1,490,355)	(1,515,904)	-	1,307,056	(208,848)
Green certificates expenses	-	(309,108)	(309,108)	-	35,574	(273,534)
Employee benefits expenses	(859,564)	(25,833)	(885,397)	-	-	(885,397)
Turbinated water	(517,805)	-	(517,805)	-	-	(517,805)
Tax for electricity producers	(234,654)	-	(234,654)	-	-	(234,654)
Transport and distribution of electricity	(64,395)	(1,163,997)	(1,228,392)	-	-	(1,228,392)
Other expenses	(384,073)	(94,352)	(478,425)	-	-	(478,425)

Other expenses include the following captions from consolidated statement of profit or loss: Repair, maintenance, materials and consumables, Impairment loss on trade receivables and Other operating expenses.

The electricity generation segment includes also system services and production of electricity for system balancing which are billed to the system operator, Transelectrica SA (see details in Note 11).

Inter-segment revenue includes the value of electricity produced and transferred within the same entity from producer portfolio (generation segment) to supplier portfolio (supplier segment) of RON 1,616,722 thousand in 2025 (2024: RON 1,271,355 thousand). Inter-segment revenue is calculated based on a methodology approved by the Management Board in 2021. The methodology used for computing transfer price between segments is based on the average electricity production cost in the last 12 months ending 2 months prior the calculation month, plus an internal margin.

The increase in profitability of the supply segment in 2025 compared to 2024 is due to the increase in selling price per MWh and the increase of number of clients, compared to the same period as in prior year.

All revenues are generated in Romania.

Total segment assets and total segment liabilities are not included in the management reports reviewed by the Management Board.

11. REVENUE

A. Revenue from contracts with customers

The Group generates revenue from:

	2025	2024
Wholesale of electricity	3,864,223	5,217,335
Electricity supplied to final consumers (retail sales)	5,503,747	3,601,669
System services	248,151	302,828
Maintenance services	2,889	877
Total	9,619,010	9,122,709

Revenue from electricity supplied to final consumers reflects the value of volume supplied, including positive imbalances, which are based on automated or manual meter readings performed by the distribution operators, self-readings reported by the consumers, or based on volume estimated by distribution operators if readings are not available.

The majority of the Group's supply revenue in the year ended 31 December 2025 represents sales to non-household consumers (approx. 64% of volume, 63% in 2024), for which readings are performed at the end of each month and data sent by the distribution operators. Also, approximately 71% (67% in 2024) of the volume supplied to household consumers in the year ended 31 December 2025 is determined based on meter readings at the end of the period, and the rest is based on estimates of the consumption, data sent by the distribution operators. Consequently, the Group assesses that the risk of revenue adjustment subsequent to period end that could result from the difference between the meter readings and the estimated volumes would have a limited impact on the financial statements.

In 2025, the Group produced 11,847 GWh (2024: 13,864 GWh) and sold 14,056 GWh (2024: 14,666 GWh). From total quantity sold, 7,244 GWh were supplied to end users in 2025 (5,572 GWh in 2024).

The Group has contracts with customers for periods up to 12 months.

Individual clients who represented more than 10% of the Group's revenues are as follows:

- Transelectrica SA, the electricity system operator - system services and production of electricity for system balancing – RON 739,636 thousand in 2025 (8%) and RON 1,946,834 thousand in 2024 (36%);
- OPCOM SA, the market operator – sale of electricity produced on the spot market of RON 686,612 thousand in 2025 (7%) and RON 2,704,049 thousand in 2024 (51%).

Timing of revenue recognition:

	2025	2024
Revenue recognised over time	9,616,121	9,121,832
Revenue recognized at a point in time	2,889	877
Total	9,619,010	9,122,709

B. Contract liabilities

As at 31 December 2025, the Group has contract liabilities of RON 48,392 thousand (31 December 2024: RON 97,786 thousand). These represent advance payments from customers for future contractual obligations for electricity delivery and supply.

Contract liabilities as at 31 December 2024 of RON 97,786 thousand were recognized as revenues during 2025 (2024: RON 41,720 thousand).

12. OTHER INCOME

	2025	2024
Grant income	5,725	5,812
Compensations, fines and penalties from suppliers	1,454	126,556
Gain from bargain purchase of subsidiaries (Note 30)	-	25,728
Other income	33,299	29,519
Total	40,478	187,615

On 2 April 2024, the High Court of Cassation and Justice, through Decision no. 1852, has definitively ruled in favor of Hidroelectrica in relation to the litigation with the tax authorities whose subject was the annulment of the Decision on settling the preliminary tax appeal no. 406/18.12.2014, annulment of Tax Decision no. F-MC 851/21.01.2014, in amount of RON 214,385 thousand, as well as the reimbursement of the imposed amount. In July 2024, the imposed amount was compensated with the tax obligations for the year 2024. Additionally, the Group received tax interest of RON 122,843 thousand in September 2024, corresponding to the period between the enforcement of the imposed amount by the authorities and its compensation.

13. OPERATING EXPENSES

A. Turbinataed water

Turbinated water represents the water used by the hydropower plants in order to generate electricity. The fee for turbinated water established by the National Agency for Water Administration is RON 37 per MWh produced (2024: 37 RON/MWh).

B. Electricity purchased

The Group purchases electricity in order to fulfill the deficit between the electricity contracted for sales and the actual electricity produced or in order to cover the electricity needs of the supply segment.

In 2025, the Group purchased 2,209 GWh (2024: 802 GWh) for RON 911,358 thousand (2024: RON 208,848 thousand). The increase of electricity purchases in 2025 is mainly due to decrease of own production due to poor hidrology and increase in energy delivered under supply segment.

C. Transport and distribution of electricity

	2025	2024
Injection of electricity produced in the national system	39,174	62,360
Distribution of electricity supplied	1,301,106	949,131
Transport of electricity supplied	294,558	216,901
Total	1,634,838	1,228,392

Tariffs for transport and distribution of electricity are regulated. Increase in transport and distribution costs in 2025 is determined by the increase in the regulated tariffs starting 1 January 2025 and the increase of energy delivered to final consumers.

13. OPERATING EXPENSES (continued)

D. Green certificates expenses

As of 31 December 2025, the Group incurred costs of RON 354,338 thousands (2024: RON 273,534 thousands) cost of green certificates purchased for the supply segment under the legal obligation to purchase green certificates from renewable energy producers, based on annual targets or quotas established by law, which apply to the quantity of electricity purchased and supplied to final consumers.

E. Tax for electricity producers

The tax for electricity producers is computed as 100% of net monthly average selling price in excess of RON 400 per MWh. (450/MWh till 31 March 2024) The tax on electricity producers was applicable until 31 March 2025.

In February 2025, the Government issued a new Emergency Ordinance (GEO no. 6/27.02.2025) extending the applicability of the tax for an additional 3 months, until June 30, 2025. Starting April 1, 2025, the tax for energy producers is calculated by applying a rate of 80% (reduced from 100%) to the difference between the average net monthly selling price and the price of 400 RON per MWh.

The tax recorded by the Group in 2025 is RON 122,721 thousand (2024: RON 234,654 thousand).

F. Other operating expenses

	2025	2024
Movement in provisions, net	23,992	5,770
Local taxes	145,283	82,879
Security	32,888	29,737
Sponsorship	8,780	13,561
Professional services	16,820	12,696
Services related to abandoned constructions	10,113	10,642
ANRE contribution	9,720	12,244
AMEPIP contribution	8,649	11,267
Penalties	2,833	13,040
Loss on disposal of property, plant and equipment	1,293	6,253
Other expenses	147,419	109,151
Total	407,790	307,240

The overall increase of local taxes by RON 64,404 as compared with prior year is due to the recording of tax on special constructions in amount of RON 51,133 thousand which came into force starting 2025.

Other expenses in amount of RON 147,419 thousand include among others expenses with licenses used for less than 1 year in amount of RON 22,572 thousand, royalties paid to the Ministry of Energy as part of the service concession agreement amounting RON 6,360 thousand, third party services amounting RON 23,367 thousand and management fees amounting RON 8,667 thousand.

13. OPERATING EXPENSES (continued)

G. Auditors remuneration

Remuneration of the statutory auditor, Ernst & Young Assurance Services SRL, for the audit services for the year 2025 (2024: KPMG Audit SRL), as well as the fees charged for non-audit services, are as follows:

	<u>2025 (EUR)</u>	<u>2024 (EUR)</u>
Contractual fee for the audits of the separate and consolidated financial statements prepared in accordance with OMFP no. 2844/2016 and of the consolidated financial statements prepared in accordance with IFRS-EU	269,000	217,235
Contractual fee for the audit of the separate financial statements prepared in accordance with OMFP 1802/2014 for Hidroserv SA	22,000	-
Total audit fees	<u>291,000</u>	<u>217,235</u>
Fees for non-audit services fees	<u>167,000</u>	<u>129,859</u>
Total fees	<u>458,000</u>	<u>347,094</u>

Non-audit services include reviews of interim condensed consolidated financial statements, limited assurance and agreed upon procedures.

14. FINANCE RESULT

	<u>2025</u>	<u>2024</u>
Interest income	283,182	332,134
Other finance income	42,647	9,891
Finance income	<u>325,829</u>	<u>342,025</u>
Interest expense	(22,401)	(26,925)
Unwinding of non-current provisions	(65,864)	(58,476)
Gain or (loss) from foreign exchange differences	1,842	(58)
Finance expenses	<u>(86,423)</u>	<u>(85,459)</u>
Net finance result	<u>239,406</u>	<u>256,566</u>

The decrease in interest income is generally due to the decrease in interest rates and decrease in deposits over the period.

The increase in other finance income are related to late payment penalties invoiced for outstanding balances as a result of a increase in the number of clients and their payment behavior.

15. EARNINGS PER SHARE

The calculation of earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2025	2024
<i>Profit attributable to the owners of the Group</i>		
Profit for the year attributable to the owners of the Group	3,369,694	4,127,916
Profit attributable to ordinary shareholders	3,369,694	4,127,916
<i>Weighted average number of ordinary shares (basic and diluted)</i>		
Issued ordinary shares at 1 January	449,802,567	449,802,567
Weighted average number of ordinary shares at 31 December	449,802,567	449,802,567
Earnings per share (basic and diluted) RON/share	7.49	9.18

16. EMPLOYEE BENEFITS

	31 December 2025	31 December 2024
Defined benefit plans	109,351	105,166
Other long-term employee benefits	47,717	45,310
Salaries payable	83,066	77,612
Social security contributions	31,788	30,357
Tax on salaries	5,649	5,398
Other	17,874	12,034
Total	295,445	275,877
- Current	155,541	147,281
- Non-current	139,904	128,596

Current portion of employee benefits is as follows:

	31 December 2025	31 December 2024
Defined benefit plans	12,847	14,513
Other long-term employee benefits	6,650	8,312
Salaries payable	83,066	77,612
Social security contributions	31,788	30,357
Tax on salaries	5,649	5,398
Other	15,541	11,089
Total	155,541	147,281

16. EMPLOYEE BENEFITS (continued)

Post-employment benefits (defined benefit plans)

In accordance with the Collective Labour Agreements, the Group provides cash benefits to employees at retirement depending on the years of service in the Company, Hidroserv and UCMH, as follows:

Years of service	<i>Retirement benefits</i>	
	<i>Number of monthly gross base salary</i>	
	31 December 2025	31 December 2024
Up to 10 years	1	1
Between 10 and 25 years	3	3
More than 25 years	6	6

Benefits in kind

Also, in accordance with Collective Labour Agreements, the Group provides benefits in kind consisting of free electricity (within the limit of 1,200 kWh annually) to employees retired from the Company and from Hidroserv subsidiary subject to meeting certain conditions (at least 15 cumulative years of seniority in the Company, Hidroserv or other companies operating in the electricity sector or at least 10 consecutive years of service in such companies before retirement). In the event of the retired person's death, the surviving spouse has the right to receive the same benefit until the time of their remarriage or death.

Other long-term employee benefits

In accordance with the Collective Labour Agreements, the Group provides cash benefits to the Company's and Hidroserv's employees depending on seniority in the companies, as follows:

Seniority	<i>Number of monthly gross base salary</i>	
	31 December 2025	31 December 2024
20 years	1	1
25 years	2	2
30 years	3	3
35 years	4	4
40 years	5	5
45 years	6	6

16. EMPLOYEE BENEFITS (continued)

(i) Movement in the defined benefit liability and other long-term employee benefits

The following tables show the reconciliation between the opening and closing balance for the defined benefit liability and other long-term employee benefits and their components. There are no benefit plan assets.

Defined benefit liabilities	2025	2024
Balance at 1 January	105,166	98,154
Included in profit or loss		
Current service cost	4,944	4,606
Past service cost	1,077	-
Interest cost	7,061	5,756
Benefits paid	(5,652)	(8,705)
Included in other comprehensive income		
Actuarial losses/(gains)	(3,246)	5,355
Balance at 31 December	109,350	105,166

Other long-term employee benefits	2025	2024
Balance at 1 January	45,310	44,163
Included in profit or loss		
Current service cost	2,503	2,292
Past service cost	1,068	-
Interest cost	3,346	2,722
Actuarial losses/(gains)	7,409	6,395
Benefits paid	(11,919)	(10,262)
Balance at 31 December	47,717	45,310

(ii) Actuarial assumptions

The following are the main actuarial assumptions at each reporting date:

(a) Macroeconomic assumptions:

- the inflation rate used as at 31 December 2025 and 2024 is based on the forecast of the National Bank of Romania ("NBR") for the inflation for RON, as follows:

Year	Valuation date 31 December 2025	Valuation date 31 December 2024
2025	n/a	3.88%
2026	6.5%	3.33%
2027	3.07%	2.5%
2028 +	2.5%	2.5%

- discount rate used was obtained from the interest rates for RON published by the European Insurance and Occupational Pensions Authority (EIOPA) as follows:

16. EMPLOYEE BENEFITS (continued)

Year	Valuation date 31 December 2025	Valuation date 31 December 2024
2025	n/a	6.671%
2026	6.111%	6.902%
2027	6.240%	7.074%
2028	6.365%	7.198%
2029 +	6.481% - 4.059% (avg. 5.046%)	7.198% - 4.151% (avg. 5.295%)

- increase in electricity price per kWh in line with the inflation rate. The electricity price used in the actuarial calculation is RON 1.0045/kWh as at 31 December 2025 (31 December 2024: RON 0.833/kWh);
- mortality rate used on is the rate published by the National Institute of Statistics for the last 10 years as of the valuation date.
- taxes and social contributions are those in force at the reporting dates.

(b) Group specific assumptions:

- growth rate of gross salaries used as at 31 December 2025 and 31 December 2024 is a rate equal to the inflation rate in the following years;
- employee' turnover rate used as at 31 December 2025 is based on annual averages of employee' turnover for the last 8 years differentiated by age and gender (31 December 2024: last 8 years average). The weighted average employee' turnover rate used as at 31 December 2025 is 1.24% (31 December 2024: 0.99%).

(iii) Sensitivity analysis

The significant actuarial assumptions used for the determination of the defined benefits and other long-term employee benefits obligations are discount rate, expected salary increase and employee turnover. The sensitivity analysis below shows the effect on employee benefit liabilities – increase/(decrease), and was determined based on the reasonable changes in the respective assumptions at the end of the reporting periods, while other assumptions remain constant.

	31 December 2025		31 December 2024	
	Increase	Decrease	Increase	Decrease
Discount rate (100 bp)	(11,603)	13,492	(10,914)	12,699
Employee turnover ratio (100 bp)	(8,569)	6,271	(7,523)	4,672
Annual salary increase rate (100 bp)	8,373	(7,495)	7,450	(6,698)

The sensitivity analysis presented above may not be representative for the actual change in the benefit obligation, as it is unlikely that changes in the assumptions would occur independent from each other, while certain assumptions may be correlated. In the sensitivity analysis above, the present value of the benefit obligation was calculated using the projected unit credit method at the end of the reporting period, which is the same as the one applied to calculate the obligations recognized in the statement of financial position.

16. EMPLOYEE BENEFITS (continued)

Employee benefits expense

	2025	2024
Average number of employees	5,200	5,083
Number of employees at 31 December	5,277	5,236
	2025	2024
Salaries and other remuneration	933,261	812,669
Social security contributions	40,367	33,683
Meal tickets	45,970	39,045
Total	1,019,598	885,397

17. INCOME TAX

In the determination of the current and deferred tax the Group takes into account the impact of uncertain tax positions (see Note 32). This assessment relies on estimates and assumptions and may involve a series of judgments about future events.

The Group considers that the accounting records for income tax due are appropriate for all open tax years, based on assessment made by management taking into account various factors, including the interpretation of tax legislation and previous experience. New information may become available that causes the Group to change its judgement regarding the adequacy of the existing tax liabilities; such changes to tax liabilities will have impact in tax expense in the period that such determination is made (Note 32).

The increase of current tax liability by RON 120,312 thousand as compared with prior period is due to higher income tax payable related to 4th quarter of 2025 as compared with the similar period from 2024.

(a) Amounts recognized to profit or loss

	2025	2024
Current tax expense	652,514	759,365
Deferred tax benefit	(63,763)	(42,686)
Total	588,751	716,679

(b) Amounts recognized in OCI

	2025			2024		
	Tax (expense)			Tax (expense)/benefit		
	Before tax	/ benefit	Net	Before tax	benefit	Net
Items that will not be reclassified to profit or loss						
Impairment of PPE recognized in revaluation reserve, net of tax	(528)	-	(528)	(770)	-	(770)
Remeasurement of defined benefit liability	(3,243)	519	(2,724)	(5,357)	857	(4,500)
TOTAL	(3,771)	519	(3,252)	(6,127)	857	(5,270)

17. INCOME TAX (continued)

(c) Reconciliation of effective tax rate

	2025		2024	
Profit before tax	-	3,958,445	-	4,844,595
Tax using the Group's domestic tax rate	16.0%	633,351	16.0%	775,135
Global minimum tax	0.2%	7,822	0.2%	8,196
Tax effect of:				
- Non-deductible expenses	0.3%	13,085	0.4%	17,775
- Tax-exempt income	(0.00%)	(2,306)	(0.00%)	(1,920)
- Tax incentives	(0.02%)	(69,204)	(0.02%)	(82,010)
- Deduction of legal reserves	(0.01%)	-	(0.01%)	(497)
- Temporary differences previously not recognized	0.00%	6,003	-	-
Income tax	14.8%	588,751	14.8%	716,679

In 2025 and 2024, tax incentives refer to reinvested profit tax facility, positive tax incentive, increase in equity tax incentive and sponsorships granted. The main increase is due to the increase in tax incentive for equity preservation.

According to the Fiscal Code, certain revaluation reserves are subject to income tax at their distribution as dividends, if the revaluation reserves were previously tax deducted.

(d) Global minimum top-up tax

The Group qualifies as a large group at the national level and is subject to the global minimum top-up tax according to Law no. 431/2023. The Law transposes into national legislation the provisions of Directive 2523/2022 regarding the establishment of a minimum tax level ("Directive 2523"), which includes the guidelines from the Pillar Two of the "Global anti-base erosion model rules" (called "GloBE rules") issued by the OECD/G20 Inclusive Framework on BEPS as well as the Administrative Guidelines for the GloBE rules. For the year 2025, the Group has recorded an expense and a long-term liability regarding the additional top-up tax amounting to RON 7,822 thousand.

(e) Movement in deferred tax balances

	Net balance at 1 January 2025	Recognized in profit or loss	Reconized in OCI	Net balance at 31 December 2025	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment and intangible assets	1,709,600	(44,908)	-	1,664,692	-	1,664,692
Provisions	(156,846)	(14,156)	-	(171,002)	(171,002)	-
Employee benefits	(24,273)	(655)	519	(24,408)	(24,408)	-
Leasing liabilities	(12,697)	(637)	-	(13,334)	(13,334)	-
Trade receivables	(49,322)	(3,127)	-	(52,449)	(52,449)	-
Inventories	(6,350)	(280)	-	(6,630)	(6,630)	-
Tax loss carried forward	-	-	-	-	-	-
Total deferred tax liabilities (assets) before offset	1,460,112	(63,763)	519	1,396,869	(267,823)	1,664,692
Offset	-	-	-	-	267,283	(267,283)
Net deferred tax liabilities (assets)	-	-	-	-	-	1,396,869

S.P.E.E.H. HIDROELECTRICA SA Two-tier system Company
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in thousand RON, unless otherwise indicated)

17. INCOME TAX (continued)

	Net balance at 1 January 2024	Recognized in profit or loss	Reconized in OCI	Net balance at 31 December 2024	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment and intangible assets	1,741,524	(31,924)	-	1,709,600	-	1,709,600
Provisions	(150,583)	(6,263)	-	(156,846)	(156,846)	-
Employee benefits	(22,771)	(645)	(857)	(24,273)	(24,273)	-
Leasing liabilities	(14,095)	1,398	-	(12,697)	(12,697)	-
Trade receivables	(43,514)	(5,808)	-	(49,322)	(49,322)	-
Inventories	(6,491)	141	-	(6,350)	(6,350)	-
Tax loss carried forward	(415)	415	-	-	-	-
Total deferred tax liabilities (assets) before set-off	1,503,655	(42,686)	(857)	1,460,112	(249,488)	1,709,600
Set-off tax	-	-	-	-	249,488	(249,488)
Net deferred tax liabilities (assets)	-	-	-	-	-	1,460,112

(f) Potential consequences on income tax

The Group may have potential consequences on corporate income tax that may result from the payment to shareholders of dividends from revaluation reserves transferred to retained earnings which, according to tax law, are taxed at the time of change of destination, to the extent they were previously tax deducted. Thus, the distribution of dividends from such reserves will generate additional income tax. The Group has such reserves transferred in retained earnings at 31 December 2025, which following the distribution would generate additional income tax for the Group of RON 27,229 thousand (31 December 2024: RON 18,837 thousand).

The potential tax effect of revaluation reserves taxable at change in distribution (at 16% tax rate) that were not yet transferred to retained earnings, amount to RON 346,537 thousand at 31 December 2025 (RON 354,931 thousand at 31 December 2024).

18. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents

	31 December 2025	31 December 2024
Bank accounts	1,005,233	982,016
Bank deposits with a maturity below 3 months	179,928	598,595
Petty cash	158	157
Cash equivalents	2,415	849
Total	1,187,734	1,581,617

Restricted cash

As at 31 December 2025, restricted cash includes a collateral deposit of RON 23,057 thousand (31 December 2024: RON 21,057 thousand) at Banca Comerciala Romana for issuance of bank guarantee in favor of OPCOM in relation to the transactions on day-ahead market. During the period until maturity the Group does not have access to this deposit. In addition, the restricted cash includes consigned deposits for dividend payments and consigned cash for compensations to be paid for expropriations.

19. INVESTMENTS IN DEPOSITS

	31 December 2025		31 December 2024	
	Current	Non-current	Current	Non-current
Bank deposits with maturity less than 1 year held for investment purposes	3,732,016	-	3,475,933	-
Total	3,732,016	-	3,475,933	-

Bank deposits are short-term deposits with maturity between 3 to 12 months held for investment purposes rather than for short term cash commitments. The average interest rate on term deposits was 6.74 % per year in 2025 (2024: 5.89% per year).

20. TRADE RECEIVABLES

	31 December 2025	31 December 2024
Trade receivables – generation segment (wholesale)	212,558	349,668
Trade receivables – supply segment (retail)	1,749,816	1,520,397
Impairment allowance	(263,996)	(236,377)
Total	1,698,378	1,633,688

The unbilled revenues included in trade receivables amounts to RON 685,844 thousand gross at 31 December 2025, representing 35% of total gross trade receivables (RON 669,127 thousand at 31 December 2024, representing 36% of total gross trade receivables), out of which RON 595,652 thousand gross relate to supply segment (RON 420,642 thousand as at 31 December 2024).

Of the invoiced receivables at 31 December 2025, RON 182,739 thousand represent payment rescheduled receivables (31 December 2024: RON 333,510 thousand).

The movement of impairment loss for trade receivables is as follows:

	2025	2024
Balance at 1 January	236,377	157,253
Impairment loss recognized	59,279	81,665
Impairment loss reversed	(31,660)	(2,541)
Balance at 31 December	263,996	236,377

Trade receivables ageing analysis is disclosed in Note 29. Trade receivables due from related parties are disclosed in Note 33.

21. OTHER ASSETS

	31 December 2025		31 December 2024	
	Current	Non-current	Current	Non-current
Payments made in connection with uncertain tax treatments	-	63,612	-	63,612
Payments in advance and prepayments	55,150	305,961	14,104	208,558
Value added tax receivable	1,950	-	892	-
Other assets	23,693	4,761	15,833	4,590
Impairment loss on other assets	(15,833)	-	(6,903)	-
Total	64,960	374,334	23,926	276,760

The movement of impairment losses for other receivables is as follows:

	2025	2024
Balance at 1 January	6,903	9,691
Impairment loss recognized	10,486	-
Impairment loss used	-	(2,126)
Impairment loss reversed	(1,556)	(662)
Balance at 31 December	15,833	6,903

Payments made in connection with uncertain tax treatments

Details regarding the payments made in connection with uncertain tax position are presented in Note 32.1 a).

The Group recognized these payments as an asset based on IFRIC 23 *Uncertainty over Income Tax Treatments* because they will either be refunded if the Group is successful in the litigations related to the contingent liability or they will be used to pay the potential liability in case of loss of the dispute.

Non-current payments in advance mainly represent advance payment for the AHE Vidraru overhaul contract signed in June 2024 and the comparative figures were reclassified accordingly, from current prepayments in line with their nature. In addition, the balance as of 31 December 2025 include advance payment for CHE Stejaru and Lotru pumping stations for which related contracts were signed in 2025.

22. PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings and special constructions and installations	Machinery, equipment and other items	Assets under construction	TOTAL
GROSS CARRYING AMOUNT					
Balance at 1 January 2024	524,950	16,344,378	2,925,993	4,245,198	24,040,519
Acquisitions through business combinations (Note 30)	13,174	28,350	24,921	-	66,445
Additions	4,434	726	26,290	275,867	307,317
Transfers from assets under construction	-	72,911	151,514	(224,425)	-
Disposals	-	(1,049)	(7,214)	(7,225)	(15,488)
Balance at 31 December 2024	542,558	16,445,316	3,121,504	4,289,415	24,398,793
Balance at 1 January 2025	542,558	16,445,316	3,121,504	4,289,415	24,398,793
Change in decommissioning	-	(344)	-	-	(344)
Additions	4,543	1,574	7,605	575,220	588,942
Transfers from assets under construction	-	69,868	90,753	(160,621)	-
Transfers to intangible assets	-	-	-	(17,574)	(17,574)
Disposals	(7,423)	(3,609)	(1,181)	(1,017)	(13,230)
Balance at 31 December 2025	539,678	16,512,805	3,218,681	4,685,423	24,956,587
ACCUMULATED DEPRECIATION					
Balance at 1 January 2024	1,428	22,135	10,528	-	34,091
Depreciation charge	801	412,914	489,414	-	903,129
Accumulated depreciation of disposals	-	(6)	(6,286)	-	(6,292)
Balance at 31 December 2024	2,229	435,043	493,656	-	930,928
Balance at 1 January 2025	2,229	435,043	493,656	-	930,928
Depreciation charge	1,059	413,787	463,729	-	878,575
Accumulated depreciation of disposals	-	(1,094)	(489)	-	(1,583)
Balance at 31 December 2025	3,288	847,736	956,896	-	1,807,920
ACCUMULATED IMPAIRMENT LOSSES					
Balance at 1 January 2024	-	-	-	3,579,774	3,579,774
Impairment loss	-	-	3	109,636	109,639
Reversal of impairment loss	-	-	-	(70,042)	(70,042)
Balance at 31 December 2024	-	-	3	3,619,368	3,619,371
Balance at 1 January 2025	-	-	3	3,619,368	3,619,371
Impairment loss	-	-	683	101,240	101,923
Reversal of impairment loss	-	-	-	(2,049)	(2,049)
Balance at 31 December 2025	-	-	686	3,718,559	3,719,245
NET CARRYING AMOUNT					
Balance at 1 January 2024	523,522	16,322,243	2,915,465	665,424	20,426,654
Balance at 31 December 2024	540,329	16,010,273	2,627,845	670,047	19,848,494
Balance at 31 December 2025	536,389	15,665,071	2,261,099	966,864	19,429,425

Property, plant and equipment in use

The Group's property, plant and equipment include mainly special constructions, namely hydro-power plants, energy pumping stations, micro hydro-power plants, floodgates, as well as hydro-aggregates, equipment and installations and wind turbines. The Group operates 188 hydro-power plants with an installed capacity of 6,372,403 MW, out of which 5 pumping stations with an installed capacity of 91.5 MW, and 36 wind turbines with an installed capacity of 108 MW.

22. PROPERTY, PLANT AND EQUIPMENT (continued)

According to the applicable legislation, the Group must obtain environmental permits to carry out its activities. Starting in 2021, the Group has obtained environmental permits that remain valid as long as annual endorsements are secured for them. The Group has the obligation to request annual endorsements from the Competent Authority for Environmental Protection (ACPM). In 2025 and 2024, annual endorsements were obtained for all permits subject to these regulations, except for facilities that are not in use.

The conditions set forth in the environmental permits include compliance with environmental legislation applicable to wind and hydro-power facilities, monitoring of environmental factors, and the frequency of reporting monitoring results to ACPM. In order to monitor the environmental factors, the Group performs measurements of the physical and chemical quality indicators of reservoir water, industrial and wastewater, as well as noise level measurements at site boundaries. In 2024, all required measurements were performed in accordance with regulatory documents, and no legal limits were exceeded. The Group expects that the legal limits of the indicators as provided by the current legislation and regulatory acts will not be exceeded in 2025 as well.

Right-of-use assets

Property, plant and equipment include right-of-use assets mainly in relation to the Group's headquarters, land of the wind park and the car fleet of RON 63,689 thousand as at 31 December 2025 (31 December 2024: RON 75,375 thousand) classified in Land, Buildings and installations and Machinery, equipment and other items.

	2025	2025	2025	2024	2024	2024
	Land and buildings	Vehicles	Total	Land and buildings	Vehicles	Total
Balance at 1 January	91,277	18,323	109,600	89,999	6,360	96,36059
Additions	1,780	349	2,129	1,278	18,210	19,488
Disposals	(965)	(429)	(1,394)	-	(6,247)	(6,248)
Balance at 31 December	92,092	18,243	110,335	91,277	18,323	109,601
Balance at 1 January	(32,441)	(1,784)	34,226	23,564	6,324	29,888
Depreciation	(9,153)	(4,403)	13,557	8,876	1,708	10,586
Disposals	-	-	(1,135)	-	(6,247)	(6,247)
Balance at 31 December	40,629	6,019	46,648	32,441	1,784	34,226
Net book value	51,464	12,224	63,688	58,836	16,359	75,375

Revaluation of property, plant and equipment

Property, plant and equipment, except for assets under construction and right-of-use assets, were revalued by an independent valuation expert at 31 December 2023.

The fair value measurement of property, plant and equipment is classified as Level 3 as inputs used for valuation techniques, which have had a significant effect on the recorded fair value, are not based on observable market data. The fair value of the Group's land was estimated using the market comparison approach, the method of direct comparison. The valuation technique used to determine the fair value of the special constructions, the net reconstruction cost was used given that no comparable information were available on the market (include hydro-power facilities and other highly specialized items, with no such works being undertaken in the last decades in Romania). Physical depreciation was determined as the ratio of remaining useful life to the economic useful life of each asset applied to the gross replacement cost.

22. PROPERTY, PLANT AND EQUIPMENT (continued)

For the general purpose construction items, the valuation expert determined the net replacement cost (i.e. the cost to replace an asset with another comparable asset available in the market), computed as gross replacement cost, less physical and external depreciation (functional depreciation is accounted for when computing the gross replacement cost – i.e. the replacement cost does not include the cost of specific functionalities that are not specific to the asset subject to valuation)

Based on the assessment conducted as of 31 December 2025 with the involvement of an independent specialist which corroborates the evolution of the construction cost index and other macroeconomic indicators with the forecasted electricity production from hydro-power plants and the forecasted curve of selling price, the Group's management estimate is that the net carrying amount of property, plant, and equipment accounted for using the revaluation model approximates the fair value as of the balance sheet date.

Assets under construction

As at 31 December 2025, the Group has assets under construction with a gross carrying amount of RON 4,685,422 thousand (31 December 2024: RON 4,289,415 thousand) for which it recognized accumulated impairment losses of RON 3,718,559 thousand (31 December 2024: RON 3,619,368 thousand).

The main assets under construction relate to the construction or rehabilitation of the following hydro-power projects or plants: construction of hydro- power plants – Bumbesti – Livezeni, Siriu – Surduc, Rastolita, Cornetu-Avrig, Pascani, Cerna Belareca, Cerna-Motru-Tismana, Bistra, Cosmesti-Movileni, Valea Sadului, Fagaras Hoghiz, Runcu Firiza; and rehabilitation of hydro-power plants – CHE Stejaru, CHE Slatina.

These assets under construction include mainly investments with complex functions, represented by historical investment objectives regarding hydropower development schemes with social functions (described below) which have been designed to have a secondary energy function. The primary objectives of these investment objectives are rational and safe water supply management, including:

- Limitation of flooding effects;
- Protection of population, communities and agricultural land;
- Water supply to riverain communities;
- Insuring water reserves to supply population and industry;
- Insuring flow for irrigation during periods of drought;
- Retaining solid flow in the water accumulations.

The social functions described above are specific to public authorities, which are not-for-profit entities. In fact, many of these investments belonged to the "Romanian Waters" National Agency, the governmental body concerned with regional planning and water management, in the past. Hidroelectrica SA is incorporated under Companies Law no. 31/1990 and is not a not-for-profit organization. In addition, Hidroelectrica does not benefit from public funds to complete such social investments, which, if continued to be funded, would impair shareholder value.

These "historical" hydro-power projects were mainly initiated between 1982 and 1989, following a number of Decrees of the State Council, and were financed by public funds, through the ministries involved as owners. After 1989, some of these projects were continued by the Romanian Waters National Agency, financed with public funds, before they were transferred to Hidroelectrica. The economic and energy conditions have significantly changed compared to 1980s and 1990s, mainly due to the shut down of the state centralized investment fund, and the beneficiaries of these complex works ceased funding the specific works included in the hydro-power projects, while the costs of these works remained to be incurred by Hidroelectrica.

22. PROPERTY, PLANT AND EQUIPMENT (continued)

After Hidroelectrica entered insolvency in June 2012 and in the view of the planned future listing of the Company's shares, the legal administrators strongly prioritized the Company focus on profit and rational cash management.

In 2017 the Company contracted a specialized engineer, ISPH SA, to estimate the costs of abandonment, conservation and securing the works performed on the investments with complex functions. In 2018, based on the analysis of costs and benefits, the management decided to abandon certain investment objectives, as presented below and in Note 28.

For the investment objectives for which the decision to abandon was taken, impairment losses were recognized at the amount of their total gross carrying amount. The gross carrying amount of abandoned investments is RON 590,890 thousand as at 31 December 2025 and 31 December 2024. For these investment objectives the Group recognized provisions for decommissioning and site restoration (see Note 28).

Project	Purpose	Gross carrying amount	Accumulated impairment	Net carrying amount
Borca – Poiana Teiului	Galu Step	9,023	(9,023)	-
Cosmesti – Movileni	Cosmesti Step	93,207	(93,207)	-
Surduc – Siriu	Ciresu-Surduc Step	17,345	(17,345)	-
Fagaras-Hoghiz	Fagaras – Hoghiz	174,950	(174,950)	-
Runcu – Firiza	Runcu Firiza	87,807	(87,807)	-
Dambovita – Clabucet	Dambovita – Clabucet	34,762	(34,762)	-
Valea Sadului-Vadeni	Valea Sadului-Vadeni	165,209	(165,209)	-
Others		8,587	(8,587)	-
Total		590,890	(590,890)	-

In 2025 and 2024 impairment losses were recognized for assets under construction, other than the abandoned assets mentioned above, as follows:

Project	Gross carrying amount 31 December 2025	Accumulated impairment loss 31 December 2025	Net book value 31 December 2025	Impairment loss/(reversal) 2025
AHE Bumbesti-Livezeni	806,577	446,184	360,393	23,409
CHE Racovita	62,796	62,796	-	-
AHE Rastolita	736,807	736,807	-	13,958
AHE Siriu-Surduc	769,692	677,544	92,148	28,402
AHE Pascani	470,422	470,422	-	34,806
AHE Cerna-Belareca	319,451	319,451	-	501
AHE Cornetu-Avrig	108,391	107,100	1,291	-
Cerna Motru Tismana – stage II	73,618	72,943	676	-
Lac redresor Sebes	59,958	59,958	-	-
Bistra	44,293	37,304	6,989	-
Rehabilitation of Portile de Fier II	45,265	45,265	-	-
Others	67,131	66,615	516	-
Total	3,564,401	3,102,389	462,012	101,077

22. PROPERTY, PLANT AND EQUIPMENT (continued)

Project	Gross carrying amount 31 December 2024	Accumulated impairment loss 31 December 2024	Net book value 31 December 2024	Impairment loss/(reversal) 2024
AHE Bumbesti-Livezeni	789,333	(422,775)	366,558	(28,314)
CHE Racovita	62,781	(62,781)	-	-
AHE Rastolita	722,849	(722,849)	-	68,778
AHE Siriu-Surduc	750,191	(666,488)	83,703	(33,447)
AHE Pascani	435,616	(435,616)	-	39,133
AHE Cerna-Belareca	318,950	(318,950)	-	685
AHE Cornetu-Avrig	108,262	(106,985)	1,277	1,036
Cerna Motru Tismana – stage II	72,943	(72,943)	-	-
Lac redresor Sebes	56,363	(56,363)	-	-
Bistra	45,013	(45,013)	-	4
Rehabilitation of Portile de Fier II	45,265	(45,265)	-	-
Others	78,572	(72,450)	6,122	(8,281)
Total	3,486,138	(3,028,478)	457,660	39,594

Determination of recoverable amounts

The determination of the recoverable amounts of the assets under construction above was based on a series of assumptions related to the feasibility of completion of the investments and the projected cash flows.

22. PROPERTY, PLANT AND EQUIPMENT (continued)

The significant assumptions used in estimating the recoverable amount are presented below. The estimates were based both on historical data, as well as on management's assessment of future trends related to electricity prices, margins, costs to complete and climate related risk:

Assumptions	Method for building the estimates	
	31 December 2025	31 December 2024
Cost to complete the projects, annual cash flows to completion and the date of commissioning	based on the contracts concluded with the suppliers for each project or estimation made by management (see below)	
Installed capacities	based on technical data for each project (see below)	
Capacity utilization rate	80% of the production capacity on average (based on Group average historical electricity production and also adjusted downwards for addressing climate risks.)	80% of the production capacity on average (based on Group average historical electricity production and also adjusted downwards for addressing climate risks.)
Electricity prices	Based on reports prepared by external consultants for the period 2025 - 2060, adjusted for certain assumptions; 2% annual price increase (long-term inflation rate) for the period 2061 – 2080	Based on reports prepared by external consultants for the period 2025 - 2060, adjusted for certain assumptions; 2% annual price increase (long-term inflation rate) for the period 2061 – 2080
Operating expenses	For Bumbesti Livezeni, Rastolița, Siriu Surduc, and Pașcani projects, the Group has determined future cash flows by estimating the operating expenses specific to each project (expenses for turbinated water, employee benefits, maintenance expenses, material expenses), as well as indirect expenses.	For Bumbesti Livezeni, Rastolița, Siriu Surduc, and Pașcani projects, the Group has determined future cash flows by estimating the operating expenses specific to each project (expenses for turbinated water, employee benefits, maintenance expenses, material expenses), as well as indirect expenses.
Useful life	50 years	50 years
Discount rate before tax	10.6%	10.4%

The Group's estimates of the costs necessary to complete the projects under construction, as well as the annual production capacities to be installed per year, are as follows:

Year	Estimated costs to complete		Installed capacity per year (MW)	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
2025	-	160,975	-	30
2026	194,890	520,670	-	10
2027	495,949	667,949	-	207
2028	810,022	335,701	404	222
2029	187,584	118,145	152	65
2030	198,112	10,000	65	-
Total	1,886,556	1,813,440	621	534

The Group estimated that approximately 88% of the additional generation capacity will be installed by the end of 2028.

The impairment losses recognized were mainly driven by the change in the assumptions used on future prices of electricity, change in discount rate, as well as by the update of the work schedule until completion.

22. PROPERTY, PLANT AND EQUIPMENT (continued)

The main variations in the recoverable amount/ impairment loss in 2025 and 2024 refer mainly to the following investment projects:

- Bumbesti-Livezeni project, with a net carrying amount of RON 360,393 thousand as at 31 December 2025 (31 December 2024: RON 366,558 thousand), for which the works were suspended in 2017 due to the fact that the construction and environmental authorisations were cancelled as a result of litigation lost by the Company with non-profit organizations. The project started in 2003, while in 2005 the National Park "Defileul Jiului" was ruled as protected area; therefore the Company needs to reassess the impact on the environment and obtain new authorisations.

The additional impairment of RON 23,408 thousand in 2025 for Bumbesti-Livezeni project was driven by the change in main assumptions (discount rate, prices of energy and inflation).

The Group is currently in process of obtaining new construction and environmental authorisations in order to continue the works. In 2022, the authorities informed the Group that the documentation submitted does not comply with the legal requirements and needs to be revised.

In 2024, the revised environmental documentation was re-submitted to the authorities and public consultations were held. Management believes that there are no issues that would prevent the Company to obtain the authorizations and complete the project. Consequently, the recoverable value of the project was determined considering that the project will be completed in 2028.

- Siriu-Surdac project with a net carrying amount of RON 92,147 thousand as at 31 December 2025 (31 December 2024: RON 83,703 thousand), for which works were suspended due to the fact that the construction and environmental authorizations for the construction of the dam were cancelled as a result of litigation lost by the Company with non-profit organizations. The project started in 1983 and comprises 3 hydropower plants, out of which one was put in function in 1988, for another one the management decided to abandon the project and the third one is under construction, with the works suspended until revision of the impact on the environment and obtain new authorisations.

The additional impairment of RON 28,401 thousand in 2025 for Siriu-Surdac project was driven by the change in main assumptions (discount rate, prices of energy and inflation).

Management believes that there are no issues that would prevent the Company to obtain the authorisations and complete the project. Consequently, the recoverable value of the project was determined considering that the project will be completed in 2028.

Sensitivity analysis

The sensitivity analysis below shows the effect on profit before tax, and was determined based on the reasonable changes in key assumptions at the end of the reporting periods, while other assumptions remain constant.

	Increase/ (decrease) of Profit before tax	
	100 bp increase	100 bp decrease
Discount rate before tax		
2025	(108,651)	135,358
2024	(121,363)	154,595

22. PROPERTY, PLANT AND EQUIPMENT (continued)

	Operating expenses	Increase/ (decrease) of Profit before tax	
		5% increase	5% decrease
2025		(10,124)	10,124
2024		(13,403)	13,403

	Electricity prices	Increase/ (decrease) of Profit before tax	
		5% increase	5% decrease
2025		62,844	(62,844)
2024		89,417	(89,417)

	Capacity utilization rate	Increase/ (decrease) of Profit before tax	
		500 bp increase	500 bp decrease
2025		62,844	(62,844)
2024		71,593	(71,442)

23. CAPITAL AND RESERVES

(a) Share capital

	31 December 2025	31 December 2024
Nominal share capital	4,498,026	4,498,026
Inflation adjustments in accordance with IAS 29	1,028,872	1,028,872
Total	5,526,898	5,526,898

Until 31 December 2003, the share capital in nominal terms was restated in accordance with IAS 29 *"Financial Reporting in Hyperinflationary Economies"*, the related adjustments being recognized against retained earnings.

As at 31 December 2025 and 31 December 2024, the authorized, subscribed share capital of the Company is divided into 449,802,567 ordinary shares with a nominal value of RON 10 per share. The shareholders are entitled to dividends and each share grants a voting right.

23. CAPITAL AND RESERVES (continued)

Shareholders	31 December 2025		31 December 2024	
	Number of shares	%	Number of shares	%
Ministry of Energy	360,094,390	80.0561%	360,094,390	80.0561%
Legal persons	75,600,136	16.8074%	73,287,787	16.2933%
Individuals	14,108,041	3.1365%	16,420,390	3.6506%
Total	449,802,567	100%	449,802,567	100%

(b) Revaluation reserve

The reconciliation between opening balance and closing balance of the revaluation reserve is as follows:

	2025	2024
Balance at 1 January	11,548,962	12,038,616
Transfer of revaluation reserve to retained earnings following depreciation and disposal of property, plant and equipment, net of tax	(464,672)	(488,884)
Revaluation reserve adjustments on impairment of property, plant and equipment	(528)	(770)
Revaluation of property, plant and equipment	-	-
Deferred tax related to revaluation reserve	-	-
Balance at 31 December	11,083,763	11,548,962

(c) Other reserves

Other reserves include:

- legal reserve of RON 928,970 thousand (31 December 2024: RON 928,970 thousand), set-up annually at each Group company level as 5% of the profit before tax until the total legal reserve reach 20% of the paid-up nominal share capital. Legal reserves are mandatory, are deductible for income tax purposes and are not distributable.
- Other non-distributable reserves of RON 97,000 thousand at 31 December 2025 and 2024, set-up in 2006 based on Government Emergency Ordinance no. 89/2004.

(d) Dividends

On 29 April 2025, the Shareholders General Meeting approved the distribution of dividends from the 2024 profit of RON 4,043,229 thousand, representing 100% of the 2024 net profit eligible for distribution as per statutory separate financial statements of the Company.

The value of the distributed dividends per share is 8,99 RON/share (2024: 13.99 RON/share).

Liabilities in relation to dividends include:

	31 December 2025	31 December 2024
Dividends payable	6,452	5,183
Tax on dividends	285	470
Total	6,737	5,653

Romanian companies may distribute dividends from statutory earnings only, as per separate financial statements prepared in accordance with Romanian accounting regulations.

23. CAPITAL AND RESERVES (continued)

(e) Capital management

The capital management of the Group is significantly influenced by the regulations. The distribution of dividends is governed by special regulation, including the Government Ordinance no. 64/2001, according to which, in the case of companies wholly or majority-owned by the State, minimum 50% of the accounting profit shall be distributed as dividends, unless otherwise provided by special laws.

The Groups' policy is to maintain a strong capital base as to maintain investor, creditor and market confidence and to sustain future developments of the business. Management monitors the return on capital, as well as the level of dividends to shareholders. The net debt / (net cash and short-term investments) to ADJUSTED EBITDA should not exceed 3.

		<u>2025</u>	<u>2024</u>
Bank borrowings		213,315	300,733
Lease liabilities		71,648	79,354
Less: Cash and cash equivalents		(1,187,734)	(1,581,617)
Less: Short-term investments		(3,732,016)	(3,475,933)
Net debt /(net cash and short-term investments)	A	<u>(4,634,787)</u>	<u>(4,677,463)</u>
ADJUSTED EBITDA⁽¹⁾	B	<u>4,833,528</u>	<u>5,516,597</u>
Net debt /(net cash and short-term investments) to ADJUSTED EBITDA ratio	A/B	<u>(0.96)</u>	<u>(0.85)</u>

(1) ADJUSTED EBITDA (Earnings before interest, tax, depreciation and amortisation) is calculated as EBITDA, defined and calculated as profit/(loss) before tax before (i) depreciation and amortization of property, plant and equipment and (ii) interest income and expense, and ADJUSTED FOR impairment/reversal of impairment of property, plant and equipment. EBITDA and ADJUSTED EBITDA are not IFRS measures and should not be treated as an alternative to IFRS measures. Moreover, ADJUSTED EBITDA is not uniformly defined. The method used to calculate ADJUSTED EBITDA by other companies may differ significantly from that used by the Group. As a consequence, the ADJUSTED EBITDA presented in this Note cannot, as such, be relied upon for the purpose of comparison to EBITDA or ADJUSTED EBITDA of other companies.

24. BORROWINGS

Description	31 December 2025	31 December 2024
BRD Groupe Societe Generale dated 4 March 2021 of RON 1,250,000 thousand - loan contracted for financing the acquisition of Crucea Wind Farm SA and Hidroelectrica Wind Services SRL. Proceeds from loan: EUR 130,000 thousand (representing RON 635,219 thousand) Repayment: quarterly installments between 11 June 2021 and 11 March 2028. Interest is linked to EURIBOR 3 months plus a margin. Year of maturity: 2028.	215,315	300,733
Total loans	215,315	300,733
Current portion	94,957	92,887
Non-current portion	118,358	207,846

In 2025 the Group repaid loans of RON 93,674 thousand (2024: RON 92,350 thousand).

The loan agreement with BRD Groupe Société Générale includes the following financial ratios:

- Debt service coverage ratio, calculated as the ratio between EBITDA (from which dividend payments, capital expenditures, and taxes are deducted) and debt service – minimum value: 1.1;
- Leverage ratio – maximum value: 3.0.

According to the loan agreement, if either of the above indicators is not met, the Company benefits from a 60 - day grace period for remediation starting from the date the lender notifies the Company.

As of December 31, 2025, the debt service coverage ratio, as defined under contract, is below 1.1, therefore long-term portion of the loan amounting RON 118,358 thousand shall be classified as current liability. As the net debt service defined under contract is positive given the Group's debt level compared with EBITDA, as the interest are higher than the debt service. A waiver letter was received from the bank, subsequent to 31 December 2025.

A similar breach was recorded as of 31 December 2024, the long-term portion of the loan being of RON 207,846 thousand. A waiver letter was obtained from the bank subsequent to 31 December 2024.

24. BORROWINGS (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activity

	Bank borrowings	Lease liabilities	Total
Balance at 1 January 2025	300,733	79,354	380,087
<i>Changes from financing cash flows</i>			
Repayment of bank loans	(93,674)	-	(93,674)
Lease payments	-	(9,486)	(9,486)
Total changes from financing cash flows	(93,674)	(9,486)	(103,160)
The effect of changes in foreign exchange rates	6,505	-	6,505
<i>Other changes</i>			
<i>Liability-related</i>			
Lease modifications	-	1,780	1,780
Interest expense	6,765	5,224	11,989
Interest paid	(7,014)	(5,224)	(12,238)
Total liability-related other changes	249	1,780	1,530
Balance at 31 December 2025	213,315	71,648	284,963
	Bank borrowings	Lease liabilities	Total
Balance at 1 January 2024	393,535	66,301	459,836
<i>Changes from financing cash flows</i>			
Repayment of bank loans	(92,350)	-	(92,350)
Lease payments	-	(6,436)	(6,436)
Total changes from financing cash flows	(92,350)	(6,436)	(98,786)
The effect of changes in foreign exchange rates	(58)	-	(58)
<i>Other changes</i>			
<i>Liability-related</i>			
Lease modifications	-	19,489	19,489
Interest expense	14,136	4,311	18,447
Interest paid	(14,530)	(4,311)	(18,841)
Total liability-related other changes	(394)	19,489	19,095
Balance at 31 December 2024	300,733	79,354	380,087

25. TRADE PAYABLES

	31 December 2025	31 December 2024
Electricity suppliers	194,151	107,729
Electricity distribution services suppliers	184,014	146,328
Property, plant and equipment suppliers	159,951	38,888
Turbinated water supplier	101,298	70,287
Maintenance and repairs suppliers	25,928	14,511
Other suppliers	126,882	52,939
Total trade payables	792,224	430,682
Current	777,323	429,683
Non-current	14,901	999

The suppliers of electricity, electricity distribution and water are mainly those presented in Note 33 Related Parties.

Other suppliers include service providers, materials and consumables providers.

The Group has guarantees received from suppliers of RON 667,069 thousand at 31 December 2025 (RON 470,255 thousand at 31 December 2024) that are off-balance. These guarantees represent performance guarantees in the form of bank letters of guarantee, insurance policies and escrow accounts. The increase is mainly due to the guarantees received for works contracted by the Group for maintenance and development.

26. OTHER PAYABLES

	31 December 2025		31 December 2024	
	Current	Non-current	Current	Non-current
Payables to the State	53,989	-	39,339	-
Performance deposits from suppliers	10,357	57,758	7,056	52,403
Performance deposits from clients	45,505	-	57,587	-
Liabilities in relation to dividends	6,736	-	5,653	-
Other	29,787	109	14,614	109
Total	146,374	57,867	124,249	52,512

Payables to the State represent mainly VAT payable of RON 49,448 thousand as at 31 December 2025 (31 December 2024: RON 37,573 thousand).

Starting from the second quarter of 2024, the Group requires potential end customers with counterparty risk to provide multiple payment guarantee options, including the establishment of monetary guarantees. In this regard, guarantee deposits are opened by customers, with the deposit amount based on the estimated contractual value of the electricity supplied for a period up to three months, and these deposits remain valid for the entire contractual period.

27. DEFERRED INCOME

	31 December 2025		31 December 2024	
	Current	Non-current	Current	Non-current
Government grants	5,555	191,455	6,091	201,002
Other	53	933	55	995
Total	5,608	192,388	6,146	201,997

Government grants represent amounts received from the State for the construction of certain investment projects.

Reconciliation between opening and closing balance of government grants:

	2025	2024
Balance at 1 January	207,093	182,486
Increase in the year	5,869	30,514
Released to income	(6,612)	(5,907)
Grants used for expropriation	(9,340)	-
Balance at 31 December	197,010	207,093

28. PROVISIONS

	31 December 2025		31 December 2024	
	Current	Non-current	Current	Non-current
Litigation and claims	93,481	-	71,420	-
Decommissioning	-	911,465	-	848,189
Tax provisions	-	97,667	-	95,316
Other provisions	11,017	-	11,050	-
Total	104,498	1,009,132	82,470	943,505

	Litigation and claims	Decommissioning	Tax provisions	Other provisions	Total
Balance at 1 January 2025	71,420	848,189	95,316	11,050	1,025,975
Provisions recognized against property, plant and equipment	-	127	-	-	127
Provisions recognized in profit or loss	22,214	21,327	-	-	43,541
Provisions used	-	-	-	-	-
Provisions reversed	(149)	(17,288)	(4,407)	(32)	(21,876)
Unwinding of provisions (Note 14)	(4)	59,111	6,758	-	65,864
Balance at 31 December 2025	93,481	911,466	97,667	11,018	1,113,630

28. PROVISIONS (continued)

	Litigation and claims	Decommissioning	Tax provisions	Other provisions	Total
Balance at 1 January 2024	163,588	746,286	90,544	1,771	1,002,189
Provisions recognized against property, plant and equipment	-	(344)	-	-	(344)
Provisions recognized in profit or loss	1,881	50,152	-	10,410	31,960
Provisions used	(65,279)	-	-	(1,026)	(66,305)
Provisions reversed	(28,770)	-	(1,608)	(105)	-
Unwinding of provisions (Note 14)	-	52,096	6,380	-	58,476
Balance at 31 December 2024	71,420	848,189	95,316	11,050	1,025,975

(i) Provisions for litigation and claims

As at 31 December 2025 and 31 December 2024, provisions for litigations include RON 67,618 thousand relating to the litigation with the Consortium formed of Romelectro SA, Hidroconstructia SA and ISPH Project Development SA (the Consortium) started in 2013. The subject of the litigation is disputes over the contract signed in 2004 for Bumbesti-Livezeni investment project. The Consortium requested RON 88,400 thousand representing additional works performed by the Consortium starting 2010 until the date of commencement of the litigation. Following several rulings and appeals in 2019 the file was sent to retrial. In 2020 the Court requested a technical expert report. Based on the past rulings, the expert report issued on 17 February 2022 and considering the probability of an unfavorable outcome, the Group recognized a provision of RON 67,618 thousand.

The company recognized in 2025 an additional provision for litigation raised against the Company for interest and penalties related to late payments of works not initially recognized.

(ii) Decommissioning provision

In 2018 and 2019, the management of the Company decided to abandon certain investment projects in progress (Note 22). As a result, the Company recognized decommissioning provisions against profit or loss for the present value of the works estimated to be necessary to abandon those assets. The decommissioning costs were estimated based on studies performed by an external technical expert in 2017, updated during 2024, taking into account the current cost of the main decommissioning activities.

Main abandonment costs included in the provision are:

- cost to demolish existing constructions;
- cost to transport the waste materials to the nearest ecological deposit;
- environmental tax, in accordance with the legal requirements;
- cost to deposit the waste at an ecological deposit.

The costs were discounted using discount rates between 4.73% and 5.73% (31 December 2024: between 5.27% and 7.09%), depending on the expected period of decommissioning.

A decommissioning provision of RON 15,299 thousand is related to the wind farm. The effects of changes in assumptions underlying the decommissioning costs for the wind farm are recognized against property, plant and equipment.

28. PROVISIONS (continued)

(iii) Tax provisions

Tax provisions of RON 97,667 thousand at 31 December 2025 (31 December 2024: RON 95,316 thousand) represent the present value of the VAT expected to be paid at the write off of the abandoned investment projects (Note 22).

29. FINANCIAL INSTRUMENTS – Fair Values and Risk Management

(a) Accounting classifications and fair values

In accordance with IFRS 9, the Group's financial assets and liabilities are measured at amortized cost. According to the business model of the Group, financial assets and liabilities are held to collect contractual cash flows and these cash flows are solely payments of principal and interest. The Group did not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(b) Financial risk management

Credit risk

Credit risk is the risk that the Group will incur a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and this risk derives mainly from trade receivables, cash and cash equivalents, and investments in deposits and corporate bonds.

Cash and bank deposits are placed in financial institutions that are considered to have high creditworthiness, part of these being held by Romanian State such as CEC Bank and Exim Bank.

Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk.

	31 December 2025	31 December 2024
Trade receivables	1,698,378	1,633,688
Cash and cash equivalents	1,187,734	1,581,617
Restricted cash	55,124	21,057
Investments in corporate bonds and deposits	3,732,016	3,475,933
Total	6,673,252	6,712,295

Trade receivables

The Group's exposure to credit risk is mainly influenced by the individual characteristics of each client. The Group has established a credit policy according to which each new business client is analyzed individually from the point of view of creditworthiness before the conclusion of a contract, so that the sale is made to the clients with adequate creditworthiness. For household clients, such credit risk analysis is not performed due to the nature and volume of the customers and due to the legislation in force. Impairment adjustments of trade receivables reflect the expected credit losses, calculated based on the loss rates.

29. FINANCIAL INSTRUMENTS – Fair Values and Risk Management (continued)

The following table provides information about the exposure to credit risk and expected credit loss (ECL) for trade receivables as at 31 December 2025:

	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Net trade receivables
Not past due	2.04%	964,353	(19,498)	944,856
Past due - from 0 to 3 months	15.61%	118,051	(18,454)	99,597
Past due - from 3 to 6 months	55.76%	54,937	(30,633)	24,304
Past due - from 6 months to 1 year	89.37%	64,054	(58,124)	5,930
Past due - more than 1 year	100.00%	137,287	(137,287)	-
Total	-	1,338,682	(263,996)	1,074,686
Customers analyzed individually		623,692	-	623,692
Total trade receivables	-	1,962,374	(263,996)	1,698,378

The following table provides information about the exposure to credit risk and expected credit loss (ECL) for trade receivables as at 31 December 2024:

	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Net trade receivables
Not past due	2.21%	803,320	(17,745)	785,476
Past due - from 0 to 3 months	17.80%	140,963	(25,096)	115,867
Past due - from 3 to 6 months	73.31%	69,496	(50,945)	18,550
Past due - from 6 months to 1 year	100.00%	69,294	(69,294)	-
Past due - more than 1 year	100.00%	73,297	(73,297)	-
Total	-	1,156,270	(236,377)	919,893
Customers analyzed individually		713,795	-	713,795
Total trade receivables	-	1,870,065	(236,377)	1,633,688

Customers analyzed individually represent outstanding amounts from customers for which the Group believes that there is a negligible risk to collect.

Loss rates estimated for 2025 are based on the actual credit loss experienced over the past six quarters considering the evolution of the supply segment and the delays in invoicing the electricity supplied (31 December 2024: past six quarters).

The Group has guarantees received from customers of RON 591,806 thousand at 31 December 2025 (RON 527,949 thousand at 31 December 2024) in the form of bank letters of guarantee. Under client guarantees are included cash deposits of RON 45,505 thousands (2024: 57,587 thousands) (see Note 26).

Liquidity risk

Liquidity risk represents the risk that the Group may have difficulties in meeting the obligations associated with financial liabilities settled by transfer of cash or another financial asset. The Group has significant cash and cash equivalents and short-term investments, therefore it does not face significant liquidity risk.

29. FINANCIAL INSTRUMENTS – Fair Values and Risk Management (continued)

The Group monitors the level of cash inflows forecasted from collection of trade receivables, as well as the level of cash outflows forecasted for the payment of loans, trade and other payables. The Group aims to maintain a level of current bank accounts and bank deposits that exceeds the cash outflows forecasted for the payment of financial liabilities.

Exposure to liquidity risk

The following table shows the remaining contractual maturities of financial liabilities at the reporting date. The contractual cash flows are presented gross and undiscounted and include estimated contractual interest payments.

31 December 2025	Contractual cash flows				
	Carrying amount	Total	< 12 months	1 - 5 years	> 5 years
Financial liabilities					
Trade payables	792,224	792,224	777,323	14,901	-
Bank borrowings	213,315	219,217	98,802	120,415	-
Lease liabilities	71,648	89,782	14,597	46,701	28,484
Total	1,077,187	1,101,223	890,722	182,017	28,484

31 December 2024	Contractual cash flows				
	Carrying amount	Total	< 12 months	1 - 5 years	> 5 years
Financial liabilities					
Trade payables	430,682	430,682	429,683	999	-
Bank borrowings	300,733	316,524	100,618	215,906	-
Lease liabilities	79,354	101,968	14,329	50,922	36,717
Total	810,769	849,174	544,630	267,827	36,717

Market risk

Market risk is the risk that changes in market prices – foreign exchange rate and interest rate – will affect the Group's profit or the value of the financial instruments held. The objective of market risk management is to control market risk exposures within acceptable parameters, while optimizing the return.

(i) Interest rate risk

The Group has long-term bank borrowings with variable interest rates, which may expose the Group to interest rate risk.

29. FINANCIAL INSTRUMENTS – Fair Values and Risk Management (continued)

	31 December 2025	31 December 2024
Fixed-rate instruments		
Financial assets		
Restricted cash	55,124	21,057
Investments in deposits and bonds	3,732,016	3,475,933
Total	3,787,140	3,496,990
Financial liabilities		
Lease liabilities	(71,648)	(79,354)
Total	(71,648)	(79,354)
Variable-rate instruments		
Financial liabilities		
Bank borrowings	(213,315)	(300,733)
Total	(213,315)	(300,733)

Fair value sensitivity analysis of fixed-rate instruments

The Group has no financial assets and financial liabilities with a fixed interest rate recognized at fair value through profit or loss. Therefore, a change in interest rates on the reporting date would not result in a gain or loss in profit or loss.

Cash flow sensitivity analysis of variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) the profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular currency exchange rates, remain constant.

	Increase/ (decrease) of Profit before tax	
	50 bp increase	50 bp decrease
2025		
Variable-rate instruments	(1,066)	1,066
2024		
Variable-rate instruments	(1,504)	1,504

(ii) Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of the parent company and its subsidiaries. The functional currency of the parent Company is the Romanian Leu (RON).

The currency in which these transactions are primarily denominated are RON. Certain liabilities are denominated in foreign currencies as EUR and USD. The Group's risk management policy is to primarily use the local currency. The Group does not use derivative instruments or hedging instruments.

29. FINANCIAL INSTRUMENTS – Fair Values and Risk Management (continued)

31 December 2025			
- RON thousand equivalent of the currency -			
	EUR	USD	CHF
Trade receivables	228	-	-
Investments in deposits and corporate bonds	277,256	-	-
Cash and cash equivalents	3,468	89	3
Trade payables	60,176	160	-
Bank borrowings	213,315	-	-
Lease liabilities	58,719	-	-
Net statement of financial position exposure	(51,258)	(71)	3

31 December 2024			
- RON thousand equivalent of the currency -			
	EUR	USD	CHF
Trade receivables	221	-	-
Other current assets	78,840	-	-
Cash and cash equivalents	382,420	112	3
Trade payables	(3,898)	(160)	-
Bank borrowings	(300,733)	-	-
Lease liabilities	(62,432)	-	-
Net statement of financial position exposure	94,418	(48)	3

The following exchange rates have been applied:

	31 December 2025	31 December 2024
RON / EUR	5.0985	4.9741
RON / USD	4.3417	4.7768
RON / CHF	5.4743	5.2806

Sensitivity analysis

A 5% appreciation of the Romanian leu (RON) against each of the other foreign currencies as at 31 December would have affected the profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	Increase/(decrease) of Profit before tax 2025 (RON thousand)	Increase/(decrease) of Profit before tax 2024 (RON thousand)
EUR	2,563	4,721
USD	4	2
Total	2,567	4,719

A 5% depreciation of the Romanian leu (RON) against each of the other foreign currencies as at 31 December would have affected the profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

29. FINANCIAL INSTRUMENTS – Fair Values and Risk Management (continued)

	Increase/ (decrease) of Profit before tax 2025 (RON thousand)	Increase/ (decrease) of Profit before tax 2024 (RON thousand)
EUR	(2,563)	(4,721)
USD	(4)	2
Total	(2,567)	(4,719)

30. ACQUISITION OF SUBSIDIARIES

On 22 February 2023, the Company was declared winner of the sales procedure of business lines ABC and Calnicel platform (the acquiree), which were owned by UCM Resita SA.

In January 2024, the Company set-up a new subsidiary, Uzina de Construcții Mașini Hidroenergetice SRL, through which it took-over the business from U.C.M. Reșița SA. The object of activity of the new subsidiary is manufacturing of engines and turbines (code CAEN 2811).

On 22 January 2024, the Extraordinary General Meeting of Shareholders ("EMGS") approved the transaction and related documents for business acquisition from U.C.M. Reșița SA. The transaction was completed upon the fulfillment of the suspensive conditions on 11 March 2024. The total price for the transfer of ownership rights over the business was RON 67,879 thousand.

The following table summarizes the value of assets acquired. The Group did not acquire liabilities.

	RON thousand
Intangible assets	17,576
Property, plant and equipment	66,446
Inventories	9,585
Fair value of identifiable net assets acquired	93,607

The result of the transaction was as follows:

	RON thousand
Fair value of identifiable net assets acquired	93,607
Consideration transferred	67,879
Gain on bargain purchase	25,728

30. ACQUISITION OF SUBSIDIARIES (continued)

The transaction was accounted for as business combination using the acquisition method in accordance with IFRS 3. The consideration transferred was measured at fair value, calculated as acquisition date fair values of the assets transferred by the Company and the liabilities incurred by the Company to the former owner of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. The fair value of the assets and liabilities were determined with the involvement of a valuation expert, resulting in a gain on bargain purchase of RON 25,728 thousand. Identified assets acquired were represented by intangible assets, property, plant and equipment and inventories. Also, processes and employees of the acquiree were transferred.

Acquisition related costs of RON 1,128 thousand for due diligence services and legal fees were accounted for as other operating expenses in 2024.

31. COMMITMENTS

31.1 Contractual commitments

The Group has the following contractual commitments:

	31 December 2025	31 December 2024
Acquisition of property, plant and equipment and intangible assets	2,516,721	1,372,035

In 2025, the Company signed the contracts for overhaul of CHE Stejaru and high power pumps stations Lotru.

In June 2024, Hidroelectrica signed the contract for refurbishment works of AHE Vidraru with the Consortium formed of ELECTROMONTAJ (Consortium Leader) and Koncar – Engineering Co. Ltd. for production and services (Croatia), with BUTAN GRUP as subcontractor, following the completion of the award procedure through a public tender. The contractual price is RON 937,709 thousand and the works are to be completed within 84 months, according to the execution schedule.

31.2 Guarantees

The Group issued performance guarantees of RON 184,269 thousand as at 31 December 2025 (31 December 2024: RON 45,350 thousand) mainly in relation to its obligations to deliver electricity, and in relation to its payment obligations related to electricity purchase transactions on the day-ahead and intra-day markets.

32. CONTINGENCIES

32.1 Litigation, claims and tax uncertainties

The main litigations involving the Group, with a potential exposure of RON 195,206 thousand as at 31 December 2025 (31 December 2024: RON 195,206 thousand), are disclosed as contingent liabilities:

32 CONTINGENCIES (continued)

a) Litigation with Tax authorities

Potential exposure: RON 63,612,328 as at 31 December 2025 and 31 December 2024

Plaintiff: Hidroelectrica

File no. 638/2/2024 and 1962/2/2024

Subject matter: Annulment of Tax Decision No. A-DAF 6890/11.05.2023

Tax for electricity producers was subject to multiple changes with respect to the method of computation during 2022. The latest change was instated through Law no. 357/2022, which was published on 16 December 2022. The Company applied the provisions of the law starting with 16 December 2022.

As previously mentioned in Note 13 E, the Company was subject to a tax control by the General Antifraud Division of ANAF on the tax for electricity producers. As per the control report on 11 April 2023, the tax authorities applied the changes introduced by the law retroactively starting 1 September 2022, and therefore computed additional tax of RON 62,052 thousand.

On 28 April 2023 the Company received the imposing decision for the amount of RON 62,052 thousand. The Company challenged the imposing decision within the procedural term, the challenge being rejected by the General Division for Solving Disputes within the Finance Ministry.

The Company argued in its Court application that successive changes of legislation regarding the calculation methodology of the tax for electricity producers can only be applicable for the future, starting with the date of publication of legislative amendments and not retroactively, as tax authorities considered.

On 17 December 2024, the Court ruled in favor of Hidroelectrica and ordered the reimbursement to the claimant of the amount of RON 62,052 thousand. The Finance Ministry filed an appeal against the court's decision to the High Court of Cassation and Justice, with the next hearing date set on 13 May 2026.

On 7 August 2023, the Company received a decision regarding interest and penalties in the amount of RON 1,560 thousand related to the previously mentioned imposing decision. The Company challenged the decision, initiating proceedings before the Court of Appeal of Bucharest under file no. 1962/2/2024. The file is suspended until the final resolution of case no. 638/2/2024. In relation to the ruling in file no. 638/3/2024, the management believes that the dispute in file no. 1962/2/2024 will also be ruled in the Company's favor.

b) Litigation with Hidroconstructia SA

Potential exposure: RON 98,762,431 as at 31 December 2025 and 31 December 2024

Plaintiff: Hidroconstructia SA

File no. 12257/3/2022

Subject-matter: Termination of Contract no. 672/1989 regarding the Fagaras-Hoghiz investment project; claims

Hidroconstructia SA filed claims to recover RON 98,762,431 consisting of unrealized profits as a result of the suspension by Hidroelectrica of the construction works related to the Fagaras Hoghiz investment project. Also, Hidroconstructia requested the court to enforce the termination of the underlying contract.

32. CONTINGENCIES (continued)

In January 2023, the Court ruled in favor of the Company, rejecting Hidroconstructia's claims. The decision was appealed by Hidroconstructia SA.

On 12 October 2023, the Court of Appeal set aside the first Court ruling and granted a new hearing on the merits. On 3 July 2025, the court partially admitted the statement of claim, ordering the termination of the contract, while dismissing the remaining claims as unsubstantiated.

Hidroconstructia filed an appeal against the above mentioned decision, the file being forwarded to the High Court of Cassation and Justice, the first hearing date, to be set.

Based on the court's ruling, Management estimates that the dispute will be settled in the Group's favor and, consequently, an outflow of resources is not probable.

c) Litigation with Hidroconstructia SA

Potential exposure: RON 32,831,841 as at 31 December 2025 and 31 December 2024

Plaintiff: Hidroconstructia SA

File no. 44443/3/2016, currently file no. 11314/3/2021

Subject-matter: Claims - the equivalent value of the costs generated by the cessation of construction works related to investment projects in progress.

Hidroconstructia SA claims the costs generated by the suspension of construction works rendered before the Company's insolvency. The Company argues that such claims have no grounds considering the insolvency process of Hidroelectrica and the fact that the claimant lost its right to claims as it failed to register the claim in the table of creditors.

In March 2018 the first Court rejected the claims of Hidroconstructia SA. This ruling was contested by Hidroconstructia SA. The Company also contested the ruling, as it provided for legal fees for Hidroelectrica.

In April 2019 the Court of appeal sent the case back to the first court for reexamination. The dispute was reopened by the first Court (file no. 11314/3/2021).

In April 2022, the Court requested an expertise report in hydrotechnical constructions and an accounting expertise report to be performed by independent experts. The expert's report has been finalized and both parties have filed objections against the findings of the expert, with the next hearing date being set on 17 June 2026.

Based on the initial first Court ruling, management estimates that the litigation will be ruled in favor of the Company and consequently an outflow of resources is not probable.

32.2 Fiscal environment

Tax audits are frequent in Romania, consisting of thorough verifications of taxpayers' accounting records. Such audits sometimes take place months or even years after the establishment of the tax liabilities. Consequently, companies may be found liable for significant taxes and fines. In addition, the tax legislation is subject to frequent changes, and the authorities often show inconsistency in the interpretation of law.

32. CONTINGENCIES (continued)

Tax returns may be subject to revision and corrections by the tax authorities, generally for a five years period after they are filed with the tax authorities.

Romanian tax authorities carried out tax audits on Hidroelectrica's income tax and value added tax until 20 June 2012, while on Hidroserv's income tax until 31 December 2014.

Management believes that adequate provisions have been recognised in the consolidated financial statements for all significant tax liabilities; however, a risk persists that tax authorities might have different views, representing a normal risk in the accounting/tax environment in Romania.

In 2025 the Company was notified by the fiscal authorities that a general fiscal inspection was initiated covering the period 2019 - 2024 having in scope all the taxes payable to the central state budget. The inspection is currently in preliminary stage – scoping and information requests.

32.2 Decommissioning obligations

As described in Note 5 a4), the Group identified decommissioning obligations in relation to its hydro-power facilities. Management estimates that, except for the assets abandoned or switched to post-utilisation upon management decisions, and except for its wind farm, for which decommissioning provisions are recognised (see Notes 22 and 28), the occurrence of events that would require abandonment or switching to post-utilisation of other assets in the public domain or hydro-power plants owned by the Group by the end of the concession contract (29 years from 31 December 2024) is unlikely, considering the long useful life of dams, which can be significantly extended over 100 years by maintenance and improvements.

33. RELATED PARTIES

a) Ultimate controlling party

The Company's ultimate controlling party is the Romanian State, represented by the Ministry of Energy, with a shareholding of 80.0561%.

b) Transaction with key management personnel

Key management personnel include the members of the Management Board and Supervisory Board.

Management Board remuneration	2025	2024
Expenses recognized during the year		
Fixed component	14,500	3,945
Variable component accrual	4,734	7,890
Reversal of over accrual of the previous year	(7,890)	-
Total	11,344	11,835
Payments made in the year	2025	2024
Fixed component	14,500	3,945
Variable component (for the previous year)	7,855	-
Total	22,355	3,945

The Management Board include 5 directors appointed for 4 years.

33. RELATED PARTIES (continued)

Remuneration of executive directors consists of a fixed monthly salary limited to five times the average monthly gross salary for the last 12(starting with December 2025) months prior to appointment published by National Institute of Statistics (INS) for the Company's activity code (CAEN) according to the classification of activities in the national economy, and a variable component calculated on the basis of the financial and non-financial performance indicators, negotiated and approved by the general meeting of shareholders.

In 2024, the General Meeting of Shareholders approved the annual variable component of the remuneration for the Management Board, which is limited to 24 gross monthly fixed components. The annual maximum amount of the variable component for all the Management Board is RON 7,889,760. variable component to be paid in 2023.

According to the decision of the Supervisory Board, adopted in the interest of the company and all shareholders, taking into account the obligations arising from Milestone 121 (PNRR), the context established by the European Commission Decision C(2025) 3490/28.05.2025, as well as Hidroelectrica's status as an issuer listed on a regulated market, two of the mandate contracts were terminated by mutual agreement in September 2025. Consequently, the maximum amount of the variable component for 2025 was reduced to RON 4,734 thousand. Following the termination, by mutual agreement of the parties, compensations totaling RON 3,156 thousand were established for the two mandate contracts.

According to the decision of the Supervisory Board, adopted in the interest of the company and all shareholders, taking into account the obligations arising from Milestone 121 (PNRR), the context established by the European Commission Decision C(2025) 3490/28.05.2025, as well as Hidroelectrica's status as an issuer listed on a regulated market, two of the mandate contracts were terminated by mutual agreement in September 2025. Consequently, the maximum amount of the variable component for 2025 was reduced to RON 4,734 thousand. Following the termination, by mutual agreement of the parties, compensations totaling RON 3,156 thousand were established for the two mandate contracts.

On 28 July 2025, the Ordinary General Meeting of Shareholders approved the new financial and non-financial key performance indicators resulting from the Company's Management Plan.

On 14 December 2025, the Ordinary General Meeting of Shareholders approved the fixed monthly salary to five times the average monthly gross salary computed as described above, in accordance with the provisions of Law 109/2011. In addition, the Ordinary General Meeting of Shareholders approved the revised financial and non-financial performance indicators.

The Company has no contractual obligations related to pensions to its former directors.

Supervisory Board remuneration

	2025	2024
Expenses recognized during the year		
Fixed component	3,805	1,779
Variable component accrual	991	1,777
Reversal of over accrual of the previous year	(1,777)	-
Total	3,019	3,556
Payments made in the year	2025	2024
Fixed component	3,805	1,779
Variable component (for the previous year)	1,726	-
Total	5,531	1,779

The Supervisory Board consists of 7 members appointed for 4 years.

33. RELATED PARTIES (continued)

Remuneration of the members of the Supervisory Board was approved by shareholders decisions in 2024 and 2025. According to these decisions, the remuneration of the Supervisory Board members consists of a monthly fixed gross salary, limited to two times the average monthly gross salary for the last 12 months prior to appointment published by National Institute of Statistics for the Company's activity code (CAEN) according to the classification of activities in the national economy and a variable component, calculated on the basis of the financial and non-financial performance indicators, negotiated and approved by the general meeting of shareholders.

In 2024, the General Meeting of Shareholders approved the annual variable component of the Supervisory Board remuneration, which is limited to 12 times the gross monthly fixed component. The annual maximum amount of the variable component for all the Supervisory Board members is RON 1,776,816.

On 28 July 2025, the Ordinary General Meeting of Shareholders approved the new financial and non-financial key performance indicators resulting from the Company's Management Plan.

There were no loans granted to the members of Supervisory Board or Management Board in 2025 and 2024.

c) Transactions with other companies in which the State has control or significant influence

In the normal course of business, the Group has transactions with other entities in which the State has control or significant influence, mainly related to the tax on industrial water, the purchase of electricity, transport and system services and sales of electricity, as follows:

Supplier	Purchases (without VAT) 2025	Payables (including VAT) 31 December 2025
Administratia Nationala Apele Romane	430,067	98,226
Transelectrica (Romanian Electricity System Operator)	680,444	152,173
OPCOM (Romanian Electricity Market Operator)	267,197	683
Distributie Energie Electrica Romania	450,832	45,448
Others	390,778	64,514
Total	2,219,318	361,044

Supplier	Purchases (without VAT) 2024	Payables (including VAT) 31 December 2024
Administratia Nationala Apele Romane	502,739	69,381
Transelectrica (Romanian Electricity System Operator)	1,038,931	107,498
OPCOM (Romanian Electricity Market Operator)	22,478	150
Distributie Energie Electrica Romania	293,620	59,657
Others	50,688	1,062
Total	1,908,456	237,748

33. RELATED PARTIES (continued)

Client	Sales (without VAT) 2025	Receivables		
		Gross	Impairment loss	Receivables Net
		Carrying amount (including VAT)		Carrying amount (including VAT)
		31 December 2025		
CNTEE Transelectrica SA	739,636	90,230	-	90,230
Operatorul Pietei De Energie	686,612	428	-	428
Electrica Furnizare	302,854	25,785	-	25,785
Rompetrol Rafinare	238,367	32,178	-	32,178
Compania Municipala Termoeenergetica	44,983	17,816	-	17,816
Others	502,158	168,584	(27,692)	140,892
Total	2,514,610	335,021	(27,692)	307,329

Client		Receivables		
	Sales	Gross		Receivables Net
	(without VAT)	Carrying amount	Impairment	Carrying amount
	(including VAT)	loss	(including VAT)	
2024	31 December 2024			
Transelectrica (Romanian Electricity System Operator)	1,946,834	192,449	-	192,449
OPCOM (Romanian Electricity Market Operator)	2,704,049	73,489	-	73,489
Electrica Furnizare	163,692	5,923	-	5,923
Rompetrol Rafinare	206,462	64,461	-	64,461
S.N.G.N Romgaz SA	52,005	5,610	-	5,610
Raja SA	14,861	5,132	-	5,132
SN Radiocomunicatii SA	19,108	116	-	116
Municipal Thermoenergetic Company	36,713	6,213	-	6,213
Engie Romania	8,164	-	-	-
Others	192,015	152,796	(34,085)	118,711
Total	5,343,903	506,189	(34,085)	472,104

Other customers include mainly public institutions, local authorities and public educational institutions to which the Group supplied electricity in 2025 and 2024.

Balance

Bank	Bank		Bank	
	Bank account	deposits	Bank account	deposits
	31 December 2025		31 December 2024	
Exim Bank	120,779	1,167,145	605	1,573,286
CEC Bank	19,260	100,373	38,973	882,191
Total	140,039	1,267,518	39,578	2,455,477

33. RELATED PARTIES (continued)

Bank	Transactions		Bank deposits placed	Interest income
	Bank deposits placed	Interest income		
	2025		2024	
Exim Bank	6,008,500	89,879	6,435,000	91,193
CEC Bank	250,000	7,210	3,079,832	54,005
Total	6,258,500	97,089	9,514,832	145,198

34. SUBSEQUENT EVENTS

At the end of February 2026, a significant geopolitical event occurred in the Middle East, resulting in heightened regional tensions and uncertainty. Due to the growing geopolitical tensions, since February 2026, there has been a significant increase in the overall market volatility, as well as fluctuations in energy, oil and gas prices. Elevated inflationary pressures, disruptions across global supply chains, and a deceleration in economic growth are expected.

The Group does not have direct exposures to related parties and/or key customers or suppliers or banks from affected region.

Bogdan-Nicolae BADEA	Radu Ioan CONSTANTIN	Ianăș RĂDOI
Chairman of the Management Board	Member of the Management Board	Member of the Management Board
 Petronel CHIRIAC		Marian FETIȚA
Financial Director		Accounting Manager

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Societatea de Producere a Energiei Electrice in Hidrocentrale Hidroelectrica S.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Societatea de Producere a Energiei Electrice in Hidrocentrale Hidroelectrica S.A. (the Company) and its subsidiaries (together referred to as "the Group") with official head office in 15-17 Ion Mihalache Blvd., 10-15 floors, district 1, Bucharest, Romania, identified by sole fiscal registration number 13267213, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the IFRS Accounting Standards, as adopted by EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board for Accountants (IESBA Code), as applicable to audit of financial statements of public interest entities, together with the ethical requirements that are relevant to the audit of the financial statements of public interest entities in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 2 to the consolidated financial statements, which describes that the accompanying consolidated financial statements have been prepared in connection with the Company's reporting obligations under Law 24/2017 on issuers of financial instruments and market operations. As described in Note 2, the Group also published consolidated financial statements prepared in accordance with another general-purpose framework, Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent amendments, on which we expressed an unmodified audit opinion in our report dated 26 March 2026. Our opinion is not modified in respect of this matter.

Other matters

The consolidated financial statements of the Group for the year ended 31 December 2024, prepared in accordance IFRS Accounting Standards, as adopted by EU, were audited by another auditor who issued an unmodified audit report dated 26 March 2025, with an emphasis of matter paragraph drawing attention to the fact that the Group also prepared a set of consolidated financial statements in accordance with Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent amendments.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of consolidated the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition for supply of electricity to final customers (retail sales) Disclosures on Revenue from supply of electricity to final customers are included in Note 7 c) and Note 11 and on related trade receivables, including unbilled revenues in Note 20 In 2025, the Group recognized revenue from electricity supplied to final customers (retail sales) in amount of RON 5,503,747 thousand. As of 31 December 2025, the gross trade receivables for supply segment were in amount of RON 1,749,816 thousand of which gross unbilled revenue RON 595,652 thousand. Revenue from electricity supplied to final customers is determined based on electricity consumption for each consumer, which is determined from meter readings or estimated volumes as communicated by distribution operators, and applicable regulated or contractual prices. The Group could not rely on its Information Technology system to automatically determine the revenue from supply of electricity to final customers. The calculation relies on substantial manual input due to large volume of data obtained by the Company, from different sources, in the month following the supply of electricity. Due to the magnitude of the amounts recorded, significant processing required for the determination of the revenue from electricity supply for the year 2025 and related trade receivables and unbilled revenue balances as at 31 December 2025, as well as the extent of our audit procedures on this area, we consider it a key audit matter.	
	Our audit procedures included among others: • We obtained an understanding of the Group's revenue recognition process for electricity supply to final customers (retail sales revenue stream); • We obtained external confirmation from the electricity market operator (Transelectrica) regarding the quantities of electricity transported for the supply segment during financial year 2025 and reconciled these with the quantities recorded by the Group; • We independently formed an expectation for revenues of the supply business based on quantities of electricity delivered as communicated by the distribution operators in the monthly reporting and average selling prices tested through a sample of contracts; • We tested a sample of revenue transactions recognized during the year by reconciling the quantity invoiced with the quantity consumed and the selling price with contractual conditions and legal requirements of the capping mechanism; • We evaluated the level of the unbilled revenues for supply of electricity as of year-end based on volumes communicated by the electricity distribution operators and the average contractual prices; • We considered the consistency of the unbilled revenue for supply of electricity recognised at year end with the amounts billed in the period subsequent to balance sheet date; • For retail non-household customers, we obtained external confirmations on a sample

	basis for the trade receivables balances as of year-end; • For retail household customers, we obtained the subsequent cash collections analysis for the trade receivable balances at year-end and, for a sample of customers, we reconciled the amount in balance with the underlying documents such as invoices and bank statements for the amounts collected subsequent to year end. Furthermore, we assessed the adequacy of the Group's disclosures in the notes to the consolidated financial statements for revenue from supply of electricity to final customer and related trade receivables and unbilled revenues.

Other information

The other information comprises the Annual Report and Remuneration Report, but does not include the consolidated financial statements and our auditors' report thereon. Management is responsible for the other information.

Our audit opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, as adopted by EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of audit work for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Reporting on Information Other than the Consolidated Financial Statements and Our Auditors' Report Thereon

In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the Annual Report and Remuneration Report, we have read these reports and report that:

- a) in the Annual Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying consolidated financial statements as at December 31, 2025;
- b) the Annual Report, except the sustainability statement which is subject to a separate assurance reporting, includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent amendments, Annex 1 articles 15 - 19 and 26-27;
- c) based on our knowledge and understanding concerning the Group and its environment gained during our audit of the financial statements as at December 31, 2025, we have not identified information included in the Annual Report (we exclude here the sustainability statement which is subject to a separate assurance reporting);
- d) the Remuneration Report identified above includes, in all material respects, the required information according to the provisions of article 107 (1) and (2) from Law 24/2017 on issuers of financial instruments and market operations.

Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council

Appointment and Approval of Auditor

We were appointed as auditors of the Group by the General Meeting of Shareholders on 28 July 2025 to audit the consolidated financial statements for the financial year end December 31, 2025. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointment for the statutory auditor, has lasted for one year, covering the financial period ended December 31, 2025.

Consistency with Additional Report to the Audit Committee

Our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on the same date as the issue date of this report.

Provision of Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Group and we remain independent from the Group in conducting the audit.

In addition to statutory audit services and services disclosed in the annual report and in the financial statements, no other services which were provided by us to the Company, and its controlled undertakings.

Report on the compliance of the electronic format of the consolidated financial statements, included in the annual consolidated report with the requirements of the ESEF Regulation

We have performed a reasonable assurance engagement on the compliance of the electronic format of the consolidated financial statements of Societatea de Producere a Energiei Electrice in Hidrocentrale Hidroelectrica S.A. (the Company) and its subsidiaries (together referred to as "the Group") for the year ended 31 December 2025, included in the attached electronic file „ Societatea de Producere a Energiei Electrice in Hidrocentrale Hidroelectrica S.A. Reporting 787200IISRQXO9PRB732-2025-12-31-1-en.zip "(identified with the key e283cf8d4936234d099edd7dd2c64a975dced482b4f64a06d55af8d7886b3ab8) with the requirements of the Commission Delegated Regulation (EU) 2019 /815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation). Our opinion is expressed only in relation to the electronic format of the consolidated financial statements and does not extend to the other information included in the annual consolidated report.

Description of the subject matter and the applicable criteria

The Management has prepared electronic format of consolidated financial statements of the Group for the year ended 31 December 2025 in accordance and to comply with ESEF Regulation requirements. The requirements for the preparation of the consolidated financial statements in ESEF format are specified in the ESEF Regulation and represent, in our opinion, applicable criteria for us to express an opinion providing reasonable assurance.

Responsibilities of the Management and Those Charged with Governance

The Management of the Group is responsible for the compliance with the requirements of the ESEF Regulation in the preparation of the electronic format of the consolidated financial statements in XHTML format. Such responsibility includes the selection and application of appropriate iXBRL tags using the taxonomy specified in the ESEF Regulation, ensuring consistency between the human-readable layer of electronic format of the consolidated financial statements and the audited consolidated financial statements. The responsibility of Group's Management also includes the design, implementation and maintenance of such internal control as determined is necessary to enable the preparation of the consolidated financial statements in ESEF format that are free from any material non-compliance with the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process for the preparation of consolidated financial statements of the Group, including the application of the ESEF Regulation.

Auditor's Responsibility

Our responsibility is to express an opinion providing reasonable assurance on the compliance of the electronic format of the consolidated financial statements with the requirements of the ESEF Regulation.

We have performed a reasonable assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000 (revised)). This standard requires that we comply with ethical requirements, plan and perform our engagement to obtain reasonable assurance about whether the electronic format of the consolidated financial statements of the Group is prepared, in all material respects, in accordance with the applicable criteria, specified above. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material non-compliance with the requirements of the ESEF Regulation, whether due to fraud or error.

Reasonable assurance is a high level of assurance, but it is not guaranteed that the assurance engagement conducted in accordance with ISAE 3000 (revised) will always detect material non-compliance with the requirements when it exists.

Our Independence and Quality Management

We apply International Standard on Quality Management 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, which requires that we design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have maintained our independence and confirm that we have met the ethical and independence requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code).

Summary of procedures performed

The objective of the procedures that we have planned and performed was to obtain reasonable assurance that the electronic format of the consolidated financial statements is prepared, in all material respects, in accordance with the requirements of ESEF Regulation. When conducting our assessment of the compliance with the requirements of the ESEF Regulation of the electronic (XHTML) reporting format of the consolidated financial statements of the Group, we have maintained professional skepticism and applied professional judgement. We have also:

- ▶ obtained an understanding of the internal control and the processes related to the application of the ESEF Regulation in respect of the consolidated financial statements of the Group, including the preparation of the consolidated financial statements of the Group in XHTML format and its tagging in machine readable language (iXBR);
- ▶ tested the validity of the applied XHTML format;
- ▶ checked whether the human-readable layer of electronic format of the consolidated financial statements (XHTML) corresponds to the audited consolidated financial statements;

- ▶ assessed the completeness of the tagging of information in the consolidated financial statements while using the machine-readable language (iXBRL) under the requirements of the ESEF Regulation;
- ▶ assessed the appropriateness of the applied iXBRL tags selected from the core taxonomy and the creation of extensions to the elements in the extended taxonomy specified in the ESEF Regulation when there were no suitable elements in the core taxonomy;
- ▶ evaluated the anchoring of the taxonomy extensions to the elements in the extended taxonomy specified by the ESEF Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion on the compliance of the electronic format of the consolidated financial statements with the requirements of the ESEF Regulation

Based on the procedures performed, in our opinion, the electronic format of the consolidated financial statements of the Group for the year ended 31 December 2025 is prepared, in all material respects, in accordance with the requirements of ESEF Regulation.

On behalf of,

Ernst & Young Assurance Services SRL
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

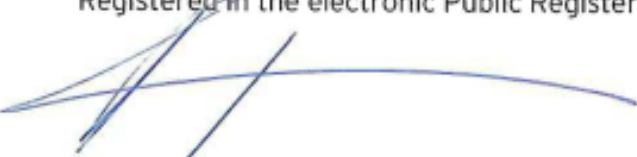
Registered in the electronic Public Register under No. FA77

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)

Firma de audit: ERNST & YOUNG ASSURANCE SERVICES S.R.L.
Registrul Public Electronic: FA77

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)

Auditor financiar: Lupea Alexandru
Registrul Public Electronic: AF273



Name of the Auditor/ Partner: Alexandru Lupea
Registered in the electronic Public Register under No. AF273

Bucharest, Romania
26 March 2026

S.P.E.E.H. HIDROELECTRICA S.A.
Two-tier system Company



SEPARATE FINANCIAL STATEMENTS
for the year ended
31 December 2025

Prepared in accordance with Order of Minister of Public Finance no. 2844/2016
and subsequent amendments

S.P.E.E.H. HIDROELECTRICA S.A.**Separate financial statements – OMFP no. 2844/2016**

AS AT 31 DECEMBER 2025

(All amounts are in RON, unless otherwise stated)

CONTENTS:	PAGINA:
15	
INDEPENDENT AUDITORS' REPORT	
SEPARATE STATEMENT OF FINANCIAL POSITION as at 31 December 2025	1 - 2
SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year 2025	3
SEPARATE STATEMENT OF CHANGES IN EQUITY for the year 2025	4 - 5
SEPARATE STATEMENT OF CASH FLOWS for the year 2025	6 - 7
NOTES TO THE SEPARATE FINANCIAL STATEMENTS as at and for the year ended 31 December 2025	8 - 97
BASIS OF PREPARATION	
1. REPORTING ENTITY AND GENERAL INFORMATION	8
2. BASIS OF ACCOUNTING	11
3. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY	12
4. STANDARDS ISSUED BUT NOT EFFECTIVE	13
5. USE OF JUDGEMENTS AND ESTIMATES	15
6. BASIS OF MEASUREMENT	24
7. MATERIAL ACCOUNTING POLICIES	24
8. CHANGES IN ACCOUNTING POLICIES	42
9. COMPARATIVES	43
PERFORMANCE FOR THE YEAR	
10. OPERATING SEGMENTS	43
11. REVENUE	45
12. OTHER INCOME	47
13. OPERATING EXPENSES	47
14. FINANCE RESULT	50
15. EARNING PER SHARE	50
EMPLOYEE BENEFITS	
16. EMPLOYEE BENEFITS	51
INCOME TAXES	
17. INCOME TAX	55
ASSETS	
18. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	58
19. INVESTMENTS IN DEPOSITS	58
20. TRADE RECEIVABLES	59
21. OTHER ASSETS	60
22. PROPERTY, PLANT AND EQUIPMENT	61
23. INVESTMENTS IN SUBSIDIARIES	70

S.P.E.E.H. HIDROELECTRICA S.A.**Separate financial statements – OMFP no. 2844/2016**

AS AT 31 DECEMBER 2025

(All amounts are in RON, unless otherwise stated)

EQUITY AND LIABILITY

24. CAPITAL AND RESERVES	70
25. BORROWINGS	73
26. TRADE PAYABLES	75
27. OTHER PAYABLES	75
28. DEFERRED INCOME	76
29. PROVISIONS	76

FINANCIAL INSTRUMENTS

30. FINANCIAL INSTRUMENTS – Fair values and risk management	79

OTHER INFORMATION

31. COMMITMENTS	84
32. CONTINGENCIES	85
33. RELATED PARTIES	88
34. SUBSEQUENT EVENTS	93

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

	Note	31 December 2025	31 December 2024
Assets			
Non-current assets			
Property, plant and equipment	22	19,292,990,942	19,686,065,023
Intangible assets		48,307,096	36,206,966
Investments in subsidiaries	23	315,226,810	315,226,810
Restricted cash	18	23,057,471	-
Other non-current assets	21	472,139,579	275,702,809
Total non-current assets		20,151,721,898	20,313,201,608
Current assets			
Inventories		69,851,954	68,696,720
Trade receivables	20	1,697,693,169	1,632,834,052
Investments in deposits	19	3,732,016,142	3,475,932,995
Cash and cash equivalents	18	816,143,749	1,356,523,240
Restricted cash	18	32,666,071	21,057,471
Other current assets	21	57,873,032	21,662,777
Total current assets		6,406,244,117	6,576,707,255
Total assets		26,557,966,015	26,889,908,863
Equity and liabilities			
Equity			
Share capital	24	4,498,025,670	4,498,025,670
Inflation adjustments to share capital	24	1,028,872,000	1,028,872,000
Public patrimony		45,324,243	45,324,243
Revaluation reserve	24	11,088,735,173	11,555,225,745
Other reserves	24	1,017,729,953	1,017,729,953
Retained earnings		4,431,870,117	4,671,250,019
Total equity		22,110,557,156	22,816,427,630
Liabilities			
Non-current liabilities			
Bank borrowings	25	118,358,036	207,846,322
Lease liabilities		61,511,401	70,110,288
Deferred income	28	146,636,351	156,271,412
Current tax liabilities	17	7,743,356	8,116,947
Deferred tax liabilities	17	1,393,785,861	1,456,172,881
Employee benefits	16	126,030,247	116,454,138
Provisions	29	1,009,131,883	943,504,704
Trade payables	26	14,900,534	998,585
Other payables	27	54,695,970	54,659,563
Total non-current liabilities		2,932,793,639	3,014,134,840

(continued on page 2)

SEPARATE STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

(All amounts are in RON, unless otherwise stated)

	Note	31 December 2025	31 December 2024
Current liabilities			
Bank borrowings	25	94,957,232	92,886,954
Lease liabilities		10,136,499	9,244,000
Trade payables	26	819,409,878	475,115,635
Contract liabilities	11	48,391,638	97,786,127
Current tax liabilities	17	175,454,931	56,869,918
Deferred income	28	5,594,476	6,133,103
Employee benefits	16	87,070,447	79,929,776
Provisions	29	146,263,699	124,382,716
Tax for electricity producers	13 E	-	2,135,558
Other payables	27	127,336,420	114,862,606
Total current liabilities		1,514,615,220	1,059,346,393
Total liabilities		4,447,408,859	4,073,481,233
Total equity and liabilities		26,557,966,015	26,889,908,863

The accompanying notes are an integral part of these separate financial statements.

Bogdan-Nicolae BADEA

Chairman of the Management Board

Radu Ioan CONSTANTIN

Member of the Management Board

Ianăș RĂDOI

Member of the Management Board

Petronel CHIRIAC

Financial Director

Marian FETIȚA

Accounting Manager

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

	Note	2025	2024
Revenue	11	9,622,795,031	9,123,148,860
Other income	12	35,053,501	148,936,882
Turbinated water	13A	(444,764,067)	(517,805,427)
Employee benefits expenses	16	(778,485,394)	(676,554,906)
Transport and distribution of electricity	13C	(1,634,837,904)	(1,228,392,210)
Electricity purchased	13B	(911,358,305)	(208,848,067)
Green certificates expenses	13D	(354,337,865)	(273,534,123)
Depreciation and amortization	22	(871,938,024)	(896,091,345)
Impairment loss on property, plant and equipment and intangible assets, net	22	(99,463,122)	(39,493,787)
Impairment loss on trade receivables, net	20	(32,317,469)	(67,936,740)
Repair, maintenance, materials and consumables		(340,793,731)	(303,342,358)
Tax for electricity producers	13E	(122,721,182)	(234,654,212)
Other operating expenses	13F	(381,234,519)	(298,236,230)
Operating profit		3,685,596,950	4,527,196,337
Finance income	14	315,256,803	337,849,633
Finance costs	14	(85,411,116)	(84,617,159)
Net finance result		229,845,687	253,232,474
Profit before tax		3,915,442,637	4,780,428,811
Income tax expense	17	(577,925,516)	(708,877,229)
Profit for the year		3,337,517,121	4,071,551,582
Earnings per share			
Basic and diluted earnings per share (RON)	15	7.42	9.05
Other comprehensive income			
Impairment of property, plant and equipment recognized in revaluation reserve, net of tax		(510,200)	(770,110)
Remeasurement of defined benefit liabilities, net of tax		351,628	1,383,073
Other comprehensive income		(158,572)	612,963
Total comprehensive income		3,337,358,549	4,072,164,545

The accompanying notes are an integral part of these separate financial statements.

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Member of the Management Board

Petronel CHIRIAC
Financial Director

Marian FETIŢA
Accounting Manager

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise specified)

	Share capital	Inflation adjustments to share capital	Public patrimony	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance at 1 January 2024	4,498,025,670	1,028,872,000	45,324,243	12,047,813,106	1,017,729,953	6,399,236,025	25,037,000,997
Total comprehensive income for the year							
Profit of the year	-	-	-	-	-	4,071,551,582	4,071,551,582
Total comprehensive income for the year							
Impairment of property, plant and equipment recognized in revaluation reserve, net of tax	-	-	-	(770,110)	-	-	(770,110)
Remeasurement of defined benefit liabilities, net of tax	-	-	-	-	-	1,383,073	1,383,073
Total other comprehensive income for the year	-	-	-	(770,110)	-	1,383,073	612,963
Total comprehensive income for the year	-	-	-	(770,110)	-	4,072,934,655	4,072,164,545
Transactions with owners of the Company							
Contributions and distributions							
Dividends (Note 24)	-	-	-	-	-	(6,292,737,912)	(6,292,737,912)
Total transactions with owners of the Company	-	-	-	-	-	(6,292,737,912)	(6,292,737,912)
Other changes in shareholders' equity							
Transfer of revaluation reserve to retained earnings due to depreciation and disposals of property, plant and equipment	-	-	-	(491,817,251)	-	491,817,251	-
Balance at 31 December 2024	4,498,025,670	1,028,872,000	45,324,243	11,555,225,745	1,017,729,953	4,671,250,019	22,816,427,630

(continued on page 5)

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise specified)

	Share capital	Inflation adjustments to share capital	Public patrimony	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance at 1 January 2025	4,498,025,670	1,028,872,000	45,324,243	11,555,225,745	1,017,729,953	4,671,250,019	22,816,427,630
Total comprehensive income for the year							
Profit of the year	-	-	-	-	-	3,337,517,121	3,337,517,121
Total comprehensive income for the year							
Impairment of property, plant and equipment recognized in revaluation reserve, net of tax	-	-	-	(510,200)	-	-	(510,200)
Remeasurement of defined benefit liabilities, net of tax	-	-	-	-	-	351,628	351,628
Total other comprehensive income for the year	-	-	-	(510,200)	-	351,628	(158,572)
Total comprehensive income for the year	-	-	-	(510,200)	-	3,337,868,749	3,337,358,549
Transactions with owners of the Company							
Contributions and distributions							
Dividends (Note 24)	-	-	-	-	-	(4,043,229,023)	(4,043,229,023)
Total transactions with owners of the Company	-	-	-	-	-	(4,043,229,023)	(4,043,229,023)
Other changes in shareholders' equity							
Transfer of revaluation reserve to retained earnings due to depreciation and disposals of property, plant and equipment	-	-	-	(465,980,372)	-	465,980,372	-
Balance at 31 December 2025	4,498,025,670	1,028,872,000	45,324,243	11,088,735,173	1,017,729,953	4,431,870,117	22,110,557,156

The accompanying notes are an integral part of these separate financial statements.

Bogdan-Nicolae BADEA
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Member of the Management Board

Petronel CHIRIAC
Financial Director

Marian FETIŢA
Accounting Manager

S.P.E.E.H. HIDROELECTRICA S.A. managed in a two-tier system

SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in RON, unless otherwise stated)

	Note	2025	2024
Cash flow from operating activities:			
Profit for the year		3,337,517,121	4,071,551,582
Adjustments for:			
Depreciation	22	866,441,920	893,257,152
Amortisation		5,496,104	2,834,193
Impairment loss on property, plant and equipment and intangible assets, net	22	99,463,122	39,493,787
Impairment loss on trade receivables, net	20	32,317,469	67,936,740
Write-down of inventories		(415,518)	(580,592)
Provisions for risk and charges		21,511,010	(14,252,468)
Loss on disposal of property, plant and equipment	13F	2,448,872	5,489,339
Net foreign exchange loss		6,505,363	(211,220)
Interest income	14	(271,083,441)	(327,958,055)
Interest expense	14	21,379,170	26,117,608
Unwinding of discounts		65,869,790	58,476,191
Income tax expense	17	577,925,516	708,877,229
		4,765,376,498	5,531,031,486
Changes in:			
Trade receivables		(97,176,586)	1,346,618,362
Inventories		(239,968,113)	(7,318,385)
Restricted cash		(739,717)	80,000,000
Other assets		(34,666,071)	43,876,820
Trade payables		247,729,683	48,011,627
Deferred income		(10,173,688)	25,456,959
Employee benefits		7,745,756	7,418,002
Other payables		(45,755,984)	110,140,309
Cash generated from operating activities		4,592,371,778	7,185,235,180
Interest paid		(12,239,091)	(18,840,756)
Income tax paid		(522,168,092)	(831,670,339)
Net cash from operating activities		4,057,964,595	6,334,724,085
Cash flow from investing activities:			
Payments for acquisition of property, plant and equipment		(463,450,774)	(280,713,219)
Payments for acquisition of intangible assets		(17,561,973)	(287,734)
Payments for deposits held for investment purposes		(9,080,000,000)	(6,950,000,000)
Proceeds from deposits held for investment purposes		8,815,000,000	7,850,000,000
Proceeds from the redemption of corporate bonds		-	353,331,500
Interest received		287,321,382	301,699,785
Payments for share capital increase of subsidiaries	23		(244,650,000)
Net cash flow from/ (used in) investing activity		(458,691,365)	1,029,380,332

(continued on page 7)

S.P.E.E.H. HIDROELECTRICA S.A. managed in a two-tier system**SEPARATE STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in RON, unless otherwise stated)

	Note	2025	2024
Cash flow from financing activities:			
Repayment of borrowings	25	(93,673,821)	(92,349,679)
Lease payments	25	(9,486,038)	(6,436,017)
Dividends paid	24	(4,036,492,863)	(6,287,085,221)
Net cash used in financing activities		(4,139,652,722)	(6,385,870,917)
Net increase/(decrease) in cash and cash equivalents		1,356,523,240	978,233,500
Cash and cash equivalents at 1 January	18	(540,379,492)	378,289,740
Cash and cash equivalents at 31 December	18	816,143,748	1,356,523,240

The accompanying notes are an integral part of these separate financial statements.

Bogdan-Nicolae BADEA

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Ianăș RĂDOI

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Financial Director

Marian FETIȚA

Accounting Manager

1. REPORTING ENTITY AND GENERAL INFORMATION

(a) General information about the Company

Societatea de Producere a Energiei Electrice în Hidrocentrale Hidroelectrica S.A. ("the Company" or "Hidroelectrica") is a joint stock company, domiciled in Romania. The Company's registered office is 15-17 Ion Mihalache Blvd., Tower Center Building, 10-15 floors, Sector 1, Bucharest. The Company is registered at National Trade Register Officer with no. J40/7426/2000 and has unique registration code 13267213.

These financial statements are separate financial statements (not consolidated) of Societății de Producere a Energiei Electrice în Hidrocentrale Hidroelectrica S.A.

The Company's main lines of business are power generation (hydro and wind) and electricity supply to end consumers.

As of 31 December 2025, the Romanian State through the Ministry of Energy owns 360,094,390 shares, representing 80.0561% of the share capital and of the total voting rights. The rest of the shares are traded on the Bucharest Stock Exchange as follows: 75,600,136 shares, representing 16.8074% of the share capital are owned by legal persons and 14,108,041 shares, representing 3.1365% of the share capital by individuals.

The Company is governed by a two-tier system comprising the Supervisory Board and the Management Board.

Between 23 June and 4 July 2023, the Company went through an initial public offer on Bucharest Stock Exchange. The allocation of the shares was carried out on 5 July 2023, the total offer included the entire holding of Fondul Proprietatea, namely 89,708,177 shares representing 19.9439% of the Company's share capital.

The first trading day of Hidroelectrica shares at the Bucharest Stock Exchange was 12 July 2023.

List of subsidiaries

As of 31 December 2025 and 31 December 2024 Hidroelectrica has the following subsidiaries:

Subsidiary	Activity	Registered Office	% participation at 31 December 2025	% participation at 31 December 2024
Hidroserv S.A. (company in reorganization)	Services for energy sector(maintenance, repairs, construction)	Bucharest, Romania	100%	100%
Uzina de Construcții Mașini Hidroenergetice S.R.L.	Manufacturing of engines and turbines	Resita, Romania	100%	100%

Hidroserv S.A. entered the insolvency proceedings in October 2016. In 2020, a reorganization plan of the subsidiary was approved by the Assembly of Creditors and confirmed by the insolvency judge. On 25 June 2025 the court has officially closed the insolvency proceedings against S.S.H. Hidroserv S.A, by ordering its reintegration into the economic circuit. On June 25, 2025 the insolvency procedure was closed.

1. REPORTING ENTITY AND GENERAL INFORMATION (continued)

On 22 February 2023, the Company was declared the winner of the sales procedure of the business lines ABC and Calnicel platform, owned by UCM Resita SA. In January 2024, the Company set-up a new subsidiary, Uzina de Construcții Mașini Hidroenergetice S.R.L., through which it took-over the business from U.C.M. Reșița S.A. The transaction was finalized on 11 March 2024. All revenues are generated in Romania.

(b) Regulatory environment

The activity in the energy sector is regulated by the National Energy Regulatory Authority ("ANRE").

The main responsibilities of ANRE include: licensing the entities operating in the energy sector, issuance of regulations applicable to the electricity market, approval of regulated prices and tariffs and issuance of methodologies used to set regulated prices and tariffs.

(c) Main operations of the Company

Electricity generation and system services

The Company generates electricity by operating 188 hydropower plants and micro-hydropower plants, including 5 pumping stations, (the main generation capacities being Portile de Fier I and Portile de Fier II, which represent approximately 40% of the total electricity generated) and 36 wind turbines of 3 MW each.

The electricity generated is sold both wholesale and retail (supply to end consumers).

On 1 January 2023 a centralized electricity acquisition mechanism ("MACEE") was implemented by the Government through which the electricity producers shall sell the available (not contracted as of November 2022) quantity of electricity to the market operator, OPCOM, at a fixed price of RON 450 per MWh.

In March 2024, the Government issued a new Emergency Ordinance (OUG no. 32/28.03.2024) which states that starting 1 April 2024, the MACEE mechanism becomes voluntary, leaving producers the possibility to sell energy at the price of 400 RON/MWh until 31 December 2024. Thus, for 2024, the price paid by the sole purchaser (OPCOM) to electricity producers who sell electricity through MACEE in monthly auctions is as follows:

- RON 450 /MWh for the electricity contracted until 31 March 2024;
- RON 400 /MWh for the electricity contracted starting 1 April 2024.

Starting January 2025 the MACEE mechanism was not applicable anymore.

Hidroelectrica S.A. also provides system services to the national electricity system operator, Transelectrica. The system services involve making an agreed power generation capacity available to Transelectrica within a certain period of time, so that to allow the system operator to achieve permanent balancing of the electricity system.

1. REPORTING ENTITY AND GENERAL INFORMATION (continued)

Electricity supply to end users

The electricity market to end users in Romania is liberalized and all consumers are free to choose their electricity supplier from which they can purchase electricity at negotiated prices.

The Company supplies electricity at negotiated tariffs to both industrial consumers and household consumers. The supply tariff include, in addition to the electricity price, the electricity transmission and distribution costs (see accounting policy 7 b)), the contribution to high efficiency co-generation power support scheme, and the cost of green certificates (see *Green certificates* section).

Starting 1 November 2021, due to the significant increase in energy prices on the international and national markets and the impact thereof on Romanian consumers, the Government implemented consumer support schemes, as follows:

- capping the electricity supply tariffs for household and non-household consumers until 30 June 2025. The difference between the cap price and the regulated cost was partially covered through a subsidy from the State reducing the impact of capping mechanism. Once the Group submitted the requests for the subsidy to be received from the State authorities as per applicable law, the subsidy and the related income is recorded (Note 11). The impact of this mechanism on the Group's financial performance in 2025 was a reduction of revenue due to capped prices by RON 46 million.

Green certificates ("GC")

As a producer of electricity from renewable sources (hydroelectric power in refurbished micro-hydropower plants with an installed capacity of no more than 10 MW and with a service life of at least 15 years from the date of commissioning, and wind power), the Company receives green certificates through the green certificates support scheme.

In 2025 the Group received 3 green certificates for each MWh generated by the eligible micro-hydropower plant and 0.75 green certificates for each MWh generated by the wind farm. In 2024 received between 2,92 and 3 green certificates for each MWh generated by eligible micro-hydropower plants. During 2025, the Group generated from its own production portfolio a number of 24,635 GC from hydropower plants and 197,813 GC from wind power plant (CEE Crucea Nord) (2024: 28,089 GC from hydropower plants and 217,200 GC from wind power plant).

The selling price must fall between the minimum and maximum values set by law:

- (a) a minimum trading value of EUR 29.4/GC and
- (b) a maximum trading value of EUR 35/GC.

As an electricity supplier, the Company is required to purchase a number of green certificates computed by multiplying the annual mandatory purchase quota of green certificates by the quantity (in MWh) of electricity supplied to end users. ANRE establishes the annual mandatory level of purchase obligations (quotas) of green certificates. The Company is eligible to receive green certificates for the production of Crucea Wind farm which are used to partially settle the obligation to comply with the mandatory annual quota. The difference is acquired by the Group to reach the quota and the Group recognizes the amount needed to acquire the green certificates for fulfilling the quota in "Trade payables"

Applicable annual quota for 2025 is 0.49983 green certificate per MWh (2024: 0.496 green certificate per MWh).

1. REPORTING ENTITY AND GENERAL INFORMATION (continued)

Tax on electricity producers

The tax for electricity producers is computed as 100% of net monthly average selling price in excess of RON 400 per MWh. (450/MWh till 31 March 2024) The tax on electricity producers was applicable until 31 March 2025.

In February 2025, the Government issued a new Emergency Ordinance (GEO no. 6/27.02.2025) extending the applicability of the tax for an additional 3 months, until June 30, 2025. Starting April 1, 2025, the tax for energy producers is calculated by applying a rate of 80% (reduced from 100%) to the difference between the average net monthly selling price and the price of 400 RON per MWh.

The net monthly average selling price is computed based on the monthly revenue of the generation segment, which includes the wholesale of electricity produced and the value of electricity transferred within the same entity from producer portfolio (generation segment) to supplier portfolio (supply segment), less monthly cost for imbalances.

Tax on Constructions

Starting with 1 January 2025, the tax on constructions was introduced through Government Emergency Ordinance (GEO) 156/2024, with subsequent amendments, calculated as 0.5%, of the net book value of eligible constructions held as of 31 December of the preceding year and constructions subject to concession contract.

The tax had an impact of 51,133,367 RON for the period ended 31 December 2025.

2. BASIS OF ACCOUNTING

These separate financial statements were prepared in accordance with the Order of Minister of Public Finance no.2844/2016 and subsequent amendments („OMFP 2844/2016”). According to OMFP 2844/2016 the International Financial Reporting Standards ("IFRS") represent standards adopted based on the procedure as per European Commission Regulation no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (IFRS as adopted by European Union). OMFP no. 2844/2016 includes also additional provisions versus IFRS-EU, the Company identified as provisions applicable to its financial statements the matters described below.

The separate financial statements were authorized for issue by the Company's Management Board on 25.03.2026 and by the Supervisory Board on 26.03.2026.

The Company also issues a primary version of these separate financial statements prepared in accordance with OMFP 2844/2016 in Romanian language approved at the same date with these financial statements.

2. BASIS OF ACCOUNTING (continued)

OMF 2844/2016 is prepared in accordance with the IFRS Accounting Standards as adopted by the European Union, with the following exceptions:

- IAS 21 The Effects of Changes in Foreign Exchange Rates regarding the functional currency, and except for IAS 12 Income Taxes concerning the treatment of the minimum tax on turnover as an income tax expense.
- These exceptions do not affect the compliance of the Company's financial statements with the IFRS Accounting Standards as adopted by the EU.

The Company also prepared consolidated financial statements in accordance with OMFP no. 2844/2016 and consolidated financial statements in accordance with IFRS-EU, approved at the same date as these separate financial statements.

Main differences between IFRS-EU and OMFP no. 2844/2016, that affects this set of financial statements refer to:

- Fee paid for the connection of the power generation capacities to the electricity grid is presented as "Property, plant and equipment" in the IFRS-EU financial statements while in the OMFP no. 2844/2016 financial statements is presented as "Intangible assets"; (Net book value is of RON 30,470,918 RON as of 31 December 2025 (31 December 2024: RON 32,096,035)
- Impact of restatement of statutory share capital in nominal terms according to IAS 29 "Financial Reporting in Hyperinflationary Economies" in amount of RON 1.028,872,000 is presented as part of "Share Capital" in the IFRS-EU financial statements while in the OMFP no. 2844/2016 financial statements is presented as an equity item separate from share capital, namely "Inflation adjustments in accordance with IAS 29";
- Cash contribution received from State for construction of public domain assets in amount of RON 45,324,243 as of 31 December 2025 and 2024 (ie certain type of assets such as dams which will be transferred to the State at the end of its economic life) is presented as deferred income in the IFRS-EU financial statements, while in the OMFP no. 2844/2016 financial statements is presented as public patrimony;
- Accruals for employee bonuses in amount of RON 42,529,000 as of 31 December 2025 (31 December 2024: RON 42,681,942) are presented as employee benefits liabilities in the IFRS-EU financial statements, while in the OMFP no. 2844/2016 financial statements are presented as provisions. In addition, the related expense in current year in amount of RON 42,529,000 is included under "Other operating expenses", while in the IFRS-EU financial statements is included under "Employee benefits expenses"

These separate financial statements have been prepared on a going concern basis. Details of the Company's accounting policies are included in Note 7.

3. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

These separate financial statements are presented in Romanian Lei (RON), which is the Company's functional currency. All amounts are presented in RON, unless otherwise indicated.

4. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Following below are the new standards, amendments and interpretations to existing standards adopted starting 1 January 2025 and their effect in the preparation of the Group and the Company financial statements for the year ended 31 December 2025.

The standards/amendments that are effective and have been endorsed by the European Union

The accounting policies adopted are consistent with those of the previous financial year, except for the following IFRS Accounting Standard which however, is not relevant for the Group:

- IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments). The amendments are effective for annual reporting periods beginning on or after January 1, 2025. The newly adopted IFRS Accounting Standard did not have a material impact on the Group's/Company's accounting policies.

The standards/amendments that are not yet effective, but have been endorsed by the European Union

- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments (Amendments). In May 2024, the IASB issued amendments to the Classification and Measurement of Financial Instruments which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures and they become effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. Management has assessed that these amendments will not have a material impact.
- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity (Amendments). In December 2024, the IASB issued targeted amendments for a better reflection of Contracts Referencing Nature-dependent Electricity, which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures and they become effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. Management has assessed that these amendments will not have a material impact.
- Annual Improvements to IFRS Accounting Standards – Volume 11. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11. An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. Management has assessed that these amendments will not have a material impact.

The standards/amendments that are not yet effective and have not yet been endorsed by the European Union

**4. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS
(continued)**

- IFRS 18 introduces new requirements on presentation within the statement of profit or loss. It requires an entity to classify all income and expenses within its statement of profit or loss into one of the five categories: operating; investing; financing; income taxes; and discontinued operations. These categories are complemented by the requirements to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027, with earlier application permitted. Retrospective application is required in both annual and interim financial statements. The standard has not yet been endorsed by the EU. The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements. The initial expected material impacts on Company's financial statements are, as follows:
 - Foreign exchange difference will be classified in the category where the related income and expense form the item giving rise to the foreign exchange difference.
 - New disclosure will be added: (a) management-defined performance measures; (b) specified expense by nature if expenses are presented by nature in the operating category of the statement of profit or loss; and (c) a reconciliation for each line item in the statement of profit or loss between the restated amounts presented applying IFRS 18 and the amounts previously presented applying IAS 1.
 - Interest received and interest paid will be classified in the financing activities.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (including amendments). In May 2024, the IASB issued the IFRS 19 - Subsidiaries without Public Accountability: Disclosures, and in August 2025 the IASB issued amendments to IFRS 19. IFRS 19 (including the amendments) becomes effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. Management has assessed that these amendments will not have a material impact;
- IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (Amendments). In November 2025, the IASB issued amendments to Translation to a Hyperinflationary Presentation Currency which amend IAS 21 The Effects of Changes in Foreign Exchange Rates, and they become effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. Management has assessed that these amendments will not have a material impact;
- Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

5. USE OF JUDGEMENTS AND ESTIMATES

In preparing these separate financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is presented below:

a1) Concession agreement

In November 1998 Law no. 213/1998 was issued regulating the statute of the public domain. This law provides that the ownership right over the public domain assets belongs to the State or local authorities, which can lease the assets that are in public property. In accordance with the provisions of Law no. 213/1998 and Law no. 219/1998, the Ministry of Economy and Commerce (currently the Ministry of Energy) has leased to the Company the hydropower facilities (dams, piers, locks, water storage reservoirs) and the land on which they are located. Thus, in December 2004, the concession contract no. 171/27.12.2004 was concluded between the Ministry of Economy and Commerce (currently the Ministry of Energy) (grantor) and Company (operator) for the hydropower assets in the public patrimony existing as at 31 December 2003.

The main terms of the concession contract and its subsequent amendments are the following:

- The State, through the Ministry of Economy and Commerce (currently the Ministry of Energy), holds the ownership right over the public assets that are the subject matter of the contract;
- The Company has the right to use these assets for a period of 49 years from the signoff date (the period may be extended in accordance with the provisions of the concessions law, by half of the original period, by mutual agreement of the parties), for the purpose of operation, refurbishment, modernization, rehabilitation, as well as construction of new hydro-power facilities according to the investment programs;
- The Company pays an annual royalty of 1/1000 of the annual revenues from power generation and system services generated in hydro-power facilities;
- Upon termination of the contract, certain assets that were used by the operator in carrying out the concession will be returned to the grantor, as explained below;
- The Company has the obligation to use the assets in accordance with the provisions of the concession contract and the operating license.

5. USE OF JUDGEMENTS AND ESTIMATES (continued)

The concession contract provides for the following types of assets:

- Assets to be returned – assets of public domain that belong to the grantor and that are returned to the grantor in full right, free of charge and free of any encumbrances, upon termination of the concession contract. Assets to be returned are assets of public domain such as dams, piers, locks, that are subject to the concession/lease, as well as those resulting from investments/improvements to these assets made by the Company during the concession contract period. The Company depreciates these investments/improvements over the lower of the concession contract remaining period and the useful life of those assets.
- Takeover assets – assets that belong to the operator and are used by the operator during the concession period and which are similar in nature to assets of public domain above (land improvements and constructions, technical installations and machinery), over which, upon termination of the concession contract, the grantor has an option to take over those assets in exchange for a payment equal to the “present book value” on the takeover date. In Company’s interpretation, the “present book value” is the net book value at the date of the takeover, and given that the Company uses the revaluation model, this value will be the revalued amount at that date. These assets are depreciated over their estimated useful life.
- Own assets – assets that, upon termination of the concession contract, remain the property of the operator. Own assets are assets (constructions, technological installations, machinery and equipment, measuring and control devices; vehicles; furniture, office equipment, protective equipment and other tangible assets) that belong to the operator and are used by the operator during the concession period, except for the takeover assets. These assets are depreciated over their estimated useful life.

In assessing the application of IFRIC 12 “Service concession arrangements”, the Company considered the following criteria of the public-private service concession arrangements in the analysis of the concession contract:

- a) The grantor controls or regulates what services the operator must provide within the infrastructure, to whom it must provide them and at what price; and
- b) The grantor controls – by ownership, beneficial entitlement or otherwise – any significant residual interest in the infrastructure at the end of the term of the arrangement.

The Company concluded that it is not within the scope of IFRIC 12 because it does not meet criterium a) above, the grantor does not regulate to whom the operator must provide the service and at what price. The Company considered that the price fixing mechanism introduced by the Government starting 1 January 2023 does not affect this conclusion as this mechanism is temporary and applied only to part of the production.

The Company recognises the royalty of the concession contract in Other operating expenses.

5. USE OF JUDGEMENTS AND ESTIMATES (continued)

a2) Leasing and refurbishing of assets to be returned

In assessing the application of IFRS 16 “Leases” to the concession contract presented above, the Company considered the following criteria to determine whether this contract contains a lease:

- a) the lessee has the right to obtain in essence all the economic benefits using the identified asset;
- b) the lessee has the right to direct the use of the identified asset.

The Company concluded that both criteria are met and, consequently, the concession contract contains a lease as the Ministry of Energy transferred the right to control the use of the assets of the public domain (assets to be returned) to the Company in exchange for a royalty. According to IFRS 16, the Company measured the carrying amount of the right-of-use asset and the amount of lease liability related to this contract as nil, because the future lease payments are variable and depending on Company’s revenue, the royalty being calculated as a percentage of revenues.

In respect of refurbishments made to the assets to be returned, the Company concluded that they are improvements of a leased asset for which the Company is the “accounting owner”, in the sense that these improvements serve the Company’s interest, as lessee, to use and control the leased assets. Consequently, the Company recognized improvements of assets to be returned as property, plant and equipment. The Company depreciates these assets over the lower of the concession contract remaining period and the useful life of those assets.

The Company believes that the following facts indicate that the Company is the “accounting owner” of improvements made:

- a) The Ministry of Energy, as a lessor, does not reimburse the Company, as lessee, for the cost of the improvements made. Consequently, the improvements are fully funded from the Company’s sources, and the Company is responsible to incur the costs;
- b) The Company has no obligation to make improvements of the assets to be returned. The decisions regarding refurbishment of the assets to be returned are made by the Company depending on its needs to use these assets and are unique to the Company’s intended use of the leased assets;
- c) The Company is permitted to alter the leasehold improvements without the consent of the lessor or without compensating the lessor;
- d) Improvements are made on the risk and responsibility of the Company (the Company bears the risk of overruns) and are not available to the grantor until the termination of the concession contract.

5. USE OF JUDGEMENTS AND ESTIMATES (continued)

a3) Cash-generating units ("CGU")

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets.

The Company concluded that the assets relating to hydro-power plants representing a single cash-generating unit, mainly based on the following considerations:

- the Company has a single hydro-power generation license which covers all power plants as a whole;
- the license stipulates the Company's obligation to maintain the availability of its production capacities as a whole;
- the decision to produce electricity in a hydro-power plant is made based on the technical operating conditions of the other hydro-power plants;
- the balancing of the electricity contracted and produced is made at the Company's level and not at individual plants;
- the contracts are concluded based on the total estimated electricity to be produced in a specific period in all of the Company's hydro-power plants, and the price is set for the entire production.

Also, the Company concluded that the wind park is a separate single CGU. The Company has different investment objective projects under construction related to hydro-power assets with complex/multiple functions for which reliable estimates related to future cash-flows can be made, therefore tested individually for specific impairment.

a4) Decommissioning obligations

Order of the Ministry of Water and Environment no. 119 of 11 February 2002 on approval of the Procedure of passage into conservation, post-utilisation or abandonment of dams provides the procedures for post-utilisation and abandonment of dams (including levees, hydro-power plants and locks) that must be carried out by the holders of dams under certain conditions provided by law. The Company has no legal or contractual obligations to disassemble and restore the site, other than those arising from Order no. 119, which are presented in the paragraphs below.

Dam holders are defined by GEO no. 244 of 28 November 2000 (republished) on the safety of the dams as legal persons of any title, who have in their possession, ownership and/or administration a dam.

Post-utilisation refers to the dams that have reached their normal operating life span and can be used for purposes other than those for which they were originally constructed for. Post-utilisation requires the implementation of a set of measures and works that will ensure the new functionality of the dam to protect the population and the environment in safe conditions. The necessary measures and works are carried out through the care of both the holder or administrator of the dam, and the post-user.

The post-utilisation of the dams is proposed by the holders of the dams and is approved by order of the minister that exercises control, coordination or authority over the entity that holds the dam, based on the endorsement of the Ministry of Water and Environment.

After the performance of the works required by the post-utilisation project, the hand over reception protocol between the former holder and the post-user is performed.

5. USE OF JUDGEMENTS AND ESTIMATES (continued)

Abandonment refers to completed or unfinished dams, with or without the normal life span exceeded, which can no longer be kept in operation or post-utilisation due to technical impossibility or very high costs and which, at the same time, represent a potential danger for the population and the environment. Abandonment requires the implementation of a set of measures and works for the decommissioning of the dam, the ecological reconstruction of the area and enabling adequate liquid and solid flows, including the maximum water flow in the dammed section. The necessary measures and works are carried out with the care of the holder or the administrator of the dam and must ensure the flow conditions existing prior to the construction of the dam.

The triggering events of dam abandonment operations include:

- the request of the holders of the dams, when they find that the necessary performance requirements according to the law cannot be met, the dams presenting an unacceptable associated risk;
- the disposition of the control bodies, following expertises that show that the dams present an unacceptable associated risk, constituting a real danger for the population and the environment;
- accidents, when the conclusions of the expert report specifically indicate the abandonment due to the very high cost of the necessary repairs, as well as not meeting the performance requirements and the safety criteria, etc.

The reception of the decommissioning and ecological reconstruction works is carried out by representatives of the holder of the dam and of the central or local public administration, who take over the respective area, by concluding a handover protocol.

The Romanian State, represented by the Ministry of Economy and Commerce, currently the Ministry of Energy, holds the ownership right over the hydropower developments (dams, levees, locks, storage lakes) and the land on which they are located that belong to the public domain and which are the subject of the concession contract mentioned above. The Company has the right to use these assets for a period of 49 years (remaining 28 years as of 31 December 2025).

According to the concession contract, the Company has the right during the contract to abandon or deactivate assets that are part of the public domain with the consent of the grantor.

The Company considers that, in accordance with the applicable legal provisions and practices, abandonment occurs in extreme situations, when the dams become an unacceptable risk impacting the environment and the population. Given that these constructions have complex functions in addition to power generation, including flood protection, water supply, irrigation etc., post-utilisation is the usual way in which these constructions will be transferred to central or local public administration, after they can no longer be used for power generation purposes.

The necessary works for post-utilisation are established by technical documentation prepared on the basis of an assessment of the safety status of the dam at that time, carried out by experts certified by the ministries and certified/endorsed by the Ministry of Water and Environment.

Moreover, the abandonment works are carried out on the basis of a special documentation prepared with the water authority approval, the environmental protection agreement, and the endorsement of the local and central public administration. These documentations and endorsements will establish the activities necessary for abandonment.

5. USE OF JUDGEMENTS AND ESTIMATES (continued)

The works and costs of transition into post-utilisation or abandonment are subject to significant uncertainties caused by the fact that the rate of degradation and the life span of a dam vary significantly from one case to another (some could reach more than 100 years), as well as by the complexity and variety of works that may be necessary for transition into post-use or abandonment, depending on the specific factual status of each dam at the time of entering post-utilisation or abandonment, on the cost sharing between the holder and the post-user, as well as by the very remote time period from present to the moment when the abandonment works would be performed, if any. Also, there are significant uncertainties related to the evolution of the degree of degradation and to the determination of the actual life span of a dam, which are dependent on natural disasters (floods, landslides, earthquakes, etc.) and on the reliability of the construction.

In addition, the Company estimates that, by the end of the concession contract (the remaining period of 28 years as of 31 December 2025), the occurrence of situations requiring post-utilisation or abandonment of public domain assets or its own assets – levees, hydro-power plants and locks (other than those in progress assets described in Note 22) is unlikely, considering the long life of the dams, which can be significantly extended over 100 years by maintenance and improvements.

Consequently, the Company recognizes decommissioning provisions only when management has taken the decision to abandon an asset or switch to post-utilisation or has no realistic alternative but to do so during the concession period. The provisions are recognized based on the costs resulting from the technical documentation prepared by specialists employed by the Company.

a5) Electricity sale-purchase contracts

Under IFRS 9 “Financial Instruments”, a contract to buy or sell a non-financial item (including electricity) may be classified and recognized as a financial instrument. According to paragraphs 2.4 and 2.6 of IFRS 9, if the contracts to buy or sell non-financial items can be settled net in cash or in another financial instrument, or by exchanging financial instruments, including if the underlying commodity is readily convertible into cash, they are in the scope of IFRS 9. The standard provides an exemption from applying IFRS 9 for the contracts that are entered into and continue to be held for the purpose of the receipt or delivery a non-financial item in accordance with the entity’s expected purchase, sale or usage requirements (“own-use exemption”).

The electricity is a commodity readily convertible into cash and therefore management has conducted an analysis in order to determine if own use exemption applies to its contracts.

5. USE OF JUDGEMENTS AND ESTIMATES (continued)

The main considerations are:

- the Company is an electricity producer and its only intention and purpose is to sell all the electricity produced;
- the forward sell contracts are concluded with the sole intention of delivering the electricity produced; the Company does not act as an electricity broker/dealer;
- the buy-sell transactions on the spot markets (day-ahead, intra-day and balancing markets) are entered into only for meeting the Company's selling and own balancing necessity and responsibility;
- in 2020 the Company started to be active in the electricity supply sector (selling electricity to end users), acting also as a service provider (including customer service); and
- the Company has used limited forward purchase electricity contracts and their purpose was to cover the needs for the contractual commitments for deliveries to final end consumers.

The Company concluded that own use exemption applies in all its electricity sale and purchase contracts in 2025 si 2024 and therefore are not in scope of IFRS 9.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

- Note 22 – assumptions related to the revaluation of property, plant and equipment;
- Note 22 – assumptions related to determination of recoverable amount of assets under construction;
- Note 7 g) and h) – estimates of useful lives of property, plant and equipment and intangible assets;
- Note 13 E – estimates in relation to electricity transfer price between production and supply activity used in calculation of tax for electricity producers;
- Notes 29 and 32 – recognition and measurement of provisions and contingent liabilities;
- Notes 7 k), 20 and 30 b) – determination of expected credit losses for trade receivables;
- Note 16 – assessment of obligations resulting from defined benefit plans and other long-term employee benefits: the main actuarial assumptions;
- Note 29 – estimates related to decommissioning provisions.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for financial assets and liabilities, and non-financial assets (property, plant and equipment).

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

5. USE OF JUDGEMENTS AND ESTIMATES (continued)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 22: property, plant and equipment;
- Note 30: financial instruments.

Climate-related risks

Hidroelectrica is exposed to climate-related risks, which can impact water resource availability, a key factor in hydropower generation. These include variability in precipitation, with the potential for altered river flows impacting water availability for energy production. The increased incidence of extreme weather events—such as the drought experienced in 2024 that led to a significant decrease in hydro production. Nevertheless, the company has historically observed that during droughts, electricity prices have increased, which may benefit the company through increased profit margins rather than through volumes sold.

To address climate-related risks, Hidroelectrica is emphasizing the diversification of its energy portfolio, particularly focusing on expanding into renewable energy sources. The company plans to develop and acquire solar parks and additional wind farms, aiming for an additional of minimum 500 MW of installed capacity in the next years. This shift towards solar and wind energy is strategically significant, especially given the inverse correlation between solar power generation and water levels for hydropower. The adoption of solar power, therefore, offers an offset during periods of low water availability, underlining the importance of a versatile and resilient energy mix in response to the challenges posed by climate variability.

The financial implications of climate-related risks include the fair value of Hidroelectrica's property, plant and equipment, related to water resources and hydropower facilities that can be affected by a lower volume of power generation estimated during projected useful life associated with climate change compared with the initial technical and financial performance indicators of such projects. These potential implications are considered in the economic obsolescence test conducted as part of the revaluation exercise performed as of 31 December 2023.

Also, with respect to investment objectives that are currently in progress, the specific impairment assessments performed consider a lower forecasted electricity production given the expected variability in precipitation.

5. USE OF JUDGEMENTS AND ESTIMATES (continued)

Work safety and safe operations

Protecting people is a priority of the Company and the Company is committed to safe and responsible operations to protect the health and safety of its employees, contractors and surrounding communities. This commitment demonstrated through established health and safety policies, ongoing learning and development via training on human rights and workplace safety, and the annual update of the HSE Prevention and Protection Plan.

While the Company aims for zero serious workplace accidents, incidents may still occur. However, the Company's top priorities remain the enhancement of safe working conditions.

Cyber risk

Digitalization brings many benefits, but it also increases risks related to cybersecurity and system reliance. As the Company's operations grow and depend heavily on IT systems and network infrastructure, these risks can cause operational disruptions, fraud, or data theft.

Any IT system failure, including from cyberattacks, could negatively impact the business, finances, and operations. Systems face threats like power outages and cyberattacks, and despite our cybersecurity measures, disaster recovery plans, and employee training, we may not be fully protected against all unauthorized access attempts. The Company is continuously enhancing its IT systems and cybersecurity to protect data confidentiality and integrity, while also educating its employees to responsibly manage cyber risks and IT systems failures.

Risk management and internal control

The Company's internal control framework includes compliance to the company's values and guidelines on ethics and corporate responsibility. A strong commitment to integrity, responsibility, and ethical behaviour is especially crucial in preventing and detecting fraud, bribery and corruption. The Company is committed to conducting its operations fairly, honestly, and in full compliance with all applicable laws. It adopts a zero-tolerance policy toward bribery and corruption in all its operations and relationships worldwide. Internal procedures addressing conflicts of interest, gifts and hospitality, and whistleblowing are designed to reduce potential fraud and corruption risks.

Company-wide fraud preventing, anti-bribery and corruption policies, along with whistleblower procedures, provide guidance on risk assessment, legal compliance, and reporting concerns.

The Company and its Supervisory Board take whistleblowing reports and negative media coverage seriously. Established policies ensure analysis of any breaches of the internal code of conduct or legal requirements, supported by an open channel for reporting. Internal reviews conducted throughout 2025, up to the financial statements' approval date, found no instances of ethical violations or non-compliance with laws and regulations.

6. BASIS OF MEASUREMENT

The separate financial statements have been prepared on the historical cost basis except for land, buildings, equipment and other items of property, plant and equipment, which are measured using revaluation model.

7. MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these separate financial statements.

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within finance costs.

(b) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer, while the revenue from electricity supply is measured based on lower of the agreed contractual prices with customers and, where applicable, the capped electricity prices as per legislation. The Company recognises revenue when it transfers control over a good or service to a customer.

7. MATERIAL ACCOUNTING POLICIES (continued)

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

	Nature and satisfaction of contractual obligations	Revenue recognition
Wholesale of electricity	The Company sells the majority of electricity produced on forward contracts with electricity suppliers and traders, on the spot market (day-ahead market) to the market operator (OPCOM) and on the balancing market to the system operator (Transelectrica). Invoices are issued at the end of the month or at the beginning of the following month for the electricity delivered in the current month. The payment term is 30 days from invoice date.	Revenue is recognized over time, because the customer simultaneously receives the benefits provided by the performance of the Company as the Company delivers electricity; generation and use of electricity are simultaneous because electricity is not stored. The contract liabilities primarily relate to the advance consideration received from customers under contract in relation to energy to be supplied in the following period.
Electricity supply to end users (retail sales of electricity)	The performance obligation is represented by delivery of electricity to the customer's location, which includes transmission and distribution, performed via third party assets. Customers obtain control of electricity as electricity is consumed. Revenue is recognized based on the volumes communicated to the Company by the distribution operators, which are based on automated or manual meter readings performed by the distribution operators, self-readings reported by the consumers, or based on estimates of electricity delivered for which readings were not yet performed for the interval between the date of last reading and the end of period. Invoices are usually issued on a monthly basis, in the month following consumption. The payment term is 45 days from invoice date for households final consumers and 30 days from invoice date for non-households final consumers.	Revenue is recognized over time, because the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company delivers electricity. At the end of the month an accrual is recorded for the quantity of electricity supplied during month but not yet invoiced, this being unbilled revenue. The recognition of unbilled revenue gives the unconditional right to receive the value for the electricity supplied and usually there are not difference between the estimated revenue and the amount invoiced. Electricity supply revenue include transmission and distribution tariffs, which are invoiced by the Company to end users. The transmission and distribution services are provided by the transmission operator and the distribution operators, and the related costs are billed by the transmission operator and the distribution operators to the Company. The Company assessed whether it is a principal or an agent in relation to transmission and distribution services (and related green certificates obligations as described under paragraph 7.j) passed through to the customer and it concluded that it acts as a principal. The considerations supporting this conclusion include: the Company has a single performance obligation, i.e. delivery of electricity to end user location, which includes transmission and distribution; electricity consumption happens instantaneously as the electricity is generated at the Company's plants and delivered through the transmission and distribution grids to the end user's location.

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

	Nature and satisfaction of contractual obligations	Revenue recognition
System services	System services consist of Company making available an agreed generation capacity to the system operator, Transelectrica, for a certain period of time. This capacity is used by Transelectrica in the process of balancing the electricity system. Invoices for system services are issued on a monthly basis, at the beginning of each month for the services provided in the previous month. The payment term is 30 days from invoice date.	As the Company makes available generation capacity measured in MWh and not specific assets, the Company concluded that the contract does not contain a lease and therefore is in scope of IFRS 15. Revenue is recognized over time, because the customer simultaneously receives and consumes the benefits provided by the Company's performance as the services are performed. The fee received for system services depends on the hourly capacities made available (ie number of hours for which the capacity multiplied by the capacity) and the hourly tariffs. Both the hourly capacities and the hourly tariffs are established based on the results of daily auctions organized by the system operator. If, during the interval the capacity is made available, the system operator orders the Company to produce electricity using the capacity made available, the electricity produced is sold on the balancing market at the price established on the respective market (see <i>Wholesale of electricity</i> section above).

(c) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount. There are no plan assets.

The defined benefit plans include cash benefits on retirement and benefits in kind consisting of free electricity granted to employees after retirement.

7. MATERIAL ACCOUNTING POLICIES (continued)

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income ("OCI"). The Company determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that the employees have earned in return for their service in the current period and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

Other long term employee benefits include cash benefits paid to employees at the moment when they achieve certain seniority milestones.

(v) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(d) Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes finance result and income taxes.

7. MATERIAL ACCOUNTING POLICIES (continued)

(e) Finance income and finance costs

The Company's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;
- unwinding of non-current provisions.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(f) Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Company has determined that interest and penalties related to income taxes, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

7. MATERIAL ACCOUNTING POLICIES (continued)

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences that occur on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(iii) Global minimum-top up tax

Law 431/2023 on ensuring a global minimum level of taxation for multinational groups and large national entities transposed into the national legislation the provisions of Directive 2523/2022. Also, according to Article 5 of the Law 431/2023, the explanations and examples from the Administrative Guidelines issued by the Organization for Economic Co-operation and Development ("OECD") are used for the application of this law.

Law 431/2023 is applicable to large groups of entities, both national and multinational, with a consolidated turnover (at the level of the entire group) of at least 750 million Euros in at least two years of the four years prior to the reference year. Thus, according to the legislation, starting with the financial year 2024, a supplemental tax ("Global minimum top-up tax ") should be collected each time the effective rate of 15%.

7. MATERIAL ACCOUNTING POLICIES (continued)

The effective tax rate ("ETR") is computed annually at the jurisdiction level. The ETR is calculated as the ratio of the adjusted covered taxes of the Constituent Entities ("CE") – the numerator and the qualifying net profit of the CE – the denominator, respectively. Both the numerator and the denominator represent the cumulative amounts of all CEs located in a jurisdiction. The OECD has introduced a number of safe harbours, aimed at simplifying the calculation for taxpayers, especially in the first years of application. As long as at least one of the tests mentioned under the protection regimes (de minimis test, the simplified ETR test and the routine profitability test) is met for a year, the additional tax in that jurisdiction for the Group can be considered to be zero. Thus, the Group analyzes if at least one of the aforementioned tests is met and, in the event that none of the tests is met, performs the calculation of the ETR at the level of the jurisdiction. If the ETR determined is less than 15%, the additional tax required to reach the minimum of 15% is recognized as corporate income tax.

(g) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are initially recognised at cost, which includes capitalized borrowing costs.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

After initial recognition:

- land, buildings, equipment and other items of property, plant and equipment are measured at revalued amount; and
- assets in progress are measured at cost less any accumulated impairment losses.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, the accumulated depreciation is eliminated from the gross book value, and the net amount is adjusted to the revalued amount of the asset.

If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised and accumulated in equity under revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same amount of the same asset previously recognised in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognized in equity in revaluation reserve if there is any credit balance existing in the revaluation reserve in respect of that asset.

The difference between revalued amount and the net book value of assets is recognized as revaluation reserve in equity.

7. MATERIAL ACCOUNTING POLICIES (continued)

The revaluation reserve is transferred to retained earnings in an amount corresponding to the use of the asset (as the asset is depreciated) and upon disposal of the asset.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated using the straight-line method over the assets estimated useful lives, and is recognized in profit or loss. Land and assets under construction are not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Category	Useful life (years)
Buildings and special installations	65 - 97
Buildings and special installations representing assets to be returned, according to the concession contract (see Note 5 a1))	The lesser of useful economic life and remaining period of the concession contract
Technological equipment	25 - 47
Measurement and control devices	15 - 23
Vehicles	16 - 24
Fixture and fittings	12

Depreciation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

(h) Intangible assets

(i) Recognition and measurement

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets include mainly software and licenses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

7. MATERIAL ACCOUNTING POLICIES (continued)

(iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives of software and licenses for current and comparative periods are 3 - 5 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Green certificates

The Company recognizes the green certificates granted under the support scheme for renewable energy generators at cost (which is 0) at the time of obtaining the right to receive the grant (when electricity is generated).

The Company recognizes green certificates purchased at cost.

The Company, as an electricity supplier, is required by law to purchase a number of green certificates (see Note 1 c)), whose cost is subsequently charged to the end users based on the quantities of electricity consumed. In order to meet the legal annual purchase obligation (annual target or quota), the Company uses both green certificates granted under the support scheme and green certificates purchased.

Green certificates needed to meet the obligation (quota) are estimated by the Group and an accrued expense is reflected in the Statement of financial position considering the acquisition cost. Further green certificates are acquired and expensed to the extent required to meet the quota obligation. Green certificates purchased in excess of the mandatory quota at the end of the reporting period are recognized in the separate statement of financial position. If the mandatory quota is not met at the end of the reporting period, then the Company recognized a liability in the separate statement of financial position.

The cost of green certificates recharged to end users of RON 354,337 thousand is recognized in profit or loss as part of Revenue from contracts with customers.

(j) Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents include cash balances, demand deposits and deposits with maturity of up to three months from the date of origination that have an insignificant exposure to the risk of change in fair value, and are used by the Company to manage short-term commitments.

7. MATERIAL ACCOUNTING POLICIES (continued)

A financial asset (unless it is a trade receivable without a significant financing component) or a financial liability is initially measured at fair value plus or minus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Investments in subsidiary companies - represent long-term strategic investments and are stated at historical cost, less any adjustments impairment caused by a diminished value, which is recognised as an expense in the period in which the impairment is identified. The main indicators considered for the identification of impairment are current and anticipated results of the subsidiary, in the context of the industry in which it operates.

The cost of investment is measured at initial recognition as fair value of consideration transferred. The consideration transferred for the acquisition of an investment, includes the fair value of the deferred consideration.

Investments held as of 31 December 2025 and as of 31 December 2024 represent fully controlled subsidiaries.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified into one of the business models: held to collect, held to collect and sell or other.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is classified as held to collect and measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets of the Company are classified as held to collect and give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Subsequent measurement and gains and losses.

Financial assets at amortized cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

7. MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities – Classification, subsequent measurement and gains or losses

Financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains or losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(iii) Derecognition

Financial assets

The Company derecognizes a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

7. MATERIAL ACCOUNTING POLICIES (continued)

(k) Impairment

(i) Financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at fair value through other comprehensive income. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognizes lifetime expected credit losses for trade receivables.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Group measures loss allowances at an amount equal to lifetime ECLs (Note 30).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessments, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

7. MATERIAL ACCOUNTING POLICIES (continued)

Measurement of ECLs

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset measured at amortised cost is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(ii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs, according to the judgement described in Note 5 a3).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

7. MATERIAL ACCOUNTING POLICIES (continued)

Impairment losses are recognized in profit or loss, except for the property, plant and equipment measured at revalued amount, in which case the impairment loss is recognized in other comprehensive income and decreases the revaluation reserve within equity to the extent that it reverses a previous revaluation surplus related to the same asset.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(l) Share capital

The Company recognized changes in share capital in accordance with the applicable legislation and after approval of the General Meeting of Shareholders and registration in the Trade Register.

Until 31 December 2003, the statutory share capital in nominal terms was restated according to IAS 29 *“Financial Reporting in Hyperinflationary Economies”* with a corresponding adjustment to retained earnings.

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12 (see 7 (f)).

(m) Public patrimony

Public patrimony represents the value of assets belonging to the *public domain*, that have been financed from state budgetary sources (public funds). The part of the value of these assets funded from budgetary sources is initially recognized as deferred income, and then, at the time of work acceptance and commissioning of the assets, the value is transferred to Public Patrimony assimilated to equity accounts. According to Government Decision 1705/2006, these assets will be transferred to the balance sheet of the institutions from whose sources they were financed, after the end of their economic life, based on an official act adopted for this purpose. According to OMFP no. 2844/2016, entities that have not completed the legal procedures for the transfer of such public patrimony assets, meanwhile report them separately in equity, in accounts assimilated to capital.

7. MATERIAL ACCOUNTING POLICIES (continued)

(n) Dividends

Dividends are recognized as a deduction from equity in the period in which their distribution is approved and recognized as a liability to the extent it is unpaid at the reporting date. Dividends are disclosed in the notes to financial statements when their distribution is proposed after the reporting date and before the date of the issuance of the financial statements.

(o) Provisions

A provision is recognized if, as a result of a past event, the Company has a current, legal or constructive obligation, which can be reliably estimated and it is likely that an outflow of resources incorporating economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Decommissioning

A decommissioning provision in respect of abandoned or switched to post-utilization hydro-power assets, and the related expenses are recognized when management has taken the decision to abandon an asset or switch an asset to post-utilisation or the Company has not a realistic alternative except to abandon or move to post-utilization an asset before the end of the concession period (see Note 5 (a4)).

Subsequent to initial measurement, the obligation is measured at the end of each reporting period to reflect the time value of money and any changes in the estimated future cash flows underlying the obligation. The increase in the provision due to time value of money is recognized as finance costs, while the changes in estimated future cash flow is recognized as operating expense.

The Company recognizes a decommissioning provision against property, plant and equipment in respect of decommissioning of the wind turbines. The obligation is measured at the end of each reporting period to reflect the time value of money and any changes in the estimated future cash flows underlying the obligation. The change in the provision due to time value of money is recognized as finance costs, while the changes in estimated future cash flow is recognized against property, plant and equipment.

(p) Contingent assets and liabilities

A contingent liability is:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- b) a present obligation that arose from past events but is not recognized because:
 - i. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - ii. the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements, but disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

7. MATERIAL ACCOUNTING POLICIES (continued)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent asset is not recognized in the financial statements, unless it is virtually certain. Contingent assets are only disclosed when an inflow of economic benefits is considered probable.

(q) Tax uncertainties

The Company applies IFRIC 23 *Uncertainties over income tax treatment* to account for uncertainties related to income tax.

An 'uncertain tax treatment' is an income tax treatment for which there is uncertainty over whether the relevant tax authority will accept it under tax law. Whether an uncertain tax treatment is present depends both on the specific position taken by the Company and on the applicable tax law. Therefore, uncertain tax treatments often occur when the applicable tax law is unclear or is not consistently understood.

If there is uncertainty about an income tax treatment, then the Company considers whether it is probable (more likely than not) that a tax authority will accept the Company's tax treatment included or planned to be included in its tax filing.

The Company reflects uncertainty about a tax treatment in measuring its current and deferred taxes as follows:

- Tax authority is likely to accept the Company's tax treatment: If the Company concludes that it is probable that the tax authority will accept its tax treatment, then it measures current and deferred taxes consistently with the tax treatment used or planned to be used in its income tax filing.
- Tax authority is unlikely to accept the Company's tax treatment: If the Company concludes that it is not probable that the tax authority will accept its tax treatment, then it reflects the effect of that tax uncertainty in determining the related taxable profit (or tax loss), tax bases, unused tax losses, unused tax credits and tax rates. To do so, the Company uses either the most likely amount or the expected value method - whichever better predicts the resolution of the uncertainty.

Uncertainties related to taxes that are not income taxes (e.g. value added tax or taxes in scope of IFRSC 21 *Levies*) are recognized and measured in accordance with IAS 37 *Provisions, contingent liabilities and contingent assets*, unless they are dealt with specifically in another standard (e.g. IAS 19 *Employee Benefits* for social security taxes).

Uncertainties surrounding the amount to be recognized as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities. The name for this statistical method of estimation is 'expected value'. The provision will therefore be different depending on whether the probability of a loss of a given amount is. Where there is a continuous range of possible outcomes, and each point in that range is as likely as any other, the mid-point of the range is used.

7. MATERIAL ACCOUNTING POLICIES (continued)

Where a single obligation is being measured, the individual most likely outcome may be the best estimate of the liability. However, even in such a case, the Company considers other possible outcomes. Where other possible outcomes are either mostly higher or mostly lower than the most likely outcome, the best estimate will be a higher or lower amount.

(r) Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if this rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

7. MATERIAL ACCOUNTING POLICIES (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets in Property, plant and equipment in the separate statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases (lease term of 12 months or less) and leases of low-value assets (less than USD 5,000 equivalent). The Company recognises the lease payments associated with these leases as an expenses on a straight-line basis over the lease term.

(s) Government grants

Government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. Grants related to the acquisition of assets are recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

For green certificates grants refer to Note 7 (i).

7. MATERIAL ACCOUNTING POLICIES (continued)

(t) Segment reporting

Segment results that are reported to the Company's Management Board and Supervisory Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(u) Subsequent events

Events occurring after the reporting dates until the date these financial statements were authorized for issue, which provide additional information about conditions prevailing at the reporting date (adjusting events) are reflected in these financial statements. Events occurring after the reporting dates until the date these financial statements were authorized for issue, which provide information on events that occurred after the reporting dates (non-adjusting events), when material, are disclosed in the notes to the financial statements.

(v) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for financial assets and liabilities, and non-financial assets (see Note 5 (b)).

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

8. CHANGE IN ACCOUNTING POLICY

The accounting policies applied in these separate financial statements are the same as those applied in the Company's separate financial statements as at and for the year ended 31 December 2024.

9. COMPARATIVES

These separate financial statements prepared at 31 December 2025 show comparability with the previous financial year separate financial statements.

10. OPERATING SEGMENTS

A. Basis for segmentation

The Company has identified two reporting segments based on the operating licenses owned – production of electricity and supply of electricity.

The following summary describes the operations of each reportable segment:

Reportable segment	Operations
Electricity generation	Production of electricity through the operation of hydropower plants, micro-hydropower plants and wind turbines, rendering of system services to the system operator (meaning making available an agreed generation capacity for the balancing needs of the energy system). Electricity produced is sold mainly to electricity suppliers and entities that trade electricity on the wholesale electricity market, as well as supplied to final consumers through the electricity supply segment.
Electricity supply	Supply of electricity to non-households and households final consumers. Electricity supplied to end consumers is mainly generated by the electricity generation segment, and where there is a gap, this is covered through spot or forward electricity purchases.

The Management Board of the Company reviews management reports of each segment. Segment profit before tax is used to measure performance because management believes that such information is one of the most relevant in evaluating the results of the segments.

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

10. OPERATING SEGMENTS (continued)

B. Information about operating segments

Year ended 31 December 2025	Electricity generation	Electricity supply	Total for reportable segments	Others	Inter-segment eliminations	Total
External revenues	4,112,373,887	5,510,421,144	9,622,795,031	35,053,501	-	9,647,848,532
Inter-segment revenue	1,673,945,907	-	1,673,945,907	-	(1,673,945,907)	-
Segment revenue	5,786,319,794	5,510,421,144	11,296,740,938	35,053,501	(1,673,945,907)	9,647,848,532
Segment profit before tax	2,936,202,840	944,186,296	3,880,389,136	35,053,501	-	3,915,442,637
Net finance income/(cost)	188,679,627	41,166,060	229,845,687	-	-	229,845,687
Amortization and depreciation	(870,446,020)	(1,492,004)	(871,938,024)	-	-	(871,938,024)
Impairment loss on property, plant and equipment	(99,462,374)	(748)	(99,463,122)	-	-	(99,463,122)
Electricity purchased	(23,880,422)	(2,528,081,278)	(2,551,961,700)	-	1,640,603,395	(911,358,305)
Green certificates expenses	-	(387,680,377)	(387,680,377)	-	33,342,512	(354,337,865)
Employee benefits expenses	(750,718,731)	(27,766,663)	(778,485,394)	-	-	(778,485,394)
Turbinated water	(444,764,067)	-	(444,764,067)	-	-	(444,764,067)
Tax for electricity producers	(122,721,182)	-	(122,721,182)	-	-	(122,721,182)
Transport and distribution of electricity	(54,192,034)	(1,580,645,870)	(1,634,837,904)	-	-	(1,634,837,904)
Other expenses	(672,120,761)	(82,224,958)	(754,345,719)	-	-	(754,345,719)

Year ended 31 December 2024	Electricity generation	Electricity supply	Total for reportable segments	Others	Inter-segment eliminations	Total
External revenues	5,520,163,184	3,602,985,676	9,123,148,860	148,936,882	-	9,272,085,742
Inter-segment revenue	1,342,797,031	-	1,342,797,031	-	(1,342,797,031)	-
Segment revenue	6,862,960,215	3,602,985,676	10,465,945,891	148,936,882	(1,342,797,031)	9,272,085,742
Segment profit before tax	4,103,255,268	528,236,661	4,631,491,929	148,936,862	-	4,780,428,811
Net finance income/(cost)	245,314,959	7,917,515	253,232,474	-	-	253,232,474
Amortization and depreciation	(896,008,456)	(82,889)	(896,091,345)	-	-	(896,091,345)
Impairment loss on property, plant and equipment	(39,493,787)	-	(39,493,787)	-	-	(39,493,787)
Electricity purchased	(25,715,723)	(1,490,355,288)	(1,516,071,011)	-	1,307,222,944	(208,848,067)
Green certificates expenses	-	(309,108,210)	(309,108,210)	-	35,574,087	(273,534,123)
Employee benefits expenses	(650,722,043)	(25,832,863)	(676,554,906)	-	-	(676,554,906)
Turbinated water	(517,805,427)	-	(517,805,427)	-	-	(517,805,427)
Tax for electricity producers	(234,654,212)	-	(234,654,212)	-	-	(234,654,212)
Transport and distribution of electricity	(64,394,869)	(1,163,997,341)	(1,228,392,210)	-	-	(1,228,392,210)
Other expenses	(575,163,352)	(94,351,976)	(669,515,328)	-	-	(669,515,328)

10. OPERATING SEGMENTS (continued)

Other expenses include the following captions from separate statement of profit or loss: Repair, maintenance, materials and consumables, Impairment loss on trade receivables and Other operating expenses.

The electricity generation segment includes also system services and production of electricity for system balancing which are billed to the system operator, Transelectrica SA (see details in Note 11).

Inter-segment revenue includes the value of electricity produced and transferred within the same entity from producer portfolio (generation segment) to supplier portfolio (supplier segment) of RON 1,616,722,973 in 2025 (2024: RON 1,271,354,516). Inter-segment revenue is calculated based on a methodology approved by the Management Board in 2021. The methodology used for computing transfer price between segments is based on the average electricity production cost in the last 12 months ending 2 months prior the calculation month, plus an internal margin.

The increase in profitability of the supply segment in 2025 compared to 2024 is due to the increase in selling price per MWh and the increase of number of clients, compared to the same period as in prior year.

All revenues are generated in Romania.

Total segment assets and total segment liabilities are not included in the management reports reviewed by the Management Board.

11. REVENUE

A. Revenue from contracts with customers

The Company generates revenue from:

	2025	2024
Wholesale of electricity	3,864,222,971	5,217,335,087
Electricity supplied to final consumers (retail sales)	5,510,421,144	3,602,985,676
System services	248,150,916	302,828,097
Total	9,622,795,031	9,123,148,860

Revenue from electricity supplied to final consumers reflect the value of volume supplied, including positive imbalances, which are based on automated or manual meter readings performed by the distribution operators, self-readings reported by the consumers, or based on volume estimated by distribution operators if readings are not available.

11.REVENUE (continued)

The majority of the Company's supply revenue in the year ended 31 December 2025 represent sales to non-household consumers (approx. 64 % of volume, 63% in 2024), for which readings are performed at the end of each month, data sent by the distribution operators. Also, approximately 71% (67% in 2024) of the volume supplied to household consumers in the year ended 31 December 2025 is determined based on meter readings at the end of the period, and the rest is based on estimates of the consumption, data sent by the distribution operators. Consequently, the Company assesses that the risk of revenue adjustment subsequent to period end that could result from the difference between the meter readings and the estimated volumes would have a limited impact on the financial statements.

In 2025, the Company produced 11,847 GWh (2024: 13,864 GWh) and sold 14,056 GWh (2024: 14,666 GWh). From total quantity sold, 7,244 GWh were supplied to end users in 2025 (5,572 GWh in 2024).

The Company has contracts with customers for periods up to 12 months.

Individual clients who represent more than 10% of the Company's revenues are as follows:

- Transelectrica SA, the electricity system operator - system services and production of electricity for system balancing (latter included in Sale of electricity produced) – RON 739,636,134 in 2025 (8%) and RON 1,946,833,917 in 2024 (21%);
- OPCOM SA, the market operator – sale of electricity produced on the spot market of RON 686,612,232 in 2025 (7%) and RON 2,704,049.345 in 2024 (30%).

Timing of revenue recognition:

	2025	2024
Revenue recognised over time	9,622,795,031	9,123,148,860
Total	9,622,795,031	9,123,148,860

B. Contract liabilities

As at 31 December 2025, the Company has contract liabilities of RON 48,391,638 (31 December 2024: RON 97,786,127). These represent advance payments from customers for future contractual obligations for electricity delivery and supply.

Contract liabilities as at 31 December 2024 of RON 97,786,127 were recognized as revenues during 2025 (2024: RON 41,719,807).

12. OTHER INCOME

	2025	2024
Grant income	5,642,425	5,794,211
Compensations, fines and penalties from suppliers	884,077	126,282,247
Other income	28,526,999	16,860,424
Total	35,053,501	148,936,882

On 2 April 2024, the High Court of Cassation and Justice, through Decision no. 1852, has definitively ruled in favor of Hidroelectrica in relation to the litigation with the tax authorities whose subject was the annulment of the Decision on settling the preliminary tax appeal no. 406/18.12.2014, annulment of Tax Decision no. F-MC 851/21.01.2014, in amount of RON 214,385,212, as well as the reimbursement of the imposed amount. In July 2024, the imposed amount was compensated with the tax obligations for the year 2024. Additionally, the Company received tax interest of RON 122,842,704 in September 2024, corresponding to the period between the enforcement of the imposed amount by the authorities and its compensation.

13. OPERATING EXPENSES

A. Turbined water

Turbined water represents the water used by the hydropower plants in order to generate electricity. The fee for turbined water established by the National Agency for Water Administration is RON 37 per MWh produced (2024: RON 37 MWh).

B. Electricity purchased

The Company purchases electricity in order to fulfill the deficit between the electricity contracted for sales and the actual electricity produced or in order to cover the electricity needs of the supply segment.

In 2025, the Company purchased 2,209 GWh (2024: 802 GWh) for RON 911,358,305 (2024: RON 208,848,067). The increase in electricity purchases in 2025 is mainly due to decrease of own production due a poor hydrology and increase in energy delivered under supply segment.

13. OPERATING EXPENSES (continued)

C. Transport and distribution of electricity

	2025	2024
Injection of electricity produced in the national system	39,173,613	62,359,501
Distribution of electricity supplied	1,301,105,512	949,130,524
Transport of electricity supplied	294,558,779	216,902,185
Total	1,634,837,904	1,228,392,210

Tariffs for transport and distribution of electricity are regulated.

Increase in transport and distribution costs in 2025 is determined by the increase in the regulated tariffs starting 1 January 2025 and the increase of energy delivered to final consumers.

D. Green certificates

As of 31 December 2025, the Group incurred costs of RON 354,338,865 (2024: RON 273,534,123) cost of green certificates purchased for the supply segment under the legal obligation to purchase green certificates from renewable energy producers, based on annual targets or quotas established by law, which apply to the quantity of electricity purchased and supplied to final consumers.

E. Tax for electricity producers

The tax for electricity producers is computed as 100% of net monthly average selling price in excess of RON 400 RON per MWh (RON (450 /MWh up to 31 March 20214)

In February 2025, the Government issued a new Emergency Ordinance (OUG no. 6/27.02.2024) extending the applicability period of the tax for an additional 3 months until 30 June 2025. Starting with 1 April 2025, the tax for electricity producers is computed as 80% (decreased from 100%) on the difference between the net monthly average selling price and 400 RON per MWh.

The tax recorded by the Company for 2025 is RON 122,721,182 (2024: RON 234,654,212).

13. OPERATING EXPENSES (continued)

F. Other operating expenses	2025	2024
Movement in provisions, net	21,511,010	25,863,081
Local taxes	143,480,551	81,616,684
Security	26,751,073	23,958,430
Sponsorship	8,780,048	13,560,664
Professional services	16,216,399	11,575,992
Services related to abandoned constructions	10,112,609	10,641,918
ANRE contribution	9,719,571	12,243,581
AMEPIP contribution	8,648,942	11,266,739
Penalties	2,815,633	12,694,544
Loss on disposal of property, plant and equipment	2,448,872	5,489,339
Other expenses	130,749,812	89,325,258
Total	381,234,519	298,236,230

The overall increase of local taxes as compared with prior year is due to the recording of tax on special constructions in amount of RON 51,133,367 which came into force starting 2025.

Other expenses in amount of RON 130,749,812 includes expenses with licenses used for less than 1 year in amount of RON 22,572,612, royalties paid to the Ministry of Energy as part of the service concession agreement amounting RON 6,360,539, third party services amounting RON 19,679,400 and management fees amounting RON 8,866,834.

G. Auditor remuneration

Remuneration of the statutory auditor, Ernst & Young Assurance Services SRL, for the audit services for the year 2025 (2024: KPMG Audit SRL), as well as the fees charged for non-audit services, are as follows:

	2025 (EUR)	2024 (EUR)
Contractual fee for the audits of the separate and consolidated financial statements prepared in accordance with OMFP no. 2844/2016 and of the consolidated financial statements prepared in accordance with IFRS-EU	269,000	217,235
Contractual fee for the audit of the separate financial statements prepared in accordance with OMFP 1802/2014 for Hidroserv SA	22,000	-
Total audit fees	291,000	217,235
Fees for non-audit services fees	167,000	129,859
Total fees	458,000	347,094

Non-audit services include reviews of interim condensed consolidated financial statements, limited assurance.

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

14. FINANCE RESULT

	2025	2024
Interest income	271,083,441	327,958,055
Dividends	1,516,400	-
Other finance income	42,656,962	9,891,578
Finance income	315,256,803	337,849,633
Interest expense	(21,379,170)	(26,117,608)
Unwinding of non-current provisions	(65,869,790)	(58,476,191)
Gain or (loss) from foreign exchange differences	1,837,844	(23,360)
Finance expenses	(85,411,116)	(84,617,159)
Net finance result	229,845,687	253,232,474

The decrease in interest income is generally due to the decrease in interest rates and decrease in deposits over the period.

The increase in other finance income are related to late payment penalties invoiced for outstanding balances as a result of a increase in the number of clients and their payment behavior.

15. EARNINGS PER SHARE

The calculation of earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2025	2024
<i>Profit attributable to the owners of the Company</i>		
Profit for the year attributable to the owners of the Company	3,337,517,121	4,071,551,582
Profit attributable to ordinary shareholders	3,337,517,121	4,071,551,582
<i>Weighted average number of ordinary shares (basic and diluted)</i>		
Issued ordinary shares at 1 January	449,802,567	449,802,567
Weighted average number of ordinary shares at 31 December	449,802,567	449,802,567
Earnings per share (basic and diluted) RON/share	7.42	9.05

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

16. EMPLOYEE BENEFITS

	31 December 2025	31 December 2024
Defined benefit plans	98,597,734	92,743,253
Other long-term employee benefits	43,179,024	42,301,294
Salaries payable	35,010,541	29,816,913
Social security contributions	24,958,836	24,166,439
Tax on salaries	4,402,379	4,265,390
Other	6,952,180	3,090,625
Total	213,100,694	196,383,914
- Current	87,070,447	79,929,776
- Non-current	126,030,247	116,454,138

Current portion of employee benefits is as follows:

	31 December 2025	31 December 2024
Defined benefit plans	11,787,842	11,398,343
Other long-term employee benefits	6,119,476	7,994,265
Salaries payable	35,010,541	29,816,913
Social security contributions	24,958,836	24,166,439
Tax on salaries	4,402,379	4,265,390
Other	4,791,373	2,288,426
Total	87,070,447	79,929,776

Post-employment benefits (defined benefit plans)

In accordance with the Collective Labour Agreements, the Company provides cash benefits to employees at retirement depending on the years of service in the Company, as follows:

Years of service	<i>Number of monthly gross base salary</i>	
	31 December 2025	31 December 2024
Up to 10 years	1	1
Between 10 and 25 years	3	3
More than 25 years	6	6

Benefits in kind

Also, in accordance with Collective Labour Agreements, the Company provides benefits in kind consisting of free electricity (within the limit of 1,200 kWh annually) to employees retired from the Company, subject to meeting certain conditions (at least 15 cumulative years of seniority in the Company or other companies operating in the electricity sector or at least 10 consecutive years of service in such companies before retirement). In the event of the retired person's death, the surviving spouse has the right to receive the same benefit until the time of their remarriage or death.

16. EMPLOYEE BENEFITS (continued)

Other long-term employee benefits

In accordance with the Collective Labour Agreements, the Company provides cash benefits to the Company's employees depending on seniority in the companies, as follows:

Seniority	Number of monthly gross base salary	
	31 December 2025	31 December 2024
20 years	1	1
25 years	2	2
30 years	3	3
35 years	4	4
40 years	5	5
45 years	6	6

(i) Movement in the defined benefit liability and other long-term employee benefits

The following tables show the reconciliation between the opening and closing balance for the defined benefit liability and other long-term employee benefits and their components. There are no benefit plan assets.

Defined benefit liabilities	2025	2024
Balance at 1 January	92,743,253	93,243,143
<i>Included in profit or loss</i>		
Current service cost	4,305,703	3,913,823
Interest cost	6,361,644	5,129,144
Benefits paid	(4,394,260)	(7,896,343)
<i>Included in other comprehensive income</i>		
Actuarial losses/(gains)	(418,606)	(1,646,514)
Balance at 31 December	98,597,734	92,743,253
Other long-term employee benefits	2025	2024
Balance at 1 January	42,301,294	41,085,875
<i>Included in profit or loss</i>		
Current service cost	2,273,103	2,153,738
Interest cost	3,027,985	2,541,283
Actuarial losses/(gains)	6,690,903	6,417,101
Benefits paid	(11,114,261)	(9,896,703)
Balance at 31 December	43,179,024	42,301,294

16. EMPLOYEE BENEFITS (continued)

(ii) Actuarial assumptions

The following are the main actuarial assumptions at each reporting date:

(a) Macroeconomic assumptions:

- the inflation rate used as at 31 December 2025 and 2024 is based on the forecast of the National Bank of Romania ("NBR") for the inflation for RON, as follows:

	Valuation date 31 December 2025	Valuation date 31 December 2024
Year		
2025	n/a	3.88%
2026	6.5%	3.33%
2027	3.07%	2.5%
2028+	2.5%	2.5%

- discount rate used was obtained from the interest rates for RON published by the European Insurance and Occupational Pensions Authority (EIOPA) as follows:

	Valuation date 31 December 2025	Valuation date 31 December 2024
Year		
2025	n/a	6.671%
2026	6.111%	6.902%
2027	6.240%	7.074%
2028	6.365%	7.198%
2029+	6.481%-4.059% (avg 5.046%)	7.198%-4.151% (avg 5.295%)

- increase in electricity price per kWh in line with the inflation rate. The electricity price used in the actuarial calculation is RON 1.0045/kWh as at 31 December 2025 (31 December 2024: RON 0.833/kWh);
- mortality rate used on is the rate published by the National Institute of Statistics for the last 10 years as of the valuation date.
- taxes and social contributions are those in force at the reporting dates.

(b) Company specific assumptions:

- growth rate of gross salaries used as at 31 December 2025 and 31 December 2024 is a rate equal to the inflation rate in the following years;
- employee' turnover rate used as at 31 December 2025 is based on annual averages of employee' turnover for the last 8 years differentiated by age and gender (31 December 2024: last 8 years average). The weighted average employee' turnover rate used as at 31 December 2025 is 1.24% (31 December 2024: 0.99%).

16. EMPLOYEE BENEFITS (continued)

(iii) Sensitivity analysis

The significant actuarial assumptions used for the determination of the defined benefits and other long-term employee benefits obligations are discount rate, expected salary increase and employee turnover. The sensitivity analysis below shows the effect on employee benefit liabilities – increase/(decrease), and was determined based on the reasonable changes in the respective assumptions at the end of the reporting periods, while other assumptions remain constant.

	31 December 2025		31 December 2024	
	Increase	Decrease	Increase	Decrease
Discount rate (100 bp)	(10,905,411)	12,735,759	(10,359,640)	12,102,339
Employee turnover ratio (100 bp)	(7,846,522)	5,836,523	(7,316,676)	4,459,459
Annual salary increase rate (100 bp)	7,029,050	(6,297,477)	6,414,534	(5,758,253)

The sensitivity analysis presented above may not be representative for the actual change in the benefit obligation, as it is unlikely that changes in the assumptions would occur independent from each other, while certain assumptions may be correlated. In the sensitivity analysis above, the present value of the benefit obligation was calculated using the projected unit credit method at the end of the reporting period, which is the same as the one applied to calculate the obligations recognized in the statement of financial position.

Employee benefits expense

	2025	2024
Average number of employees	3,544	3,537
Number of employees at 31 December	3,601	3,582
	2025	2024
Salaries and other remuneration	713,531,260	620,079,320
Social security contributions	33,853,544	28,612,458
Meal tickets	31,100,590	27,863,128
Total	778,485,394	676,554,906

17. INCOME TAX

In the determination of the current and deferred tax the Company takes into account the impact of uncertain tax positions (see Note 32). This assessment relies on estimates and assumptions and may involve a series of judgments about future events.

The Company considers that the accounting records for income tax due are appropriate for all open tax years, based on assessment made by management taking into account various factors, including the interpretation of tax legislation and previous experience. New information may become available that causes the Company to change its judgement regarding the adequacy of the existing tax liabilities; such changes to tax liabilities will have impact in tax expense in the period that such determination is made. (Note 32).

The increase of current tax liability by RON 118,585,013 as compared with prior period is due to higher income tax payable related to 4th quarter of 2025 as compared with the similar period from 2024.

(a) Amounts recognized to profit or loss

	<u>2025</u>	<u>2024</u>
Current tax expense	640,379,514	751,244,170
Deferred tax benefit	(62,453,998)	(42,366,941)
Total	<u>577,925,516</u>	<u>708,877,229</u>

(b) Amounts recognized in OCI

	<u>2025</u>			<u>2024</u>		
	Tax			Tax		
	Before	(expense)/	Net	Before	(expense)/	Net
	tax	benefit		tax	benefit	
<i>Items that will not be reclassified to profit or loss</i>						
Impairment of PPE recognized in revaluation reserve, net of tax	(510,200)	-	(510,200)	(770,110)	-	(770,110)
Remeasurement of defined benefit liability	418,606	(66,978)	351,628	1,646,514	(263,441)	1,383,073
TOTAL	<u>(91,594)</u>	<u>(66,978)</u>	<u>158,572</u>	<u>876,404</u>	<u>(263,441)</u>	<u>612,963</u>

17. INCOME TAX (continued)

(c) Reconciliation of effective tax rate

	2025		2024	
Profit before tax		3,915,442,637		4,780,428,811
Tax using the Company's domestic tax rate	16%	626,470,822	16%	764,868,610
Global minimum tax	0.0%	7,743,356	0.2%	8,116,947
Tax effect of:				
- Non-deductible expenses	0.2%	6,300,394	0.4%	17,170,709
- Tax-exempt income	(0.0%)	(245,127)	(0.0%)	(2,371)
- Tax incentives	(1.3%)	(68,346,785)	(1.7%)	(81,276,666)
- Effect of previously unrecognized temporary differences	0.2%	(6,002,856)	-	-
Income tax	15.0%	577,925,516	14.8%	708,877,229

In 2025 and 2024, tax incentives refer to reinvested profit tax facility, positive tax incentive, increase in equity tax incentive and sponsorships granted. The main increase is due to the increase in equity tax incentives for equity preservation.

According to the Fiscal Code, certain revaluation reserves are subject to income tax at their distribution as dividends, if the revaluation reserves were previously tax deducted.

(d) Global minimum top-up tax

The Company qualifies as a large group at the national level and is subject to the global minimum top-up tax according to Law no. 431/2023. The Law transposes into national legislation the provisions of Directive 2523/2022 regarding the establishment of a minimum tax level ("Directive 2523"), which includes the guidelines from the Pillar Two of the "Global anti-base erosion model rules" (called "GloBE rules") issued by the OECD/G20 Inclusive Framework on BEPS as well as the Administrative Guidelines for the GloBE rules. For the year 2025, the Company has recorded an expense and a long-term liability regarding the additional top-up tax amounting to RON 7,743,356 (2024: RON 8,116,947).

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

17. INCOME TAX (continued)

(e) Movement in deferred tax balances

	Net balance at 1 January 2025	Recognized in profit or loss	Reconized in OCI	Net balance at 31 December 2025	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment and intangible assets	1,701,633,004	(43,262,374)	-	1,658,370,630	-	1,658,370,630
Provisions	(155,688,162)	(13,980,565)		(169,668,727)	(169,668,727)	-
Employee benefits	(21,607,129)	(1,144,132)	66,978	(22,684,283)	(22,684,283)	-
Leasing liabilities	(12,696,686)	(636,836)	-	(13,333,522)	(13,333,522)	-
Trade receivables	(49,161,353)	(3,149,912)		(52,311,265)	(52,311,265)	-
Inventories	(6,306,793)	(280,179)		(6,586,972)	(6,586,972)	-
Total deferred tax liabilities (assets) before set-off	1,456,172,881	(62,453,998)	66,978	1,393,785,861	(264,584,769)	1,658,370,630
Set-off tax					264,584,769	(264,584,769)
Net deferred tax liabilities (assets)					-	1,393,785,861
	Net balance at 1 January 2024	Recognized in profit or loss	Reconized in OCI	Net balance at 31 December 2024	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment and intangible assets	1,732,736,184	(31,103,181)	-	1,701,633,004	-	1,701,633,004
Provisions	(149,493,392)	(6,194,770)		(155,688,162)	(155,688,162)	-
Employee benefits	(21,492,642)	(377,928)	263,441	(21,607,129)	(21,607,129)	-
Leasing liabilities	(14,094,736)	1,398,050	-	(12,696,686)	(12,696,686)	-
Trade receivables	(42,978,974)	(6,182,379)		(49,161,353)	(49,161,353)	-
Inventories	(6,400,060)	93,267		(6,306,793)	(6,306,793)	-
Total deferred tax liabilities (assets) before set-off	1,498,276,380	(42,366,941)	263,441	1,456,172,881	(245,460,123)	1,701,633,004
Set-off tax					245,460,123	(245,460,123)
Net deferred tax liabilities (assets)					-	1,456,172,881

17. INCOME TAX (continued)

(f) Potential consequences on income tax

The Company may have potential consequences on corporate income tax that may result from the payment to shareholders of dividends from revaluation reserves transferred to retained earnings which, according to tax law, are taxed at the time of change of destination, to the extent they were previously tax deducted. Thus, the distribution of dividends from such reserves will generate additional income tax. The Company has such reserves transferred in retained earnings at 31 December 2025, which following the distribution would generate additional income tax for the Company of RON 27,229,601 (31 December 2024: RON 18,836,539).

The potential tax effect of revaluation reserves taxable at change in destination/distribution (at 16% tax rate) that were not yet transferred to retained earnings, amount to RON 346,537,747 at 31 December 2024 (RON 354,930,809 at 31 December 2024).

18. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents

	31 December 2025	31 December 2024
Bank accounts	813,656,635	975,938,522
Bank deposits with a maturity below 3 months	-	379,648,372
Petty cash	71,906	87,645
Cash equivalents	2,415,208	848,701
Total	816,143,749	1,356,523,240

Restricted cash

As at 31 December 2025, restricted cash includes a collateral deposit of RON 23,057,741(31 December 2024: RON 21,057,741) at Banca Comerciala Romana for issuance of bank guarantee in favor of OPCOM in relation to the transactions on Day-Ahead market. During the period until maturity the Company does not have access to this deposit. In addition, the restricted cash includes consigned deposits for dividend payments and consigned cash for compensations to be paid for expropriations.

19. INVESTMENTS IN DEPOSITS

	31 December 2025		31 December 2024	
	Current	Non-current	Current	Non-current
Bank deposits with maturity less than 1 year held for investment purposes	3,732,016,142	-	3,475,932,995	-
TOTAL	3,732,016,142	-	3,475,932,995	-

Bank deposits are short-term deposits with maturity between 3 to 12 months held for investment purposes rather than for short term cash commitments. The average interest rate on term deposits was 6.74% per year in 2025 (2024: 5.89% per year).

20. TRADE RECEIVABLES

	31 December 2025	31 December 2024
Trade receivables – generation segment (wholesale)	284,312,314	415,677,082
Trade receivables – supply segment (retail)	1,749,809,713	1,521,268,359
Impairment allowance	(336,428,858)	(304,111,389)
Total	1,697,693,169	1,632,834,052

The unbilled revenues included in trade receivables amount to RON 685,870,552 gross at 31 December 2025, representing 34% of total gross trade receivables (RON 668,926,120 at 31 December 2024, representing 35% of total gross trade receivables), out of which RON 595,652,046 gross relate to supply segment (RON 420,887,122 as at 31 December 2024).

Of the invoiced receivables at 31 December 2025, RON 182,739,882 represents payment rescheduled receivables (31 December 2024: RON 333,509,906).

The movement of impairment loss for trade receivables is as follows:

	2025	2024
Balance at 1 January	304,111,389	235,879,050
Impairment loss recognized	58,739,723	80,401,850
Impairment loss used	(2,623,286)	(964,504)
Impairment loss reversed	(23,798,968)	(11,205,007)
Balance at 31 December	336,428,858	304,111,389

Trade receivables ageing analysis is disclosed in Note 30. Trade receivables due from related parties are disclosed in Note 33.

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

21. OTHER ASSETS

	31 December 2025		31 December 2024	
	Current	Non-current	Current	Non-current
Payments made in connection with uncertain tax treatments	-	63,612,328	-	63,612,328
Advances for fixed assets	-	402,750,734	-	208,557,734
Prepayments	54,620,972		13,844,591	
Value added tax receivable	901,646	-	551,335	-
Other assets	17,549,922	5,776,517	13,367,601	3,532,747
Impairment loss on other assets	(15,199,508)	-	(6,100,750)	-
Total	57,873,032	472,139,579	21,662,777	275,702,809

The movement of impairment losses for other receivables is as follows:

	2025	2024
Balance at 1 January	6,100,750	27,753,513
Impairment loss recognized	9,098,758	-
Impairment loss used	-	(21,339,041)
Impairment loss reversed	-	(313,722)
Balance at 31 December	15,199,508	6,100,750

Payments made in connection with uncertain tax treatments

Details regarding the payments made in connection with uncertain tax position are presented in Note 32.1 a).

The Company recognized these payments as an asset based on IFRIC 23 Uncertainty over Income Tax Treatments because they will either be refunded if the Company is successful in the litigations related to the liability or they will be used to pay the liability in case of loss of the dispute.

Non-current payments in advance mainly represent advance payment for the AHE Vidraru overhaul contract signed in June 2024 and the comparative figures were reclassified accordingly, from current prepayments in line with their nature. In addition, the balance as of 31 December 2025 include advance payment for CHE Stejaru and Lotru pumping stations for which related contracts were signed in 2025.

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

22. PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings and special constructions and installations	Machinery, equipment and other items	Assets under construction	TOTAL
GROSS CARRYING AMOUNT					
Balance at 1 January 2024	500,750,815	16,317,530,457	2,869,904,350	4,244,098,888	23,932,284,510
Additions	4,432,913	541,477	18,246,350	280,446,101	303,666,841
Transfers from assets under construction	-	72,863,441	151,185,998	(224,049,439)	-
Disposals	-	(413,376)	(7,060,183)	(7,225,333)	(14,698,892)
Balance at 31 December 2024	505,183,728	16,390,521,999	3,032,276,515	4,293,270,217	24,221,252,459
Balance at 1 January 2025	505,183,728	16,390,521,999	3,032,276,515	4,293,270,217	24,221,252,459
Additions	4,543,373	1,475,050	445,513	595,004,261	601,468,197
Transfers from assets under construction	-	69,868,200	90,703,619	(160,571,819)	-
Transfers to intangible assets				(17,576,272)	(17,576,272)
Change in decommissioning		127,362			127,362
Disposals	(7,422,523)	(3,606,795)	(830,730)	(854,412)	(12,714,460)
Balance at 31 December 2025	502,304,578	16,458,385,816	3,122,594,917	4,709,271,975	24,792,557,286
ACCUMULATED DEPRECIATION					
Balance at 1 January 2024	1,427,990	22,136,235	6,324,001	-	29,888,226
Depreciation charge	771,796	411,398,231	481,087,125	-	893,257,152
Accumulated depreciation of disposals	-	(5,448)	(6,261,991)	-	(6,267,439)
Balance at 31 December 2024	2,199,786	433,529,018	481,149,135	-	916,877,939
Balance at 1 January 2025	2,199,786	433,529,018	481,149,135	-	916,877,939
Depreciation charge	1,019,306	412,059,838	453,417,217	-	866,496,361
Accumulated depreciation of disposals	-	(1,093,925)	(344,883)	-	(1,438,808)
Balance at 31 December 2025	3,219,092	844,494,931	934,221,469	-	1,781,935,492
ACCUMULATED IMPAIRMENT LOSSES					
Balance at 1 January 2024	-	-	-	3,578,781,450	3,578,781,450
Impairment loss	-	-	3,175	109,636,096	109,639,271
Reversal of impairment loss	-	-	-	(70,111,224)	(70,111,224)
Balance at 31 December 2024	-	-	3,175	3,618,306,322	3,618,309,497
Balance at 1 January 2025	-	-	3,175	3,618,306,322	3,618,309,497
Impairment loss	-	-	-	101,240,022	101,240,022
Reversal of impairment loss	-	-	-	(1,918,667)	(1,918,667)
Balance at 31 December 2025	-	-	3,175	3,717,627,677	3,717,630,852
NET CARRYING AMOUNT					
Balance at 1 January 2024	499,322,825	16,295,394,222	2,863,580,349	665,317,438	20,323,614,834
Balance at 31 December 2024	502,983,942	15,956,992,981	2,551,124,205	674,963,895	19,686,065,023
Balance at 31 December 2025	499,085,486	15,613,890,885	2,188,370,273	991,644,298	19,292,990,942

22.PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment in use

The Company's property, plant and equipment include mainly special constructions, namely hydro-power plants, energy pumping stations, micro hydro-power plants, floodgates, as well as hydro-aggregates, equipment and installations and wind turbines. The Company operates 188 hydro-power plants with an installed capacity of 6,372.403 MW, out of which 5 pumping stations with an installed capacity of 91.5 MW, and 36 wind turbines with an installed capacity of 108 MW.

According to the applicable legislation, the Company must obtain environmental permits to carry out its activities. Starting in 2021, the Company has obtained environmental permits that remain valid as long as annual endorsements are secured for them. The Company has the obligation to request annual endorsements from the Competent Authority for Environmental Protection (ACPM). In 2024 and 2025, annual endorsements were obtained for all permits subject to these regulations, except for facilities that are not in use.

The conditions set forth in the environmental permits include compliance with environmental legislation applicable to wind and hydro-power facilities, monitoring of environmental factors, and the frequency of reporting monitoring results to ACPM. In order to monitor the environmental factors, the Company performs measurements of the physical and chemical quality indicators of reservoir water, industrial and wastewater, as well as noise level measurements at site boundaries. In 2025, all required measurements were performed in accordance with regulatory documents, and no legal limits were exceeded. The Company expects that the legal limits of the indicators as provided by the current legislation and regulatory acts will not be exceeded in 2026 as well.

Right-of-use assets

Property, plant and equipment include right-of-use assets mainly in relation to the Company's headquarters, land of the wind park and the car fleet.

	2025	2025	Total	2024	2024	Total
	Land and buildings	Vehicles		Land and buildings	Vehicles	
Balance at 1January	91,277,846	18,323,418	109,601,264	89,999,223	6,360,480	96,359,703
Additions	1,780,923	349,200	2,130,123	1,278,623	18,210,711	19,489,334
Disposals	(965,338)	(429,009)	(1,394,347)	-	(6,247,773)	(6,247,773)
Balance at 31December	92,093,430	18,243,609	110,337,040	91,277,846	18,323,418	109,601,264
Balance at 1January	(32,441,144)	(1,784,916)	34,226,060	(23,564,225)	6,324,001	29,888,226
Depreciation	9,153,124	4,403,906	13,557,030	8,876,919	1,708,688	10,585,607
Disposals	-	-	(1,134,638)	-	(6,247,773)	(6,247,773)
Balance at 31December	40,628,930	6,019,322	46,648,452	32,441,144	1,784,916	34,226,060
Net book value	51,464,500	12,224,087	63,688,587	58,836,702	16,358,502	75,375,204

22.PROPERTY, PLANT AND EQUIPMENT (continued)

Revaluation of property, plant and equipment

Property, plant and equipment, except for assets under construction and right-of-use assets, were revalued by an independent valuation expert at 31 December 2023.

The fair value measurement of property, plant and equipment is classified as Level 3 as inputs used for valuation techniques, which have had a significant effect on the recorded fair value, are not based on observable market data. The fair value of the Group's land was estimated using the market comparison approach, the method of direct comparison. The valuation technique used to determine the fair value of the special constructions, the net reconstruction cost was used given that no comparable information were available on the market (include hydro-power facilities and other highly specialized items, with no such works being undertaken in the last decades in Romania). Physical depreciation was determined as the ratio of remaining useful life to the economic useful life of each asset applied to the gross replacement cost.

For the general purpose construction items, the valuation expert determined the net replacement cost (i.e. the cost to replace an asset with another comparable asset available in the market), computed as gross replacement cost, less physical and external depreciation (functional depreciation is accounted for when computing the gross replacement cost – i.e. the replacement cost does not include the cost of specific functionalities that are not specific to the asset subject to valuation)

Based on the assessment conducted as of 31 December 2025 with the involvement of an independent specialist which corroborates the evolution of the construction cost index and other macroeconomic indicators with the forecasted electricity production from hydro-power plants and the forecasted curve of selling price, the Group's management estimate is that the net carrying amount of property, plant, and equipment accounted for using the revaluation model approximates the fair value as of the balance sheet date.

Assets under construction

As at 31 December 2025, the Company has assets under construction with a gross carrying amount of RON 4,709,533,797 (31 December 2024: RON 4,293,270,217) for which it recognized accumulated impairment losses of RON 3,717,627,679 (31 December 2024: RON 3,618,306,322).

The main assets under construction relate to the construction or rehabilitation of the following hydro-power projects or plants: construction of hydro- power plants – Bumbesti – Livezeni, Siriu – Surduc, Rastolita, Cornetu-Avrig, Pascani, Cerna Belareca, Cerna-Motru-Tismana, Bistra, Cosmesti-Movileni, Valea Sadului, Fagaras Hoghiz, Runcu Firiza; and rehabilitation of hydro-power plants – CHE Stejaru, CHE Slatina.

22.PROPERTY, PLANT AND EQUIPMENT (continued)

These assets under construction include mainly investments with complex functions, represented by historical investment objectives regarding hydropower development schemes with social functions (described below) which have been designed to have a secondary energy function. The primary objectives of these investment objectives are rational and safe water supply management, including:

- Limitation of flooding effects;
- Protection of population, communities and agricultural land;
- Water supply to riverain communities;
- Insuring water reserves to supply population and industry;
- Insuring flow for irrigation during periods of drought;
- Retaining solid flow in the water accumulations.

The social functions described above are specific to public authorities, which are not-for-profit entities. In fact, many of these investments belonged to the “Romanian Waters” National Agency, the governmental body concerned with regional planning and water management, in the past. Hidroelectrica SA is incorporated under Companies Law no. 31/1990 and is not a not-for-profit organization. In addition, Hidroelectrica does not benefit from public funds to complete such social investments, which, if continued to be funded, would impair shareholder value.

These “historical” hydro-power projects were mainly initiated between 1982 and 1989, following a number of Decrees of the State Council, and were financed by public funds, through the ministries involved as owners. After 1989, some of these projects were continued by the Romanian Waters National Agency, financed with public funds, before they were transferred to Hidroelectrica. The economic and energy conditions have significantly changed compared to 1980s and 1990s, mainly due to the shut down of the state centralized investment fund, and the beneficiaries of these complex works ceased funding the specific works included in the hydro-power projects, while the costs of these works remained to be incurred by Hidroelectrica.

After Hidroelectrica entered insolvency in June 2012 and in the view of the planned future listing of the Company’s shares, the legal administrators strongly prioritized the Company focus on profit and rational cash management.

In 2017 the Company contracted a specialized engineer, ISPH SA, to estimate the costs of abandonment, conservation and securing the works performed on the investments with complex functions. In 2018, based on the analysis of costs and benefits, the management decided to abandon certain investment objectives, as presented below and in Note 29.

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

22.PROPERTY, PLANT AND EQUIPMENT (continued)

For the investment objectives for which the decision to abandon was taken, impairment losses were recognized at the amount of their total gross carrying amount. The gross carrying amount of abandoned investments is RON 590,889,477 as at 31 December 2025 and 31 December 2024. For these investment objectives the Company recognized provisions for decommissioning and site restoration (see Note 29).

Project	Purpose	Gross carrying amount	Accumulated impairment	Net carrying amount
Borca – Poiana Teiului	Galu Step	9,022,718	(9,022,718)	-
Cosmesti – Movileni	Cosmesti Step	93,206,729	(93,206,729)	-
Surduc – Siriu	Ciresu-Surduc Step	17,345,275	(17,345,275)	-
Fagaras-Hoghiz	Fagaras – Hoghiz	174,949,578	(174,949,578)	-
Runcu – Firiza	Runcu Firiza	87,807,430	(87,807,430)	-
Dambovita – Clabucet	Dambovita – Clabucet	34,761,669	(34,761,669)	-
Valea Sadului-Vadeni	Valea Sadului-Vadeni	165,209,205	(165,209,205)	-
Others		8,586,873	(8,586,873)	-
Total		590,889,477	(590,889,477)	-

In 2025 and 2024 impairment losses were recognized for assets under construction, other than the abandoned assets mentioned above, as follows:

Project	Gross carrying amount 31 December 2025	Accumulated impairment loss 31 December 2025	Net book value 31 December 2025	Impairment loss/(reversal) 2025
AHE Bumbesti-Livezeni	806,576,940	(446,183,742)	360,393,198	(23,408,845)
CHE Racovita	62,796,188	(62,796,188)	-	-
AHE Rastolita	736,807,263	(736,807,263)	-	(13,958,289)
AHE Siriu-Surduc	769,691,907	(677,544,385)	92,147,521	(28,401,758)
AHE Pascani	470,421,909	(470,421,909)	-	(34,806,305)
AHE Cerna-Belareca	319,451,464	(319,451,464)	-	(501,355)
AHE Cornetu-Avrig	108,390,789	(107,100,183)	1,290,606	-
Cerna Motru Tismana - Stage II	73,618,102	(72,942,551)	675,551	-
Lac redresor Sebes	59,957,775	(59,957,775)	-	-
Bistra	44,292,876	(37,303,605)	6,989,271	-
Rehabilitation of Portile de Fier II	45,265,051	(45,265,051)	-	-
Others	67,130,946	(66,614,739)	516,206	-
Total	3,564,401,206	(3,102,388,854)	462,012,352	101,076,552

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

22.PROPERTY, PLANT AND EQUIPMENT (continued)

Project	Gross carrying amount 31 December 2024	Accumulated impairment loss 31 December 2024	Net book value 31 December 2024	Impairment loss/(reversal) 2024
AHE Bumbesti-Livezeni	789,332,611	(422,774,897)	366,557,714	(28,314,053)
CHE Racovita	62,781,188	(62,781,188)	-	-
AHE Rastolita	722,848,974	(722,848,974)	-	68,778,292
AHE Siriu-Surduc	750,190,905	(666,488,060)	83,702,845	(33,447,119)
AHE Pascani	435,615,604	(435,615,604)	-	39,132,979
AHE Cerna-Belareca	318,950,109	(318,950,109)	-	684,944
AHE Cornetu-Avrig	108,261,601	(106,985,994)	1,275,606	1,036,370
Cerna Motru Tismana - Stage II	72,942,551	(72,942,551)	-	-
Lac redresor Sebes	56,363,185	(56,363,185)	-	-
Bistra	45,013,279	(45,013,279)	-	3,513
Rehabilitation of Portile de Fier II	45,265,051	(45,265,051)	-	-
Others	77,511,317	(71,387,954)	6,123,363	(8,350,052)
Total	3,485,076,373	(3,027,416,845)	457,659,528	39,524,874

Determination of recoverable amounts

The determination of the recoverable amounts of the investments under construction above was based on a series of assumptions related to the feasibility of completion of the investments and the projected cash flows.

22.PROPERTY, PLANT AND EQUIPMENT (continued)

The significant assumptions used in estimating the recoverable amount are presented below. The estimates were based both on historical data, as well as on management's assessment of future trends related to electricity prices, margins, costs to complete and climate related risk:

Assumptions	Method for building the estimates	
	31 December 2025	31 December 2024
Cost to complete the projects, annual cash flows to completion and the date of commissioning	based on the contracts concluded with the suppliers for each project or estimation made by management (see below)	
Installed capacities	based on technical data for each project (see below)	
Capacity utilization rate	80% of the production capacity on average (based on Company average historical electricity production and average historical electricity also adjusted downwards for addressing climate risks.)	
Electricity prices	Based on reports prepared by external consultants for the period 2025-2060, adjusted for certain assumptions; 2% annual price increase (long-term inflation rate) for the period 2061 – 2080	Based on reports prepared by external consultants for the period 2025 – 2060; 2% annual price increase (long-term inflation rate) for the period 2061 – 2080
Operating expenses	For Bumbești Livezeni, Răstolița, Siriu Surduc, and Pașcani projects, the Company has determined future cash flows by estimating the operating expenses specific to each project (expenses for turbinated water, employee benefits, maintenance expenses, material expenses), as well as indirect expenses.	
Useful life	50 years	50 years
Discount rate before tax	10.6%	10.4%

22.PROPERTY, PLANT AND EQUIPMENT (continued)

The Company's estimates of the costs necessary to complete the projects under construction, as well as the annual production capacities to be installed per year, are as follows:

Year	Estimated costs to complete		Installed capacity per year (GW)	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
2025	-	160,974,719	-	30
2026	194,890,000	520,669,795	-	10
2027	495,949,000	667,949,194	-	207
2028	810,021,668	335,701,069	404	222
2029	187,583,555	118,144,882	152	65
2030	198,112,190	10,000,000	65	-
Total	1,886,556,413	1,813,439,659	621	534

The Company estimated that approximately 88% of the additional generation capacity will be installed by the end of 2028.

The impairment losses recognized were mainly driven by the change in the assumptions used on future prices of electricity, change in discount rate, as well as by the update of the work schedule until completion.

The main variations in the recoverable amount/ impairment loss in 2025 and 2024 refer mainly to the following investment projects:

- Bumbesti-Livezeni project, with a net carrying amount of RON 360,393,198 as at 31 December 2025 (31 December 2024: RON 366,557,714), for which the works were suspended in 2017 due to the fact that the construction and environmental authorisations were cancelled as a result of litigation lost by the Company with non-profit organizations. The project started in 2003, while in 2005 the National Park "Defileul Jiului" was ruled as protected area; therefore the Company needs to reassess the impact on the environment and obtain new authorisations.
The additional impairment of RON 23,408,845 in 2025 for Bumbesti-Livezeni project was driven by the change in main assumptions (discount rate, prices of energy and inflation).
The Company is currently in process of obtaining new construction and environmental authorisations in order to continue the works. In 2022, the authorities informed the Company that the documentation submitted does not comply with the legal requirements and needs to be revised. In 2024, the revised environmental documentation was re-submitted to the authorities and public consultations were held. Management believes that there are no issues that would prevent the Company to obtain the authorizations and complete the project. Consequently, the recoverable value of the project was determined considering that the project will be completed in 2028.
- Siriu-Surduc project with a net carrying amount of RON 74,802,246 as at 31 December 2025 (31 December 2024: RON 83,702,844), for which works were suspended due to the fact that the construction and environmental authorizations for the construction of the dam were cancelled as a result of litigation lost by the Company with non-profit organizations. The project started in 1983 and comprises 3 hydropower plants, out of which one was put in function in 1988, for another one the management decided to abandon the project and the third one is under construction, with the works suspended until revision of the impact on the environment and obtain new authorisations.
The additional impairment of RON 28,401,759 in 2025 for Siriu-Surduc project was driven driven by the change in main assumptions (discount rate, prices of energy and inflation).
Management believes that there are no issues that would prevent the Company to obtain the authorisations and complete the project. Consequently, the recoverable value of the project was determined considering that the project will be completed in 2028.

22.PROPERTY, PLANT AND EQUIPMENT (continued)

Sensitivity analysis

The sensitivity analysis below shows the effect on profit before tax, and was determined based on the reasonable changes in key assumptions at the end of the reporting periods, while other assumptions remain constant.

		Increase/ (decrease) of Profit before tax	
		100 bp increase	100 bp decrease
2025	Discount rate before tax	(108,651,041)	135,367,789
2024		(121,362,849)	154,595,489

		Increase/ (decrease) of Profit before tax	
		5% increase	5% decrease
2025	Operating expenses	(10,124,282)	(10,124,282)
2024		(13,402,966)	13,402,966

		Increase/ (decrease) of Profit before tax	
		5% increase	5% decrease
2025	Electricity prices	62,844,024	(62,844,024)
2024		71,593,345	(71,441,872)

		Increase/ (decrease) of Profit before tax	
		500 bp increase	500 bp decrease
2025	Capacity utilization rate	62,844,024	(62,844,024)
2024		89,416,997	(88,187,104)

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

23. INVESTMENTS IN SUBSIDIARIES

	31 December 2025	31 December 2024
Hidroserv S.A.	70,576,810	70,576,810
Uzina de Construcții Mașini Hidroenergetice S.R.L.	244,650,000	244,650,000
Total	315,226,810	315,226,810

In January 2024, the Company set-up a new subsidiary, Uzina de Construcții Mașini Hidroenergetice S.R.L., initial share capital contribution to the newly subsidiary was RON 119,650,000. Subsequently, in November 2024, the Company made a second contribution to the subsidiary's share capital of RON 125,000,000. Uzina de Construcții Mașini Hidroenergetice S.R.L. took over in March 2024 the business lines ABC and Calnicel platform, of UCM Resita SA, the amount paid was RON 67,879,000.

The subsidiaries' net assets as per their statutory financial statements at 31 December 2025 and 2024 are:

	31 December 2025	31 December 2024
Net assets of Hidroserv S.A.	154,881,561	131,576,158
Net assets of UCMH S.R.L.	284,759,021	247,906,485

24. CAPITAL AND RESERVES

(a) Share capital

	31 December 2025	31 December 2024
Nominal share capital	4,498,025,670	4,498,025,670
Inflation adjustments in accordance with IAS 29	1,028,872,000	1,028,872,000
Total	5,526,897,670	5,526,897,670

Until 31 December 2003, the share capital in nominal terms was restated in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies", the related adjustments being recognized against retained earnings.

As at 31 December 2025 and 31 December 2024, the authorized, subscribed share capital of the Company is divided into 449,802,567 ordinary shares with a nominal value of RON 10 per share. The shareholders are entitled to dividends and each share grants a voting right.

	31 December 2025		31 December 2024	
Shareholders	Number of shares	%	Number of shares	%
Ministry of Energy	360,094,390	80.0561%	360,094,390	80.0561%
Legal persons	75,600,136	16.8074%	73,287,787	16.2933%
Individuals	14,108,041	3.1365%	16,420,390	3.6506%
Total	449,802,567	100%	449,802,567	100%

24.CAPITAL AND RESERVES (continued)

(b) Revaluation reserve

The reconciliation between opening balance and closing balance of the revaluation reserve is as follows:

	2025	2024
Balance at 1 January	11,555,225,745	12,047,813,106
Transfer of revaluation reserve to retained earnings following depreciation and disposal of property, plant and equipment, net of tax	(465,980,372)	(491,817,251)
Revaluation reserve adjustments on impairment of property, plant and equipment	(510,200)	(770,110)
Balance at 31 December	11,088,735,173	11,555,225,745

(c) Other reserves

Other reserves include:

- legal reserve of RON 920,729,953 (31 December 2024: RON 920,729,953), set-up annually as 5% of the profit before tax until the total legal reserve reach 20% of the paid-up nominal share capital. Legal reserves are mandatory, are deductible for income tax purposes and are not distributable;
- Other non-distributable reserves of RON 97,000,000 at 31 December 2025 and 2024, set-up in 2006 based on Government Emergency Ordinance no. 89/2004.

(d) Dividends

On 29 April 2025, the Shareholder General Meeting approved the distribution of dividends from the 2024 profit of RON 4,043,229,023, representing 100% of the 2024 eligible for distribution net profit in the statutory separate financial statements of the Company.

The value of the distributed dividends per share is 8.988897 RON/share (2024: 13.99 RON/share).

Liabilities in relation to dividends include:

	2025	2024
Dividends payable	6,451,583	5,182,867
Tax on dividends	284,577	469,825
Total	6,736,160	5,652,692

Romanian companies may distribute dividends from statutory earnings only, as per separate financial statements prepared in accordance with Romanian accounting regulations.

24.CAPITAL AND RESERVES (continued)

(e) Capital management

The capital management of the Company is significantly influenced by the regulations. The distribution of dividends is governed by special regulation, including the Government Ordinance no. 64/2001, according to which, in the case of companies wholly or majority-owned by the State, minimum 50% of the accounting profit shall be distributed as dividends, unless otherwise provided by special laws.

The Company' policy is to maintain a strong capital base as to maintain investor, creditor and market confidence and to sustain future developments of the business. Management monitors the return on capital, as well as the level of dividends to shareholders. The net debt / (net cash and short-term investments) to ADJUSTED EBITDA should not exceed 3.

		2025	2024
Bank borrowings		213,315,268	300,733,276
Lease liabilities		71,647,900	79,354,288
Less: Cash and cash equivalents		(816,143,749)	(1,356,523,240)
Less : Short-term investments		(3,732,016,142)	(3,475,932,995)
Net debt /(net cash and short-term investments)	A	(4,263,196,723)	(4,452,368,671)
ADJUSTED EBITDA⁽¹⁾	B	4,703,009,302	5,472,649,687
Net debt /(net cash and short-term investments)			
to ADJUSTED EBITDA ratio	A/B	(0.91)	(0.81)

(1) ADJUSTED EBITDA (Earnings before interest, tax, depreciation and amortisation) is calculated as EBITDA, defined and calculated as profit/(loss) before tax before (i) depreciation and amortization of property, plant and equipment and (ii) interest income and expense, and ADJUSTED FOR (a) impairment/reversal of impairment of property, plant and equipment and (b) impairment/reversal of impairment of financial investments. EBITDA and ADJUSTED EBITDA are not IFRS measures and should not be treated as an alternative to IFRS measures. Moreover, ADJUSTED EBITDA is not uniformly defined. The method used to calculate ADJUSTED EBITDA by other companies may differ significantly from that used by the Company. As a consequence, the ADJUSTED EBITDA presented in this note cannot, as such, be relied upon for the purpose of comparison to EBITDA or ADJUSTED EBITDA of other companies.

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

25. BORROWINGS

Description	31 December 2025	31 December 2024
BRD Groupe Societe Generale dated 4 March 2021 of RON 1,250,000,000 - loan contracted for financing the acquisition of Crucea Wind Farm SA and Hidroelectrica Wind Services SRL. Proceeds from loan: EUR 130,000,000 (representing RON 635,219,000) Repayment: quarterly installments between 11 June 2021 and 11 March 2028. Interest is linked to EURIBOR 3 months plus a margin. Year of maturity: 2028.	213,315,268	300,733,276
Total loans	213,315,268	300,733,276
Current portion	94,957,232	92,886,954
Non-current portion	118,358,036	207,846,322

In 2025 the Company repaid loans of RON 93,673,821 (2024: RON 92,349,679).

The loan agreement with BRD Groupe Société Générale includes the following financial ratios:

- Debt service coverage ratio, calculated as the ratio between EBITDA (from which dividend payments, capital expenditures, and taxes are deducted) and debt service – minimum value: 1.1;
- Leverage ratio – maximum value: 3.0.

According to the loan agreement, if either of the above indicators is not met, the Company benefits from a 60-day grace period for remediation starting from the date the lender notifies the Company.

As of December 31, 2025, the debt service coverage ratio, as defined under contract, is below 1.1, therefore long-term portion of the loan amounting RON 118,358 thousand shall be classified as current liability. As the net debt service defined under contract is positive given the Group's debt level compared with EBITDA, as the interest are higher than the debt service. A waiver letter was received from the bank, subsequent to 31 December 2025.

A similar breach was recorded as of 31 December 2024, the long-term portion of the loan being of RON 207,846 thousand. A waiver letter was obtained from the bank subsequent to 31 December 2024.

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

25. BORROWINGS (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activity

	Bank borrowings	Lease liabilities	Total
Balance at 1 January 2025	300,733,276	79,354,288	380,087,563
<i>Changes from financing cash flows</i>			
Repayment of bank loans	(93,673,821)	-	(93,673,821)
Lease payments	-	(9,486,038)	(9,486,038)
Total changes from financing cash flows	(93,673,821)	(9,486,038)	(103,159,859)
The effect of changes in foreign exchange rates	6,505,363	-	6,505,363
<i>Other changes</i>			
<i>Liability-related</i>			
Lease modifications	-	1,779,650	1,779,650
Interest expense	6,765,118	5,224,422	11,989,540
Interest paid	(7,014,669)	(5,224,422)	(12,239,091)
Total liability-related other changes	(249,550)	1,779,650	1,530,099
Balance at 31 December 2025	213,315,268	71,647,900	284,963,167

	Bank borrowings	Lease liabilities	Total
Balance at 1 January 2024	393,534,741	66,300,971	459,835,711
<i>Changes from financing cash flows</i>			
Repayment of bank loans	(92,349,679)	-	(92,349,679)
Lease payments	-	(6,436,017)	(6,436,017)
Total changes from financing cash flows	(92,349,679)	(6,436,017)	(98,785,696)
The effect of changes in foreign exchange rates	(58,212)	-	(58,212)
<i>Other changes</i>			
<i>Liability-related</i>			
Lease modifications	-	19,489,334	19,489,334
Interest expense	14,136,228	4,310,953	18,447,181
Interest paid	(14,529,803)	(4,310,953)	(18,840,756)
Total liability-related other changes	(393,574)	19,489,334	19,095,759
Balance at 31 December 2024	300,733,276	79,354,288	380,087,563

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

26. TRADE PAYABLES

	31 December 2025	31 December 2024
Electricity suppliers	194,104,731	107,728,825
Electricity distribution services suppliers	183,987,973	146,305,563
Property, plant and equipment suppliers	205,091,782	74,328,377
Turbinated water supplier	101,173,106	70,250,442
Maintenance and repairs suppliers	53,200,462	41,528,690
Other suppliers	96,752,358	35,972,324
Total trade payables	834,310,412	476,114,220
Current	819,409,878	475,115,635
Non-current	14,900,534	998,585

The suppliers of electricity, electricity distribution, water and maintenance and repairs are mainly those presented in Note 33 Related Parties.

Other suppliers include service providers, materials and consumables providers.

The Company has guarantees received from suppliers of RON 798,191,652 at 31 December 2025 (RON 474,497,200 at 31 December 2024) that are off-balance. These guarantees represent performance guarantees in the form of bank letters of guarantee, insurance policies and escrow accounts. The increase is mainly due to the guarantees received for works contracted by the Group for maintenance and development.

27. OTHER PAYABLES

	31 December 2025		31 December 2024	
	Current	Non-current	Current	Non-current
Payables to the State	25,762,266	-	29,705,046	-
Performance deposits from suppliers	20,063,420	54,586,301	7,955,007	54,550,218
Performance deposits from clients	45,512,292	-	57,587,395	-
Dividends payable	6,736,160	-	5,652,692	-
Other	29,262,282	109,669	13,962,466	109,345
Total	127,336,420	54,695,970	114,862,606	54,659,563

Payables to the State represent mainly VAT payable of RON 21,392,597 as at 31 December 2025 (31 December 2024: RON 28,078,111).

Starting from the second quarter of 2024, the Company requires potential end customers with counterparty risk to provide multiple payment guarantee options, including the establishment of monetary guarantees. In this regard, guarantee deposits are opened by customers, with the deposit amount based on the estimated contractual value of the electricity supplied for a period up to three months, and these deposits remain valid for the entire contractual period.

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

28. DEFERRED INCOME

	31 December 2025		31 December 2024	
	Current	Non-current	Current	Non-current
Government grants	5,554,937	145,702,825	6,091,097	155,275,571
Other	39,539	933,526	42,006	995,841
Total	5,594,476	146,636,351	6,133,103	156,271,412

Government grants represent amounts received from the State for the construction of certain investment projects.

Reconciliation between opening and closing balance of government grants:

	2025	2024
Balance at 1 January	161,366,668	136,878,918
Increase in the year	5,941,752	30,377,190
Released to income	(16,050,658)	(5,889,439)
Balance at 31 December	151,257,762	161,366,668

29. PROVISIONS

	31 December 2025		31 December 2024	
	Current	Non-current	Current	Non-current
Litigation and claims	92,717,470	-	70,651,160	-
Decommissioning	-	911,465,144	-	848,188,672
Tax provisions	-	97,666,739	-	95,316,032
Other provisions	53,546,229	-	53,731,556	-
Total	146,263,699	1,009,131,883	124,382,716	943,504,704

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

29. PROVISIONS (continued)

	Litigation and claims	Decommissioning	Tax provisions	Other provisions	Total
Balance at 1 January 2025	70,651,160	848,188,672	95,316,032	53,731,556	1,067,887,420
Provisions recognized against PPE	-	127,362	-	-	127,362
Provisions in P&L loss	22,214,369	21,326,721	-	42,543,456	86,084,546
Provisions used	-	-	-	(42,681,941)	(42,681,941)
Provisions reversed	(148,058)	(17,289,494)	(4,407,200)	(46,842)	(21,891,594)
Unwinding (Note 14)	-	59,111,883	6,757,907	-	65,869,790
Balance at 31 December 2025	92,717,470	911,465,144	97,666,739	53,546,229	1,155,395,582

	Litigation and claims	Decommissioning	Tax provisions	Other provisions	Total
Balance at 1 January 2024	162,818,480	746,285,396	90,544,424	24,359,462	1,024,007,762
Provisions recognized against PPE	-	(344,065)	-	-	(344,065)
Provisions in P&L loss	1,881,095	50,150,967	-	53,091,457	74,641,213
Provisions used	(65,279,278)	-	-	(23,614,403)	(88,893,681)
Provisions reversed	(28,769,137)	-	(1,608,209)	(104,960)	-
Unwinding (Note 14)	-	52,096,374	6,379,817	-	58,476,191
Balance at 31 December 2024	70,651,160	848,188,672	95,316,032	53,731,556	1,067,887,420

I. Provisions for litigation and claims

As at 31 December 2025 and 31 December 2024, provisions for litigations include RON 67,618,460 relating to the litigation with the Consortium formed of Romelectro SA, Hidroconstructia SA and ISPH Project Development SA (the Consortium) started in 2013. The subject of the litigation is disputes over the contract signed in 2004 for Bumbesti-Livezeni investment project. The Consortium requested RON 88,400,000 representing additional works performed by the Consortium starting 2010 until the date of commencement of the litigation. Following several rulings and appeals in 2019 the file was sent to retrial. In 2020 the Court requested a technical expert report. Based on the past rulings, the expert report issued on 17 February 2022 and considering the probability of an unfavourable outcome the Company recognized a provision of RON 67,618,460.

The company recognized in 2025 an additional provision for litigation raised against the Company for interest and penalties related to late payments of works not initially recognized.

II. Decommissioning provision

In 2018 and 2019, the management of the Company decided to abandon certain investment projects in progress (Note 22). As a result, the Company recognized decommissioning provisions against profit or loss for the present value of the works estimated to be necessary to abandon those assets. The decommissioning costs were estimated based on studies performed by an external technical expert in 2017, updated during 2024 taking into account the current cost of the main decommissioning activities.

29. PROVISIONS (continued)

Main abandonment costs included in the provision are:

- cost to demolish existing constructions;
- cost to transport the waste materials to the nearest ecological deposit;
- environmental tax, in accordance with the legal requirements;
- cost to deposit the waste at an ecological deposit.

The costs were discounted using discount rates between 4.73% and 5.73% (31 December 2024: between 5.27% and 7.09%), depending on the expected period of decommissioning.

A decommissioning provision of RON 15,299,726 is related to the wind farm. The effects of changes in assumptions underlying the decommissioning costs for the wind farm are recognized against property, plant and equipment.

III. Tax provisions

Tax provisions of RON 97,666,739 at 31 December 2025 (31 December 2024: RON 95,316,032) represent the present value of the VAT expected to be paid at the write off of the abandoned investment projects (Note 22).

IV. Other provisions

	Employee profit sharing	Variable component remuneration for Management and Supervisory Board	Others	Total
Balance at 1 January 2025	25,917,365	16,764,576	11,049,615	53,731,556
Provisions recognized in profit or loss	29,504,000	13,025,000	14,456	42,543,456
Provisions used	(25,917,365)	(16,764,576)	-	(42,681,941)
Provisions reversed	-	-	(46,842)	(46,842)
Balance at 31 December 2025	29,504,000	13,025,000	11,017,229	53,546,229

	Employee profit sharing	Variable component remuneration for Management and Supervisory Board	Others	Total
Balance at 1 January 2024	23,614,403	-	745,059	24,359,462
Provisions recognized in profit or loss	25,917,365	16,764,576	10,409,516	53,091,457
Provisions used	(23,614,403)	-	-	(23,614,403)
Provisions reversed	-	-	(104,960)	(104,960)
Balance at 31 December 2024	25,917,365	16,764,576	11,049,615	53,731,556

30. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

(a) Accounting classifications and fair values

In accordance with IFRS 9, the Company's financial assets and liabilities are measured at amortized cost. According to the business model of the Company, financial assets and liabilities are held to collect contractual cash flows and these cash flows are solely payments of principal and interest. The Company did not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(b) Financial risk management

Credit risk

Credit risk is the risk that the Company will incur a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and this risk derives mainly from trade receivables, cash and cash equivalents, and investments in deposits and bonds.

Cash and bank deposits are placed in financial institutions that are considered to have high creditworthiness, part of these being held by Romanian State, such as CEC Bank and Exim Bank.

Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk.

	31 December 2025	31 December 2024
Trade receivables	1,697,693,169	1,632,834,052
Cash and cash equivalents	816,143,749	1,356,523,240
Restricted cash	55,723,542	21,057,471
Investments in deposits and bonds	3,732,016,142	3,475,932,995
Total	6,301,576,602	6,486,347,758

Trade receivables

The Company's exposure to credit risk is mainly influenced by the individual characteristics of each client. The Company has established a credit policy according to which each new business client is analyzed individually from the point of view of creditworthiness before the conclusion of a contract, so that the sale is made to the clients with adequate creditworthiness. For household clients, such credit risk analysis is not performed due to the nature and volume of the customers and due to the legislation in force. Impairment adjustments of trade receivables reflect the expected credit losses, calculated based on the loss rates.

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

30.FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

The following table provides information about the exposure to credit risk and expected credit loss (ECL) for trade receivables as at 31 December 2025:

	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Net trade receivables
Not past due	2.02%	963,609,054	(19,486,649)	944,122,405
Past due - from 0 to 3 months	15.61%	118,043,539	(18,422,462)	99,621,077
Past due - from 3 to 6 months	55.76%	54,935,923	(30,632,607)	24,303,316
Past due - from 6 months to 1 year	90.72%	64,069,017	(58,124,448)	5,954,687
Past due - more than 1 year	100.00%	209,750,473	(209,750,473)	-
Total		1,410,408,005	(336,406,520)	1,074,001,485
Customers analyzed individually		623,691,684	-	623,691,684
Total trade receivables		2,034,099,689	(336,416,639)	1,697,693,169

The following table provides information about the exposure to credit risk and expected credit loss (ECL) for trade receivables as at 31 December 2024:

	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Net trade receivables
Not past due	2,21%	802,366,376	(17,744,371)	784,622,005
Past due - from 0 to 3 months	17,80%	140,961,970	(25,095,806)	115,866,164
Past due - from 3 to 6 months	73,31%	69,495,832	(50,945,404)	18,550,428
Past due - from 6 months to 1 year	100,00%	69,230,782	(69,230,782))	-
Past due - more than 1 year	100,00%	141,095,026	(141,095,026)	-
Total		1,223,149,986	(304,111,389)	919,038,597
Customers analyzed individually		713,795,455	-	713,795,455
Total trade receivables		1,936,945,441	304,111,389)	1,632,834,052

Customers analyzed individually represent outstanding amounts from customers for which the Company believes that there is a negligible risk to collect.

Loss rates estimated for 2025 are based on the actual credit loss experienced over the past six quarters considering the evolution of the supply segment and the delays in invoicing the electricity supplied (31 December 2024: past six quarters).

The Company has guarantees received from customers of RON 591,805,583 at 31 December 2025 (RON 527,949,485 at 31 December 2024) in the form of bank letters of guarantee. Under client guarantees are included cash deposits of RON 45,504,714 (see Note 27).

30.FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk represents the risk that the Company may have difficulties in meeting the obligations associated with financial liabilities settled by transfer of cash or another financial asset. The Company has significant cash and cash equivalents and short-term investments, therefore it does not face significant liquidity risk.

The Company monitors the level of cash inflows forecasted from collection of trade receivables, as well as the level of cash outflows forecasted for the payment of loans, trade and other payables. The Company aims to maintain a level of current bank accounts and bank deposits that exceeds the cash outflows forecasted for the payment of financial liabilities.

Exposure to liquidity risk

The following table shows the remaining contractual maturities of financial liabilities at the reporting date. The contractual cash flows are presented gross and undiscounted and include estimated contractual interest payments.

31 December 2025	Carrying amount	Contractual cash flows			
		Total	< 12 months	1 - 5 years	> 5 years
Financial liabilities					
Trade payables	834,310,412	834,310,412	819,409,878	14,900,534	-
Bank borrowings	213,315,268	219,217,273	98,802,637	120,414,636	-
Lease liabilities	71,647,900	89,781,274	14,596,149	46,701,259	28,483,866
Total	1,119,273,580	1,143,308,959	932,808,664	182,016,428	28,483,866

31 December 2024	Carrying amount	Contractual cash flows			
		Total	< 12 months	1 - 5 years	> 5 years
Financial liabilities					
Trade payables	476,114,220	476,114,220	475,115,635	998,585	-
Bank borrowings	300,733,276	316,523,991	100,618,245	215,905,746	-
Lease liabilities	79,354,288	101,967,239	14,327,708	50,922,328	36,717,203
Total	856,201,784	894,605,450	590,061,588	267,826,659	36,717,203

Market risk

Market risk is the risk that changes in market prices – foreign exchange rate and interest rate – will affect the Company's profit or the value of the financial instruments held. The objective of market risk management is to control market risk exposures within acceptable parameters, while optimizing the return.

30.FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

(i) *Interest rate risk*

The Company has long-term bank borrowings with variable interest rates, which may expose the Company to interest rate risk.

	31 December 2025	31 December 2024
Fixed-rate instruments		
<i>Financial assets</i>		
Restricted cash	55,723,542	21,057,471
Investments in deposits and bonds	3,732,016,142	3,475,932,995
Total	3,787,739,684	3,496,990,466
<i>Financial liabilities</i>		
Lease liabilities	(71,647,900)	(79,354,288)
Total	(71,647,900)	(79,354,288)
Variable-rate instruments		
<i>Financial liabilities</i>		
Bank borrowings	(213,315,268)	(300,733,276)
Total	(213,315,268)	(300,733,276)

Fair value sensitivity analysis of fixed-rate instruments

The Company has no financial assets and financial liabilities with a fixed interest rate recognized at fair value through profit or loss. Therefore, a change in interest rates on the reporting date would not result in a gain or loss in profit or loss.

Cash flow sensitivity analysis of variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) the profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular currency exchange rates, remain constant.

	Increase/ (decrease) of Profit before tax	
	50 bp increase	50 bp decrease
2025		
Variable-rate instruments	(1,066,576)	1,066,576
2024		
Variable-rate instruments	(1,503,666)	1,503,666

30.FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

(ii) Currency risk

The Company is exposed to transactional foreign currency risk to the extent that there is mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currency of the Company. The functional currency of the Company is the Romanian Leu (RON).

The currency in which these transactions are primarily denominated are RON. Certain liabilities are denominated in foreign currencies as EUR and USD. The Company's risk management policy is to primarily use the local currency. The Company does not use derivative instruments or hedging instruments.

31 December 2025			
- RON equivalent of the currency -			
	EUR	USD	CHF
Trade receivables	228,068	-	-
Investment deposits and corporate bonds	277,256,430		
Cash and cash equivalents	2,557,892	89,298	2,604
Trade payables	(59,648,480)	-	-
Bank borrowings	(213,315,268)	-	-
Lease liabilities	(58,718,651)	-	-
Net statement of financial position exposure	(51,640,009)	89,298	2,604

31 December 2024			
- RON equivalent of the currency -			
	EUR	USD	CHF
Trade receivables	221,340	-	-
Investment deposits and corporate bonds	78,137,224		
Cash and cash equivalents	382,244,722	111,499	2,512
Trade payables	(3,870,977)	(160,093)	-
Bank borrowings	(300,733,276)	-	-
Lease liabilities	(62,432,290)	-	-
Net statement of financial position exposure	93,566,743	(48,594)	2,512

The following exchange rates have been applied:

	31 December 2025	31 December 2024
RON / EUR	5.0985	4.9741
RON / USD	4.3417	4.7768
RON / CHF	5.4743	5.2806

30. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

Sensitivity analysis

A 5% appreciation of the Romanian leu (RON) against each of the other foreign currencies as at 31 December would have affected the profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	Increase/(decrease) of Profit before tax 2025 (RON)	Increase/(decrease) of Profit before tax 2024 (RON)
EUR	2,582,000	(4,678,337)
USD	(4,465)	2,380
CHF	(130)	(126)
Total	2,577,405	(4,676,083)

A 5% depreciation of the Romanian leu (RON) against each of the other foreign currencies as at 31 December would have affected the profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	Increase/(decrease) of Profit before tax 2025 (RON)	Increase/(decrease) of Profit before tax 2024 (RON)
EUR	(2,582,000)	4,678,337
USD	4,465	(2,380)
CHF	130	126
Total	(2,577,405)	4,676,083

31. COMMITMENTS

31.1. Contractual commitments

The Company has the following contractual commitments:

	31 December 2025	31 December 2024
Acquisition of property, plant and equipment and intangible assets	2,516,720,628	1,372,035,019

AHE Vidraru Refurbishment

In 2025, the Company signed the contracts for overhaul of CHE Stejaru and high power pumps stations.

In June 2024, Hidroelectrica signed the contract for refurbishment works of AHE Vidraru with the Consortium formed of ELECTROMONTAJ (Consortium Leader) and Koncar – Engineering Co. Ltd. for production and services (Croatia), with BUTAN GRUP as subcontractor, following the completion of the award procedure through a public tender. The contractual price is RON 937,709,185 and the works are to be completed within 84 months, according to the execution schedule.

31.COMMITMENTS (continued)

31.2. Guarantees

The Company issued performance guarantees of RON 184,269,318 as at 31 December 2025 (31 December 2024: RON 45,350,256) mainly in relation to its obligations to deliver electricity, and in relation to its payment obligations related to electricity purchase transactions on the day-ahead and intra-day markets.

32. CONTINGENCIES

32.1. Litigation, claims and uncertainties

The main litigations involving the Company, with a potential exposure of RON 195,206,600 as at 31 December 2025 (31 December 2024: RON 195,206,600), are disclosed as contingent liabilities:

a) Litigation with Tax authorities

Potential exposure: RON 63,612,328 as at 31 December 2025 and 31 December 2024

Plaintiff: Hidroelectrica

File no. 638/2/2024 and 1962/2/2024

Subject matter: Annulment of Tax Decision No. A-DAF 6890/11.05.2023

Tax for electricity producers was subject to multiple changes with respect to the method of computation during 2022. The latest change was instated through Law no. 357/2022, which was published on 16 December 2022. The Company applied the provisions of the law starting with 16 December 2022.

As previously mentioned in Note 13 D, the Company was subject to a tax control by the General Antifraud Division of ANAF on the tax for electricity producers. As per the control report on 11 April 2023, the tax authorities applied the changes introduced by the law retroactively starting 1 September 2022, and therefore computed additional tax of RON 62,052,115.

On 28 April 2023 the Company received the imposing decision for the amount of RON 62,052,115. The Company challenged the imposing decision within the procedural term, the challenge being rejected by the General Division for Solving Disputes within the Finance Ministry.

The Company argued in its Court application that successive changes of legislation regarding the calculation methodology of the tax for electricity producers can only be applicable for the future, starting with the date of publication of legislative amendments and not retroactively, as tax authorities considered.

On 17 December 2024, the Court ruled in favor of Hidroelectrica and ordered the reimbursement to the claimant of the amount of RON 62,052,115. The Finance Ministry filed an appeal against the court's decision to the High Court of Cassation and Justice, with the next hearing date set on 13 May 2026.

32.CONTINGENCIES (continued)

On 7 August 2023, the Company received a decision regarding interest and penalties in the amount of RON 1,560,213 related to the previously mentioned imposing decision. The Company challenged the decision, initiating proceedings before the Court of Appeal of Bucharest under file no. 1962/2/2024. The file is suspended until the final resolution of case no. 638/2/2024. In relation to the ruling in file no. 638/3/2024, the management believes that the dispute in file no. 1962/2/2024 will also be ruled in the Company's favor.

b) Litigation with Hidroconstructia SA

Potential exposure: RON 98,762,431 as at 31 December 2025 and 31 December 2024

Plaintiff: Hidroconstructia SA

File no. 12257/3/2022

Subject-matter: Termination of Contract no. 672/1989 regarding the Fagaras-Hoghiz investment project; claims

Hidroconstructia SA filed claims to recover RON 98,762,431 consisting of unrealized profits as a result of the suspension by Hidroelectrica of the construction works related to the Fagaras Hoghiz investment project. Also, Hidroconstructia requested the court to enforce the termination of the underlying contract.

In January 2023, the Court ruled in favor of the Company, rejecting Hidroconstructia's claims. The decision was appealed by Hidroconstructia SA.

On 12 October 2023, the Court of Appeal set aside the first Court ruling and granted a new hearing on the merits. On 3 July 2025, the court partially admitted the statement of claim, ordering the termination of the contract, while dismissing the remaining claims as unsubstantiated.

Hidroconstructia filed an appeal against the above mentioned decision, the file being forwarded to the High Court of Cassation and Justice, the first hearing date, to be set.

Based on the court's ruling, Management estimates that the dispute will be settled in the Group's favor and, consequently, an outflow of resources is not probable.

c) Litigation with Hidroconstructia SA

Potential exposure: RON 32,831,841 as at 31 December 2025 and 31 December 2024

Plaintiff: Hidroconstructia SA

File no. 44443/3/2016, currently file no. 11314/3/2021

Subject-matter: Claims - the equivalent value of the costs generated by the cessation of construction works related to investment projects in progress.

Hidroconstructia SA claims the costs generated by the suspension of construction works rendered before the Company's insolvency. The Company argues that such claims have no grounds considering the insolvency process of Hidroelectrica and the fact that the claimant lost its right to claims as it failed to register the claim in the table of creditors.

32.CONTINGENCIES (continued)

In March 2018 the first Court rejected the claims of Hidroconstructia SA. This ruling was contested by Hidroconstructia SA. The Company also contested the ruling, as it provided for legal fees for Hidroelectrica.

In April 2019 the Court of appeal sent the case back to the first court for reexamination. The dispute was reopened by the first Court (file no. 11314/3/2021).

In April 2022, the Court requested an expertise report in hydrotechnical constructions and an accounting expertise report to be performed by independent experts. The expert's report has been finalized and both parties have filed objections against the findings of the expert, with the next hearing date being set on 17 June 2026.

Based on the initial first Court ruling, management estimates that the litigation will be ruled in favor of the Company and consequently an outflow of resources is not probable.

32.2. Fiscal environment

Tax audits are frequent in Romania, consisting of thorough verifications of taxpayers' accounting records. Such audits sometimes take place months or even years after the establishment of the tax liabilities. Consequently, companies may be found liable for significant taxes and fines. In addition, the tax legislation is subject to frequent changes, and the authorities often show inconsistency in the interpretation of law.

Tax returns may be subject to revision and corrections by the tax authorities, generally for a five years period after they are filed with the tax authorities.

Romanian tax authorities carried out tax audits on Hidroelectrica's income tax and value added tax until 20 June 2012.

Management believes that adequate provisions have been recognised in the separate financial statements for all significant tax liabilities; however, a risk persists that tax authorities might have different views, representing a normal risk of the accounting/tax environment in Romania.

In 2025 the Company was notified by the fiscal authorities that a general fiscal inspection was initiated covering the period 2019-2024 having in scope all the taxes payable to the central state budget. The inspection is currently in preliminary stage – scoping and information requests.

32. CONTINGENCIES (continued)

32.3. Decommissioning obligations

As described in Note 5 a4), the Company identified decommissioning obligations in relation to its hydro-power facilities. Management estimates that, except for the assets abandoned or switched to post-utilisation upon management decisions, and except for its wind farm, for which decommissioning provisions are recognised (see Notes 22 and 29), the occurrence of events that would require abandonment or switching to post-utilisation of other assets in the public domain or hydro-power plants owned by the Company by the end of the concession contract (28 years from 31 December 2025) is unlikely, considering the long useful life of dams, which can be significantly extended over 100 years by maintenance and improvements.

33. RELATED PARTIES

a) Ultimate controlling party

The Company's ultimate controlling party is the Romanian State, represented by the Ministry of Energy, with a shareholding of 80.0561%.

b) Transaction with key management personnel

Key management personnel include the members of the Management Board and Supervisory Board.

Management Board remuneration	2025	2024
Expenses recognized during the year		
Fixed component	14,500,376	3,944,881
Variable component accrual	4,734,000	7,889,760
Reversal of over accrual of the previous year	(7,889,760)	-
Total	11,344,616	11,834,641
Payments made in the year	2025	2024
Fixed component	14,500,376	3,944,881
Variable component (for the previous year)	7,855,045	-
Total	22,355,421	3,944,881

The Management Board include 5 directors appointed for 4 years.

Remuneration of executive directors consists of a fixed monthly salary limited to five times the average monthly gross salary for the last 12 months (starting with December 2025) prior to appointment published by National Institute of Statistics (INS) for the Company's activity code (CAEN) according to the classification of activities in the national economy, and a variable component calculated on the basis of the financial and non-financial performance indicators, negotiated and approved by the general meeting of shareholders.

33. RELATED PARTIES (continued)

In 2024, the General Meeting of Shareholders approved the annual variable component of the remuneration for the Management Board, which is limited to 24 gross monthly fixed components. The annual maximum amount of the variable component for all the Management Board is RON 7,889,760, variable component to be paid in 2025.

According to the decision of the Supervisory Board, adopted in the interest of the company and all shareholders, taking into account the obligations arising from Milestone 121 (PNRR), the context established by the European Commission Decision C(2025) 3490/28.05.2025, as well as Hidroelectrica's status as an issuer listed on a regulated market, two of the mandate contracts were terminated by mutual agreement in September 2025. Consequently, the maximum amount of the variable component for 2025 was reduced to RON 4,734 thousand. Following the termination, by mutual agreement of the parties, compensations totaling RON 3,156 thousand were established for the two mandate contracts.

On 28 July 2025, the Ordinary General Meeting of Shareholders approved the new financial and non-financial key performance indicators resulting from the Company's Management Plan.

On 14 December 2025, the Ordinary General Meeting of Shareholders approved the fixed monthly salary to five times the average monthly gross salary computed as described above, in accordance with the provisions of Law 109/2011. In addition, the Ordinary General Meeting of Shareholders approved the revised financial and non-financial performance indicators.

The Company has no contractual obligations related to pensions to its former directors.

Supervisory Board remuneration

	2025	2024
Expenses recognized during the year		
Fixed component	3,804,663	1,779,434
Variable component accrual	991.000	1,776,816
Reversal of over accrual of the previous year	(1,776,816)	-
Total	3,018,847	3,556,250
Payments made in the year		
Fixed component	3,804,663	1,779,434
Variable component (for the previous year)	1,725,917	-
Total	5,530,580	1,779,434

The Supervisory Board consists of 7 members appointed for 4 years.

33. RELATED PARTIES (continued)

Remuneration of the members of the Supervisory Board was approved by shareholders decisions in 2024 and 2025. According to these decisions, the remuneration of the Supervisory Board members consists of a monthly fixed gross salary, limited to two times the average monthly gross salary for the last 12 months prior to appointment published by National Institute of Statistics for the Company's activity code (CAEN) according to the classification of activities in the national economy and a variable component, calculated on the basis of the financial and non-financial performance indicators, negotiated and approved by the general meeting of shareholders.

In 2024, the General Meeting of Shareholders approved the annual variable component of the Supervisory Board remuneration, which is limited to 12 times the gross monthly fixed component. The annual maximum amount of the variable component for all the Supervisory Board members is RON 1,776,816.

On 28 July 2025, the Ordinary General Meeting of Shareholders approved the new financial and non-financial key performance indicators resulting from the Company's Management Plan.

There were no loans granted to the members of Supervisory Board or Management Board in 2025 and 2024.

No guarantees were granted / received to / from the members of Supervisory Board or Management Board.

c) Transactions with subsidiaries

(i) Receivables and liabilities balances from/to subsidiaries

	Receivables from		Liabilities to	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Hidroserv S.A.	99,799,443	497,989	55,752,188	32,365,580
Uzina de Construcții Mașini				
Hidroenergetice S.R.L.	995,139	531,983	28,899,655	30,383,978
Total	100,794,583	1,029,972	84,651,842	62,749,558

Liabilities to Hidroserv S.A include debts from maintenance services provided. Liabilities to Uzina de Constructii Masini Hidroenergetice S.R.L. include debts related to modernization contracts.

Receivables from Hidroserv S.A. include receivables from rent and electricity supply. Receivables from Uzina de Constructii Masini Hidroenergetice S.R.L. include receivables from electricity supply.

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

33. RELATED PARTIES (continued)

(ii) Transactions with subsidiaries

	Sales in 2025	Sales in 2024	Purchases in 2025	Purchases in 2024
Hidroserv S.A.	3,362,479	1,246,517	362,095,282	310,807,540
Uzina de Construcții Mașini Hidroenergetice S.R.L.	4,102,297	902,283	79,744,696	10,315,049
Total	7,459,659	2,148,800	441,839,979	321,122,589

Acquisitions are mainly related to the maintenance services acquired from Hidroserv S.A. and purchases of modernization services according to contracts with Uzina de Constructii Masini Hidroenergetice S.R.L.

Sales to subsidiaries are mainly related to the sale of electricity and rental services.

d) Transactions with other companies in which the State has control or significant influence

In the normal course of business, the Company have transactions with other entities in which the State has control or significant influence, mainly related to the tax on industrial water, the purchase of electricity, transport and system services and sales of electricity, as follows:

Supplier

	Purchases (without VAT) 2025	Payables (including VAT) 31 decembrie 2025
Administrația Națională Apele Romane	430,067,386	98,226,116
Transelectrica (Romanian Electricity System Operator)	680,444,435	152,172,688
OPCOM (Romanian Electricity Market Operator)	267,197,352	683,322
Distributie Energie Electrica Romania	450,831,752	45,447,696
Others	386,629,856	61,969,474
Total	2,215,170,782	358,499,295

	Purchases (without VAT) 2024	Payables (including VAT) 31 decembrie 2024
Administrația Națională Apele Romane	502,738,592	69,380,977
Transelectrica (Romanian Electricity System Operator)	1,038,930,925	107,498,150
OPCOM (Romanian Electricity Market Operator)	22,477,937	149,975
Distributie Energie Electrica Romania	293,620,301	59,656,673
Others	48,881,780	996,389
Total	1,906,649,536	237,682,163

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

33. RELATED PARTIES (continued)

	Sales (without VAT)	Receivables (including VAT)	Impairment loss	Receivables Net (including VAT)
Client	2025	31 December 2025		
Transelectrica (Romanian Electricity System Operator)	739,636,134	90,230,212	-	90,230,212
OPCOM (Romanian Electricity Market Operator)	686,612,232	427,824	-	427,824
Electrica Furnizare	302,853,622	25,784,774	-	25,784,774
Rompetrol Rafinare	238,367,320	32,177,509	-	32,177,509
Municipal Thermoenergetic Company	44,983,058	17,816,320	-	17,816,320
Others	501,596,818	168,583,170	(27,692,485)	140,890,685
Total	2,514,049,182	335,019,810	(27,692,485)	307,327,325

	Sales (without VAT)	Receivables (including VAT)	Impairment loss	Receivables Net (including VAT)
Client	2024	31 December 2024		
Transelectrica (Romanian Electricity System Operator)	1,946,833,917	192,449,261	-	192,449,261
OPCOM (Romanian Electricity Market Operator)	2,704,049,345	73,489,057	-	73,489,057
Electrica Furnizare	163,692,478	5,922,604	-	5,922,604
Rompetrol Rafinare	206,461,816	64,460,701	-	64,460,701
S.N.G.N Romgaz SA	52,005,110	5,610,318	-	5,610,318
Raja SA	14,860,611	5,131,515	-	5,131,515
SN Radiocomunicatii SA	19,107,560	116,121	-	116,121
Municipal Thermoenergetic Company	36,712,580	6,213,128	-	6,213,128
Engie Romania	8,163,600	-	-	-
Others	191,941,736	152,796,357	(34,085,240)	118,711,117
Total	5,343,828,754	506,189,061	34,085,240)	472,103,821

Other customers include mainly public institutions, local authorities and public educational institutions to which the Company supplied electricity in 2025 and 2024,

33. RELATED PARTIES (continued)

Balance

Bank	Bank account	Bank deposits	Bank account	Bank deposits
	31 December 2025		31 December 2024	
Exim Bank	37,082	1,089,681,083	17,484	1,507,836,111
CEC Bank	19,259,792	100,372,603	38,973,297	882,191,103
Total	19,296,874	1,190,053,686	38,990,780	2,390,027,214

Transactions

Bank	Bank deposits placed	Interest income	Bank deposits placed	Interest income
	2025		2024	
Exim Bank	5,130,000,000	87,143,356	5,900,000,000	89,845,583
CEC Bank	250,000,000	7,209,932	3,079,831,552	54,005,030
Total	5,380,000,000	94,353,287	8,979,831,552	143,850,614

34. SUBSEQUENT EVENTS

At the end of February 2026, a significant geopolitical event occurred in the Middle East, resulting in heightened regional tensions and uncertainty. Due to the growing geopolitical tensions, since February 2026, there has been a significant increase in the overall market volatility, as well as fluctuations in energy, oil and gas prices. Elevated inflationary pressures, disruptions across global supply chains, and a deceleration in economic growth are expected.

The Company does not have direct exposures to related parties and/or key customers or suppliers or banks from affected region.

Bogdan-Nicolae BADEA
Chairman of the Management Board

Radu Ioan CONSTANTIN
Member of the Management Board

Ianăș RĂDOI
Member of the Management Board

Petronel CHIRIAC
Financial Director

Marian FETIȚA
Accounting Manager

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Societatea de Producere a Energiei Electrice in Hidrocentrale Hidroelectrica S.A.

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Societatea de Producere a Energiei Electrice in Hidrocentrale Hidroelectrica S.A. (the Company) with official head office in 15-17 Ion Mihalache Blvd., 10-15 floors, district 1, Bucharest, Romania, identified by sole fiscal registration number 13267213, which comprise the statement of financial position as at December 31, 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at December 31, 2025, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent amendments.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017”). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board for Accountants (IESBA Code), as applicable to audit of financial statements of public interest entities, together with the ethical requirements that are relevant to the audit of the financial statements of public interest entities in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The financial statements of the Company for the year ended 31 December 2024, prepared in accordance with Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent amendments, were audited by another auditor who issued an unmodified audit report dated 26 March 2025.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the separate financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition for supply of electricity to final customers (retail sales)	
Disclosures on Revenue from supply of electricity to final customers are included in Note 7 b) and Note 11 and on related trade receivables, including unbilled revenues in Note 20	
In 2025, the Company recognized revenue from electricity supplied to final customers (retail sales) in amount of RON 5.510.421 thousand. As of 31 December 2025, the gross trade receivables for supply segment were in amount of RON 1,749,810 thousand of which gross unbilled revenue RON 595,652 thousand.	Our audit procedures included among others: • We obtained an understanding of the Company's revenue recognition process for electricity supply to final customers (retail sales revenue stream); • We obtained external confirmation from the electricity market operator (Transelectrica) regarding the quantities of electricity transported for the supply segment during financial year 2025 and reconciled these with the quantities recorded by the Company;

Revenue from electricity supplied to final customers is determined based on electricity consumption for each consumer, which is determined from meter readings or estimated volumes as communicated by distribution operators, and applicable regulated or contractual prices.

The Company could not rely on its Information Technology system to automatically determine the revenue from supply of electricity to final customers. The calculation relies on substantial manual input due to large volume of data obtained by the Company, from different sources, in the month following the supply of electricity.

Due to the magnitude of the amounts recorded, significant processing required for the determination of the revenue from electricity supply for the year 2025 and related trade receivables and unbilled revenue balances as at 31 December 2025, as well as the extent of our audit procedures on this area, we consider it a key audit matter.

- We independently formed an expectation for revenues of the supply business based on quantities of electricity delivered as communicated by the distribution operators in the monthly reporting and average selling prices tested through a sample of contracts;
- We tested a sample of revenue transactions recognized during the year by reconciling the quantity invoiced with the quantity consumed and the selling price with contractual conditions and legal requirements of the capping mechanism;
- We evaluated the level of the unbilled revenues for supply of electricity as of year-end based on volumes communicated by the electricity distribution operators and the average contractual prices;
- We considered the consistency of the unbilled revenue for supply of electricity recognised at year end with the amounts billed in the period subsequent to balance sheet date;
- For retail non-household customers, we obtained external confirmations on a sample basis for the trade receivables balances as of year-end;
- For retail household customers, we obtained the subsequent cash collections analysis for the trade receivable balances at year-end and, for a sample of customers, we reconciled the amount in balance with the underlying documents such as invoices and bank statements for the amounts collected subsequent to year end.

Furthermore, we assessed the adequacy of the Company's disclosures in the notes to the separate financial statements for revenue from supply of electricity to final customer and related trade receivables and unbilled revenues.

Other information

The other information comprises the Annual Report which includes the Remuneration Report, but does not include the separate financial statements and our auditors' report thereon. Management is responsible for the other information.

Our audit opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent amendments, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Reporting on Information Other than the Separate Financial Statements and Our Auditors' Report Thereon

In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the Annual Report and Remuneration Report, we have read these reports and report that:

- a) in the Annual Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying separate financial statements as at December 31, 2025;
- b) the Annual Report, except the sustainability statement which is subject to a separate assurance reporting, includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent amendments, Annex 1 articles 15 - 19;
- c) based on our knowledge and understanding concerning the Company and its environment gained during our audit of the separate financial statements as at December 31, 2025, we have not identified information presented in the Annual' Report (we exclude the sustainability statement which is subject to a separate assurance reporting);
- d) the Remuneration Report identified above includes, in all material respects, the required information according to the provisions of article 107 (1) and (2) from Law 24/2017 on issuers of financial instruments and market operations.

Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council

Appointment and Approval of Auditor

We were appointed as auditors of the Company by the General Meeting of Shareholders on 28 July 2025 to audit the financial statements for the financial year end December 31, 2025. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for one year, covering the financial period end December 31, 2025.

Consistency with Additional Report to the Audit Committee

Our audit opinion on the separate financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on the same date as the issue date of this report.

Provision of Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Company and we remain independent from the Company in conducting the audit.

In addition to statutory audit services and services disclosed in the annual report and in the separate financial statements, no other services which were provided by us to the Company, and its controlled undertakings.

Report on the compliance of the electronic format of the separate financial statements, included in the annual separate report with the requirements of the ESEF Regulation

We have performed a reasonable assurance engagement on the compliance of the separate financial statements presented in XHTML format of ABC (the Company) for the year ended 31 December 2025, with the requirements of the Commission Delegated Regulation (EU) 2019 /815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation).

These procedures refer to testing the format and whether the electronic format of the separate financial statements (XHTML) corresponds to the audited separate financial statements and expressing an opinion on the compliance of the electronic format of the separate financial statements of the Company for the year ended 31 December 2025 with the requirements of the ESEF Regulation. In accordance with these requirements, the electronic format of the separate financial statements, included in the annual report should be presented in XHTML format.

Responsibilities of the Management and Those Charged with Governance

The Management of the Company is responsible for the compliance with the requirements of the ESEF Regulation in the preparation of the electronic format of the separate financial statements in XHTML format and for ensuring consistency between the electronic format of the separate financial statements (XHTML) and the audited separate financial statements.

The responsibility of the Management also includes the design, implementation and maintenance of such internal control as determined is necessary to enable the preparation of the separate financial statements in ESEF format that are free from any material non-compliance with the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process for the preparation of separate financial statements, including the application of the ESEF Regulation.

Auditor's Responsibility

Our responsibility is to express an opinion providing reasonable assurance on the compliance of the electronic format of the separate financial statements with the requirements of the ESEF Regulation.

We have performed a reasonable assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000 (revised)). This standard requires that we comply with ethical requirements, plan and perform our engagement to obtain reasonable assurance about whether the electronic format of the separate financial statements of the Company is prepared, in all material respects, in accordance ESEF regulation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material non-compliance with the requirements of the ESEF Regulation, whether due to fraud or error.

Reasonable assurance is a high level of assurance, but it is not guaranteed that the assurance engagement conducted in accordance with ISAE 3000 (revised) will always detect material non-compliance with the requirements when it exists.

Our Independence and Quality Management

We apply International Standard on Quality Management 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, which requires that we design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have maintained our independence and confirm that we have met the ethical and independence requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code).

Summary of procedures performed

The objective of the procedures that we have planned and performed was to obtain reasonable assurance that the electronic format of the separate financial statements is prepared, in all material respects, in accordance with the requirements of ESEF Regulation. When conducting our assessment of the compliance with the requirements of the ESEF Regulation of the electronic reporting format (XHTML) of the separate financial statements of the Company, we have maintained professional skepticism and applied professional judgement. We have also:

- ▶ obtained an understanding of the internal control and the processes related to the application of the ESEF Regulation in respect of the financial statements of the Company, including the preparation of the separate financial statements of the Company in XHTML format
- ▶ tested the validity of the applied XHTML format
- ▶ checked whether the electronic format of the separate financial statements (XHTML) corresponds to the audited separate financial statements

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

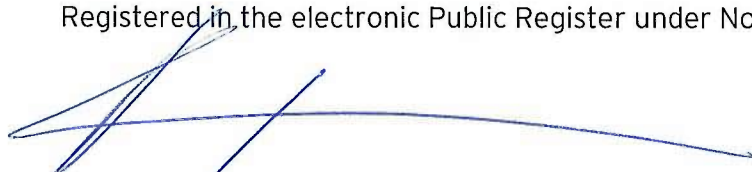
Opinion on the compliance of the electronic format of the separate financial statements with the requirements of the ESEF Regulation

Based on the procedures performed, our opinion is that the electronic format of the separate financial statements is prepared, in all material respects, in accordance with the requirements of ESEF Regulation.

On behalf of,

Ernst & Young Assurance Services SRL
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

Registered in the electronic Public Register under No. FA77



Name of the Auditor/ Partner: Alexandru Lupea
Registered in the electronic Public Register under No. AF273

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)

Firma de audit: **ERNST & YOUNG ASSURANCE SERVICES S.R.L.**

Registrul Public Electronic: **FA77**

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)

Auditor financiar: **Lupea Alexandru**

Registrul Public Electronic: **AF273**

Bucharest, Romania
26 March 2026

S.P.E.E.H. HIDROELECTRICA S.A.
Two-tier system Company



CONSOLIDATED FINANCIAL STATEMENTS
for the year ended
31 December 2025

Prepared in accordance with Order of Minister of Public Finance no. 2844/2016
and subsequent amendments

CONTENTS:	Page
INDEPENDENT AUDITORS' REPORT	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2025	
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year 2025	
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year 2025	
CONSOLIDATED STATEMENT OF CASH FLOWS for the year 2025	
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS as at and for the year ended 31 December 2025	
BASIS OF PREPARATION	
1. REPORTING ENTITY AND GENERAL INFORMATION	8
2. BASIS OF ACCOUNTING	11
3. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY	12
4. APPLICATION OF NEW AND REVISED IFRS	12
5. USE OF JUDGEMENTS AND ESTIMATES	14
6. BASIS OF MEASUREMENT	22
7. MATERIAL ACCOUNTING POLICIES	22
8. CHANGES IN ACCOUNTING POLICIES	38
9. COMPARATIVES	38
PERFORMANCE FOR THE YEAR	
10. OPERATING SEGMENTS	39
11. REVENUE	41
12. OTHER INCOME	42
13. OPERATING EXPENSES	42
14. FINANCE RESULT	45
15. EARNINGS PER SHARE	45
EMPLOYEE BENEFITS	
16. EMPLOYEE BENEFITS	46
INCOME TAXES	
17. INCOME TAX	49
ASSETS	
18. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	52
19. INVESTMENTS IN DEPOSITS	52
20. TRADE RECEIVABLES	53
21. OTHER ASSETS	54
22. PROPERTY, PLANT AND EQUIPMENT	55
EQUITY AND LIABILITIES	
23. CAPITAL AND RESERVES	63
24. BORROWINGS	65
25. TRADE PAYABLES	67
26. OTHER PAYABLES	67

27. DEFERRED INCOME	68
28. PROVISIONS	68
FINANCIAL INSTRUMENTS	
29. FINANCIAL INSTRUMENTS – Fair values and risk management	70
GROUP COMPOSITION	
30. ACQUISITION OF SUBSIDIARIES	76
OTHER INFORMATION	
31. COMMITMENTS	78
32. RELATED PARTIES	80
33. SUBSEQUENT EVENTS	85

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

(All amounts are in RON, unless otherwise stated)

	Note	31 December 2025	31 December 2024
Assets			
Non-current assets			
Property, plant and equipment	22	19,398,954,109	19,816,398,176
Intangible assets		66,719,955	53,848,538
Restricted cash	18	23,057,471	-
Other non-current assets	21	374,334,423	276,759,591
Total non-current assets		19,863,065,958	20,147,006,305
Current assets			
Inventories		123,808,015	93,998,138
Trade receivables	20	1,698,377,642	1,633,688,425
Investments in deposits	19	3,732,016,142	3,475,932,995
Cash and cash equivalents	18	1,187,733,975	1,581,617,072
Restricted cash	18	32,066,077	21,057,471
Other current assets	21	64,960,265	23,926,235
Total current assets		6,838,962,116	6,830,220,336
Total assets		26,702,028,074	26,977,226,641
Equity and liabilities			
Equity			
Share capital	23	4,498,025,670	4,498,025,670
Inflation adjustments to share capital	23	1,028,872,000	1,028,872,000
Public patrimony		45,324,243	45,324,243
Revaluation reserve	23	11,110,747,401	11,580,347,711
Other reserves	23	1,029,674,414	1,025,970,174
Retained earnings		4,512,486,772	4,717,927,188
Total equity		22,225,130,500	22,896,466,986
Liabilities			
Non-current liabilities			
Bank borrowings	24	118,358,036	207,846,322
Lease liabilities		61,511,401	70,110,288
Deferred income	27	147,064,351	156,673,133
Current tax liabilities	17	7,822,302	8,195,893
Deferred tax liabilities	17	1,396,868,878	1,460,112,440
Employee benefits	16	139,903,542	128,595,893
Provisions	28	1,009,131,883	943,504,704
Trade payables	25	14,900,534	998,585
Other payables	26	57,867,442	52,512,395
Total non-current liabilities		2,953,428,369	3,028,549,653

(continued on page 2)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

(All amounts are in RON, unless otherwise stated)

	Note	31 December 2025	31 December 2024
Current liabilities			
Bank borrowings	24	94,957,232	92,886,954
Lease liabilities		10,136,499	9,244,000
Trade payables	25	777,323,350	429,683,124
Contract liabilities	11	48,391,638	97,786,127
Current tax liabilities	17	180,640,051	60,327,927
Deferred income	27	5,607,539	6,145,943
Employee benefits	16	113,012,224	104,599,400
Provisions	28	147,026,811	125,151,784
Tax for electricity producers	13E	-	2,135,558
Other payables	26	146,373,861	124,249,185
Total current liabilities		1,523,469,205	1,052,210,002
Total liabilities		4,476,897,574	4,080,759,655
Total equity and liabilities		26,702,028,074	26,977,226,641

The accompanying notes are an integral part of these consolidated financial statements.

Bogdan-Nicolae BADEA
Chairman of the Management Board

Radu Ioan CONSTANTIN
Member of the Management Board

Ianăș RĂDOI
Member of the Management Board

Petronel CHIRIAC
Financial Director

Marian FETIȚA
Accounting Manager

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

	Note	2025	2024
Revenue	11	9,619,009,529	9,122,709,143
Other income	12	35,737,470	174,732,075
Turbinated water	13 A	(444,764,067)	(517,805,427)
Employee benefits expenses	16	(1,019,751,138)	(866,329,938)
Transport and distribution of electricity	13 C	(1,634,837,904)	(1,228,392,210)
Electricity purchased	13 B	(911,358,305)	(208,848,067)
Green certificates expenses	13 D	(354,337,865)	(273,534,123)
Depreciation and amortization	22	(882,878,794)	(904,968,113)
Impairment loss on property, plant and equipment and intangible assets, net	22	(99,463,122)	(39,493,787)
Impairment loss on trade receivables, net	20	(32,346,083)	(65,946,725)
Repair, maintenance, materials and consumables		(111,529,434)	(92,355,537)
Tax for electricity producers	13 E	(122,721,182)	(234,654,212)
Other operating expenses	13 F	(407,635,561)	(326,306,949)
Own work capitalized		85,916,136	49,222,254
Operating profit		3,719,039,680	4,588,028,384
Finance income	14	325,828,597	342,025,483
Finance costs	14	(86,423,495)	(85,458,834)
Net finance result		239,405,102	256,566,649
Profit before tax		3,958,444,782	4,844,595,033
Income tax expense	17	(588,751,147)	(716,679,241)
Profit for the year		3,369,693,635	4,127,915,792
Earnings per share			
Basic and diluted earnings per share (RON)	15	7.49	9.18
Other comprehensive income			
Impairment of property, plant and equipment recognized in revaluation reserve, net of tax		(528,031)	(770,110)
Remeasurement of defined benefit liabilities, net of tax	16	2,726,933	(4,498,292)
Other comprehensive income		2,198,902	(5,268,402)
Total comprehensive income		3,371,892,537	4,122,647,390

The accompanying notes are an integral part of these consolidated financial statements.

Bogdan-Nicolae BADEA
Chairman of the Management
Board

Radu Ioan CONSTANTIN
Member of the Management
Board

Ianăș RĂDOI
Member of the Management
Board

Petronel CHIRIAC
Financial Director

Marian FETIȚA
Accounting Manager

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise specified)

	Share capital	Inflation adjustments to share capital	Public patrimony	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance at 1 January 2024	4,498,025,670	1,028,872,000	45,324,243	12,076,640,610	1,024,033,814	6,393,661,171	25,066,557,508
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	4,127,915,792	4,127,915,792
Other comprehensive income for the year							
Impairment of property, plant and equipment recognized in revaluation reserve, net of tax	-	-	-	(770,110)	-	-	(770,110)
Remeasurement of defined benefit liabilities, net of tax	-	-	-	-	-	(4,498,292)	(4,498,292)
Total other comprehensive income for the year	-	-	-	(770,110)	-	(4,498,292)	(5,268,402)
Total comprehensive income for the year	-	-	-	(770,110)	-	4,123,417,500	4,122,647,390
Transactions with owners of the Group							
Contributions and distributions							
Dividends (Note 23)	-	-	-	-	-	(6,292,737,912)	(6,292,737,912)
Total transactions with owners of the Group	-	-	-	-	-	(6,292,737,912)	(6,292,737,912)
Other changes in shareholders' equity							
Set up of legal reserves	-	-	-	-	1,936,360	(1,936,360)	-
Transfer of revaluation reserve to retained earnings due to depreciation and disposals of property, plant and equipment	-	-	-	(495,522,789)	-	495,522,789	-
Balance at 31 December 2024	4,498,025,670	1,028,872,000	45,324,243	11,580,347,711	1,025,970,174	4,717,927,188	22,896,466,986

(continued on page 5)

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise specified)

	Share capital	Inflation adjustments to share capital	Public patrimony	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance at 1 January 2025	4,498,025,670	1,028,872,000	45,324,243	11,580,347,711	1,025,970,174	4,717,927,188	22,896,466,986
Total comprehensive income for the year							
Profit of the year	-	-	-	-	-	3,369,693,635	3,369,693,635
Other comprehensive income for the year							
Impairment of property, plant and equipment recognized in revaluation reserve, net of tax	-	-	-	(528,031)	-	-	(528,031)
Remeasurement of defined benefit liabilities, net of tax	-	-	-	-	-	2,726,933	2,726,933
Total other comprehensive income for the year	-	-	-	(528,031)	-	2,726,933	2,198,902
Total comprehensive income for the year	-	-	-	(528,031)	-	3,372,420,568	3,371,892,537
Transactions with owners of the Group							
Contributions and distributions							
Dividends (Note 23)	-	-	-	-	-	(4,043,229,023)	(4,043,229,023)
Total transactions with owners of the Group	-	-	-	-	-	(4,043,229,023)	(4,043,229,023)
Other changes in shareholders' equity							
Set up of legal reserves	-	-	-	-	3,704,240	(3,704,240)	-
Transfer of revaluation reserve to retained earnings due to depreciation and disposals of property, plant and equipment	-	-	-	(469,072,279)	-	469,072,279	-
Balance at 31 December 2025	4,498,025,670	1,028,872,000	45,324,243	11,110,747,401	1,029,674,414	4,512,486,772	22,225,130,500

The accompanying notes are an integral part of these consolidated financial statements.

Bogdan-Nicolae BADEA
Chairman of the Management Board

Radu Ioan CONSTANTIN
Member of the Management Board

Ianăș RĂDOI
Member of the Management Board

Petronel CHIRIAC
Financial Director

Marian FETIȚA
Accounting Manager

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

	Note	2025	2024
Cash flow from operating activities:			
Profit for the year		3,369,693,635	4,127,915,792
<i>Adjustments for:</i>			
Depreciation	22	879,816,786	901,573,161
Amortisation		3,017,046	3,394,952
Impairment loss on property, plant and equipment and intangible assets, net	22	99,463,122	39,493,787
Impairment loss on trade receivables, net	20	37,087,014	65,946,725
Write-down of inventories		494,934	(879,030)
Provisions for risk and charges		(20,737,686)	43,197,769
Gain from bargain purchase of subsidiaries		-	(25,727,908)
Loss on disposal of property, plant and equipment	13 F	1,292,963	6,252,784
Net foreign exchange loss		1,040,155	(211,220)
Interest income	14	(283,174,321)	(332,133,890)
Interest expense	14	22,396,637	26,925,341
Unwinding of discount effect		65,863,834	-
Income tax expense	17	588,751,148	716,679,241
		4,765,005,268	5,572,427,504
<i>Changes in:</i>			
Trade receivables		(84,371,874)	1,348,333,059
Inventories		(30,304,810)	(12,611,579)
Restricted cash		(34,066,077)	80,000,000
Other assets		10,411,823	45,643,998
Trade payables		185,842,408	21,348,384
Deferred income		(10,147,187)	25,588,775
Employee benefits		10,135,573	14,604,683
Other payables		31,573,735	112,692,719
Cash generated from operating activities		4,844,083,858	7,208,027,543
Interest paid		(12,239,091)	(18,840,756)
Income tax paid		(531,682,586)	(836,254,275)
Net cash from operating activities		4,300,162,183	6,352,932,512
Cash flow from investing activities:			
Payments for acquisition of property, plant and equipment		(541,380,425)	(284,085,602)
Payments for acquisition of intangible assets		(17,513,580)	(324,712)
Proceeds from disposals of fixed assets		8,826,780	-
Proceeds from redemption of corporate bonds		-	353,331,500
Payments for deposits held for investment purposes		(9,080,000,000)	(6,950,000,000)
Proceeds from deposits held for investment purposes		8,815,000,000	7,850,000,000
Interest received		265,769,963	305,879,768
Payments for acquisition of subsidiaries, net of cash acquired		-	(67,879,000)
Net cash flow from/ (used in) investing activity		(549,297,260)	1,206,921,954

(continued on page 7)

S.P.E.E.H. HIDROELECTRICA S.A. managed in a two-tier system
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in RON, unless otherwise stated)

	Note	2025	2024
Cash flow from financing activities:			
Repayment of borrowings	24	(94,194,174)	(92,349,679)
Lease payments	24	(8,593,538)	(6,436,017)
Dividends paid	23	(4,041,960,306)	(6,287,086,070)
Net cash used in financing activities		(4,144,748,018)	(6,385,871,766)
Net increase/(decrease) in cash and cash equivalents		(393,883,097)	1,173,982,700
Cash and cash equivalents at 1 January	18	1,581,617,072	407,634,372
Cash and cash equivalents at 31 December	18	1,187,733,975	1,581,617,072

The accompanying notes are an integral part of these consolidated financial statements.

Bogdan-Nicolae BADEA Chairman of the Management Board	Radu Ioan CONSTANTIN Member of the Management Board	Ianăș RĂDOI Member of the Management Board

Petronel CHIRIAC
Financial Director

Marian FETIȚA
Accounting Manager

1. REPORTING ENTITY AND GENERAL INFORMATION

(a) General information about the Group

Societatea de Producere a Energiei Electrice in Hidrocentrale Hidroelectrica S.A. ("the Company" or "Hidroelectrica") is a joint stock company, domiciled in Romania. The Company's registered office is 15-17 Ion Mihalache Blvd., Tower Center Building, 10-15 floors, Sector 1, Bucharest. The Company is registered at National Trade Register Office with no. J40/7426/2000 and has unique registration code 13267213.

These consolidated financial statements comprise the Company and its subsidiaries (together referred as the "Group").

The Group's main lines of business are power generation (hydro and wind) and electricity supply to end consumers.

As of 31 December 2025, the Romanian State through the Ministry of Energy owns 360,094,390 shares, representing 80.0561% of the share capital and of the total voting rights. The rest of the shares are traded on the Bucharest Stock Exchange as follows: 75,600,136 shares, representing 16.8074% of the share capital are owned by legal persons and 14,108,041 shares representing 3.1365% of the share capital by individuals.

The Company is governed by a two-tier system comprising the Supervisory Board and the Management Board.

Between 23 June and 4 July 2023, the Company went through an initial public offer on Bucharest Stock Exchange. The allocation of the shares was carried out on 5 July 2023, the total offer included the entire holding of Fondul Proprietatea, namely 89,708,177 shares, representing 19.9439% of the Company's share capital.

The first trading day of Hidroelectrica shares at the Bucharest Stock Exchange was 12 July 2023.

List of subsidiaries

As of 31 December 2025 and 31 December 2024 Hidroelectrica has the following subsidiaries:

Subsidiary	Activity	Registered Office	% participation at 31 December 2025	% participation at 31 December 2024
Hidroserv S.A. (company in reorganization)	Services for energy sector(maintenance, repairs, construction)	Bucharest, Romania	100%	100%
Uzina de Construcții Mașini Hidroenergetice S.R.L.	Manufacturing of engines and turbines	Resita, Romania	100%	100%

Hidroserv S.A. entered the insolvency proceedings in October 2016. In 2020, a reorganization plan of the subsidiary was approved by the Assembly of Creditors and confirmed by the insolvency judge. On 25 June 2025 the court has officially closed.

On 22 February 2023, the Company was declared the winner of the sales procedure of the business lines ABC and Calnicel platform, owned by UCM Resita SA. In January 2024, the Company set-up a new subsidiary, Uzina de Construcții Mașini Hidroenergetice S.R.L., through which it took-over the business from U.C.M. Reșița S.A.. The transaction was finalized on 11 March 2024.

All revenues are generated in Romania.

1. REPORTING ENTITY AND GENERAL INFORMATION (continued)

(b) Regulatory environment

The activity in the energy sector is regulated by the National Energy Regulatory Authority ("ANRE").

The main responsibilities of ANRE include: licensing the entities operating in the energy sector, issuance of regulations applicable to the electricity market, approval of regulated prices and tariffs and issuance of methodologies used to set regulated prices and tariffs.

(c) Main operations of the Group

Electricity generation and system services

The Group generates electricity by operating 188 hydropower plants and micro-hydropower plants, including 5 pumping stations, (the main generation capacities being Portile de Fier I and Portile de Fier II, which represent approximately 40% of the total electricity generated) and 36 wind turbines of 3 MW each.

The electricity generated is sold both wholesale and retail (supply to end consumers).

On 1 January 2023 a centralized electricity acquisition mechanism ("MACEE") was implemented by the Government through which the electricity producers shall sell the available (not contracted as of November 2022) quantity of electricity to the market operator, OPCOM, at a fixed price of RON 450 per MWh.

In March 2024, the Government issued a new Emergency Ordinance (OUG no. 32/28.03.2024) which states that starting 1 April 2024, the MACEE mechanism becomes voluntary, leaving producers the possibility to sell energy at the price of 400 lei/MWh until 31 December 2024. Thus, for 2024, the price paid by the sole purchaser (OPCOM) to electricity producers who sell electricity through MACEE in monthly auctions was as follows:

- RON 450 /MWh for the electricity contracted until 31 March 2024;
- RON 400 /MWh for the electricity contracted starting 1 April 2024.

Starting January 2025 the MACEE mechanism was not applicable anymore.

Hidroelectrica S.A. also provides system services to the national electricity system operator, Transelectrica. The system services involve making an agreed power generation capacity available to Transelectrica within a certain period of time, so that to allow the system operator to achieve permanent balancing of the electricity system.

Electricity supply to end consumers

The electricity market to end users in Romania is liberalized and all consumers are free to choose their electricity supplier from which they can purchase electricity at negotiated prices.

The Group supplies electricity at negotiated tariffs to both industrial consumers and household consumers. The supply tariff includes, in addition to the electricity price, the electricity transmission and distribution costs (see accounting policy 7 c)), the contribution to high efficiency co-generation power support scheme, and the cost of green certificates (see *Green certificates* section).

1. REPORTING ENTITY AND GENERAL INFORMATION (continued)

Starting 1 November 2021, due to the significant increase in energy prices on the international and national markets and the impact thereof on Romanian consumers, the Government implemented consumer support schemes, as follows:

- capping the electricity supply tariffs for household and non-household consumers until 30 June 2025. The difference between the cap price and the regulated cost was covered through a subsidy from the State to compensate for the impact of capping mechanism. Once the Group submitted the requests for the subsidy to be received from the State authorities as per applicable law, the subsidy and the related income is recorded (Note 11). The impact of this mechanism on the Group's financial performance in 2025 was a reduction of revenue due to capped prices by RON 46 million.

Green certificates ("GC")

As a producer of electricity from renewable sources (hydroelectric power in refurbished micro-hydropower plants with an installed capacity of no more than 10 MW and with a service life of at least 15 years from the date of commissioning, and wind power), the Group receives green certificates through the green certificates support scheme.

In 2025 the Group received 3 green certificates for each MWh generated by the eligible micro-hydropower plant and 0.75 green certificates for each MWh generated by the wind farm in 2025 and 2024. In 2024 received between 2,92 and 3 green certificates for each MWh generated by eligible micro-hydropower plants, 5 micro-hydropower plants in January 2024, 4 micro-hydropower plants in February and March 2024, 3 micro-hydropower plants in April 2024, 2 micro-hydropower plants in May 2024 and 1 micro-hydropower plant starting October 2024. During 2025, the Group generated from its own production portfolio a number of 24,635 GC from hydropower plants and 197,813 GC from wind power plant (CEE Crucea Nord) (2024: 28,089 GC from hydropower plants and 217,200 GC from wind power plant).

The selling price must fall between the minimum and maximum values set by law:

- (a) a minimum trading value of EUR 29.4/GC and
- (b) a maximum trading value of EUR 35/GC.

As an electricity supplier, the Group is required to purchase a number of green certificates computed by multiplying the annual mandatory purchase quota of green certificates by the quantity (in MWh) of electricity supplied to end users. ANRE establishes the annual mandatory level of purchase obligations (quotas) for green certificates. The Group is eligible to receive green certificates for the production of Crucea Wind farm which are used to partially settle the obligation to comply with the mandatory annual quota. The difference is acquired by the Group to reach the quota and the Group recognizes the amount needed to acquire the green certificates for fulfilling the quota in "Trade payables".

Applicable annual quota for 2025 is 0.49983 green certificate per MWh (2024: 0.496 green certificate per MWh).

Tax on electricity producers

The tax for electricity producers is computed as 100% of net monthly average selling price in excess of RON 400 per MWh. (450/MWh till 31 March 2024) The tax on electricity producers was applicable until 31 March 2025..

1. REPORTING ENTITY AND GENERAL INFORMATION (continued)

In February 2025, the Government issued a new Emergency Ordinance (GEO no. 6/27.02.2025) extending the applicability of the tax for an additional 3 months, until June 30, 2025. Starting April 1, 2025, the tax for energy producers is calculated by applying a rate of 80% (reduced from 100%) to the difference between the average net monthly selling price and the price of 400 RON per MWh.

The net monthly average selling price is computed based on the monthly revenue of the generation segment, which includes the wholesale of electricity produced and the value of electricity transferred within the same entity from producer portfolio (generation segment) to supplier portfolio (supply segment), less monthly cost for imbalances.

The tax for electricity producers was eliminated starting 01 July 2025.

Tax on Special Constructions

Starting with 1 January 2025, the tax on constructions was introduced through Government Emergency Ordinance (GEO) 156/2024, with subsequent amendments, calculated as 0.5 %, of the net book value of eligible constructions held as of 31 December of the preceding year and constructions subject to concession contract.

The tax had an impact of 51,133 thousand RON for the period ended 31 December 2025.

2. BASIS OF ACCOUNTING

These consolidated financial statements were prepared in accordance with the Order of Minister of Public Finance no.2844/2016 and subsequent amendments („OMFP 2844/2016”). According to OMFP 2884/2016 the International Financial Reporting Standards ("IFRS") represent standards adopted based on the procedure as per European Commission Regulation no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (IFRS as adopted by European Union). OMFP no. 2844/2016 includes also additional provisions versus IFRS-EU, the Group identified as provisions applicable to its financial statements the matters described below.

The consolidated financial statements were authorized for issue by the Company's Management Board on 25.03.2026 and by the Supervisory Board on 26.03.2026.

The Group also issues a primary version of these consolidated financial statements prepared in accordance with OMFP 2844/2016 in Romanian language approved at the same date with these financial statements. OMF 2844/2016 is prepared in accordance with the IFRS Accounting Standards as adopted by the European Union, with the following exceptions:

- IAS 21 The Effects of Changes in Foreign Exchange Rates regarding the functional currency, and except for IAS 12 Income Taxes concerning the treatment of the minimum tax on turnover as an income tax expense.
- These exceptions do not affect the compliance of the Company's financial statements with the IFRS Accounting Standards as adopted by the EU.

The Group also prepared consolidated financial statements in accordance with International Financial Reporting Standards, IFRS-EU, approved at the same date as these consolidated financial statements. Main differences between IFRS-EU and OMFP no. 2844/2016, that affects this set of financial statements refer to:

2. BASIS OF ACCOUNTING (continued)

Main differences between IFRS-EU and OMFP no. 2844/2016, that affects this set of financial statements refer to:

- Fee paid for the connection of the power generation capacities to the electricity grid is presented as "Property, plant and equipment" in the IFRS-EU financial statements while in the OMFP no. 2844/2016 financial statements is presented as "Intangible assets"; (Net book value is of RON 30,470,918 RON as of 31 December 2025 (31 December 2024: RON 32,096,035)
- Impact of restatement of statutory share capital in nominal terms according to IAS 29 "Financial Reporting in Hyperinflationary Economies" in amount of RON 1.028,872,000 is presented as part of "Share Capital" in the IFRS-EU financial statements while in the OMFP no. 2844/2016 financial statements is presented as an equity item separate from share capital, namely "Inflation adjustments in accordance with IAS 29";
- Cash contribution received from State for construction of public domain assets in amount of RON 45,324,243 as of 31 December 2025 and 2024 (ie certain type of assets such as dams which will be transferred to the State at the end of its economic life) is presented as deferred income in the IFRS-EU financial statements, while in the OMFP no. 2844/2016 financial statements is presented as public patrimony;
- Accruals for employee bonuses in amount of RON 42,529,000 as of 31 December 2025 (31 December 2024: RON 42,681,942) are presented as employee benefits liabilities in the IFRS-EU financial statements, while in the OMFP no. 2844/2016 financial statements are presented as provisions. In addition, the related expense in current year in amount of RON 42,529,000 is included under "Other operating expenses", while in the IFRS-EU financial statements is included under "Employee benefits expenses"

These consolidated financial statements have been prepared on a going concern basis. Details of the Group's accounting policies are included in Note 7.

3. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Romanian Lei (RON), which is the functional currency of the parent company and its subsidiaries based on separate assessment assessments conducted in accordance with IAS 21. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Following below are the new standards, amendments and interpretations to existing standards adopted starting 1 January 2025 and their effect in the preparation of the Group and the Company financial statements for the year ended 31 December 2025.

The standards/amendments that are effective and have been endorsed by the European Union

The accounting policies adopted are consistent with those of the previous financial year, except for the following IFRS Accounting Standard which however, is not relevant for the Group:

- IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments). The amendments are effective for annual reporting periods beginning on or after January 1, 2025. The newly adopted IFRS Accounting Standard did not have a material impact on the Group's/Company's accounting policies.

4. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

The standards/amendments that are not yet effective, but have been endorsed by the European Union

- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments (Amendments). In May 2024, the IASB issued amendments to the Classification and Measurement of Financial Instruments which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures and they become effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. Management has assessed that these amendments will not have a material impact.
- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity (Amendments). In December 2024, the IASB issued targeted amendments for a better reflection of Contracts Referencing Nature-dependent Electricity, which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures and they become effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. Management has assessed that these amendments will not have a material impact.
- Annual Improvements to IFRS Accounting Standards – Volume 11. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11. An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. Management has assessed that these amendments will not have a material impact.

The standards/amendments that are not yet effective and have not yet been endorsed by the European Union

- IFRS 18 introduces new requirements on presentation within the statement of profit or loss. It requires an entity to classify all income and expenses within its statement of profit or loss into one of the five categories: operating; investing; financing; income taxes; and discontinued operations. These categories are complemented by the requirements to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027, with earlier application permitted. Retrospective application is required in both annual and interim financial statements. The standard has not yet been endorsed by the EU.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements. The initial expected material impacts on Group's financial statements are, as follows:

- Foreign exchange difference will be classified in the category where the related income and expense form the item giving rising to the foreign exchange difference.
- New disclosure will be added: (a) management-defined performance measures; (b) specified expense by nature if expenses are presented by nature in the operating category of the statement of profit or loss; and (c) a reconciliation for each line item in the statement of profit or loss between the restated amounts presented applying IFRS 18 and the amounts previously presented applying IAS 1.

4. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

- Interest received and interest paid will be classified in the financing activities,
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (including amendments). In May 2024, the IASB issued the IFRS 19 - Subsidiaries without Public Accountability: Disclosures, and in August 2025 the IASB issued amendments to IFRS 19. IFRS 19 (including the amendments) becomes effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. Management has assessed that these amendments will not have a material impact
- IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (Amendments). In November 2025, the IASB issued amendments to Translation to a Hyperinflationary Presentation Currency which amend IAS 21 The Effects of Changes in Foreign Exchange Rates, and they become effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. Management has assessed that these amendments will not have a material impact
- Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

5. USE OF JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is presented below:

a1) Concession agreement

In November 1998 Law no. 213/1998 was issued regulating the statute of the public domain. This law provides that the ownership right over the public domain assets belongs to the State or local authorities, which can lease the assets that are in public property. In accordance with the provisions of Law no. 213/1998 and Law no. 219/1998, the Ministry of Economy and Commerce (currently the Ministry of Energy) has leased to the Company the hydropower facilities (dams, piers, locks, water storage reservoirs) and the land on which they are located. Thus, in December 2004, the concession contract no. 171/27.12.2004 was concluded between the Ministry of Economy and Commerce (currently the Ministry of Energy) (grantor) and Company (operator) for the hydropower assets in the public patrimony existing as at 31 December 2003.

5. USE OF JUDGEMENTS AND ESTIMATES (continued)

The main terms of the concession contract and its subsequent amendments are the following:

- The State, through the Ministry of Economy and Commerce (currently the Ministry of Energy), holds the ownership right over the public assets that are the subject matter of the contract;
- The Company has the right to use these assets for a period of 49 years from the signoff date (the period may be extended in accordance with the provisions of the concessions law, by half of the original period, by mutual agreement of the parties), for the purpose of operation, refurbishment, modernization, rehabilitation, as well as construction of new hydro-power facilities according to the investment programs;
- The Company pays an annual royalty of 1/1000 of the annual revenues from power generation and system services generated in hydro-power facilities;
- Upon termination of the contract, certain assets that were used by the operator in carrying out the concession will be returned to the grantor, as explained below;
- The Company has the obligation to use the assets in accordance with the provisions of the concession contract and the operating license.

The concession contract provides for the following types of assets:

- Assets to be returned – assets of public domain that belong to the grantor and that are returned to the grantor in full right, free of charge and free of any encumbrances, upon termination of the concession contract. Assets to be returned are assets of public domain such as dams, piers, locks, that are subject to the concession/lease, as well as those resulting from investments/improvements to these assets made by the Company during the concession contract period. The Company depreciates these investments/improvements over the lower of the concession contract remaining period and the useful life of those assets.
- Takeover assets – assets that belong to the operator and are used by the operator during the concession period and which are similar in nature to assets of public domain above (land improvements and constructions, technical installations and machinery), over which, upon termination of the concession contract, the grantor has an option to take over those assets in exchange for a payment equal to the “present book value” on the takeover date. In Company’s interpretation, the “present book value” is the net book value at the date of the takeover, and given that the Company uses the revaluation model, this value will be the revalued amount at that date. These assets are depreciated over their estimated useful life.
- Own assets – assets that, upon termination of the concession contract, remain the property of the operator. Own assets are assets (constructions, technological installations, machinery and equipment, measuring and control devices; vehicles; furniture, office equipment, protective equipment and other tangible assets) that belong to the operator and are used by the operator during the concession period, except for the takeover assets. These assets are depreciated over their estimated useful life.

In assessing the application of IFRIC 12 “Service concession arrangements”, the Group considered the following criteria of the public-private service concession arrangements in the analysis of the concession contract:

- a) The grantor controls or regulates what services the operator must provide within the infrastructure, to whom it must provide them and at what price; and
- b) The grantor controls – by ownership, beneficial entitlement or otherwise – any significant residual interest in the infrastructure at the end of the term of the arrangement.

The Group concluded that it is not within the scope of IFRIC 12 because it does not meet criterium a) above, the grantor does not regulate to whom the operator must provide the service and at what price.

5. USE OF JUDGEMENTS AND ESTIMATES (continued)

The Group considered that the price fixing mechanism introduced by the Government starting 1 January 2023 does not affect this conclusion as this mechanism is temporary and applied only to part of the production.

The Group recognises the royalty of the concession contract in Other operating expenses.

a2) Leasing and refurbishing of assets to be returned

In assessing the application of IFRS 16 “Leases” to the concession contract presented above, the Group considered the following criteria to determine whether this contract contains a lease:

- a) the lessee has the right to obtain in essence all the economic benefits using the identified asset;
- b) the lessee has the right to direct the use of the identified asset.

The Group concluded that both criteria are met and, consequently, the concession contract contains a lease as the Ministry of Energy transferred the right to control the use of the assets of the public domain (assets to be returned) to the Group in exchange for a royalty. According to IFRS 16, the Group measured the carrying amount of the right-of-use asset and the amount of lease liability related to this contract as nil, because the future lease payments are variable and depending on Company’s revenue, the royalty being calculated as a percentage of revenues.

In respect of refurbishments made to the assets to be returned, the Group concluded that they are improvements of a leased asset for which the Group is the “accounting owner”, in the sense that these improvements serve the Group’s interest, as lessee, to use the leased assets. Consequently, the Group recognized improvements of assets to be returned as property, plant and equipment. The Group depreciates these assets over the lower of the concession contract remaining period and the useful life of those assets.

The Group believes that the following facts indicate that the Group is the “accounting owner” of improvements made:

- a) The Ministry of Energy, as a lessor, does not reimburse the Company, as lessee, for the cost of the improvements made. Consequently, the improvements are fully funded from the Group’s sources, and the Group is responsible to incur the costs;
- b) The Group has no obligation to make improvements of the assets to be returned. The decisions regarding refurbishment of the assets to be returned are made by the Group depending on its needs to use these assets and are unique to the Group’s intended use of the leased assets;
- c) The Group is permitted to alter the leasehold improvements without the consent of the lessor or without compensating the lessor;
- d) Improvements are made on the risk and responsibility of the Group (the Group bears the risk of overruns) and are not available to the grantor until the termination of the concession contract.

a3) Cash-generating units (“CGU”)

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets.

The Group concluded that the assets relating to hydro-power plants represent a single cash-generating unit, mainly based on the following considerations:

- the Company has a single hydro-power generation license which covers all power plants as a whole;
- the license stipulates the Company’s obligation to maintain the availability of its production capacities as a whole;

5. USE OF JUDGEMENTS AND ESTIMATES (continued)

- the decision to produce electricity in a hydro-power plant is made based on the technical operating conditions of the other hydro-power plants;
- the balancing of the electricity contracted and produced is made at the Company's level and not at individual plants;
- the contracts are concluded based on the total estimated electricity to be produced in a specific period in all of the Company's hydro-power plants, and the price is set for the entire production.

Also, the Group concluded that the wind park is a separate single CGU.. The Group has different investment objective projects under construction related to hydro-power assets with complex/multiple functions for which reliable estimates related to future cash-flows can be made, these being considered as separate single CGU.

a4) Decommissioning obligations

Order of the Ministry of Water and Environment no. 119 of 11 February 2002 on approval of the Procedure of transfer into conservation, post-utilisation or abandonment of dams provides the procedures for post-utilisation and abandonment of dams (including levees, hydro-power plants and locks) that must be carried out by the holders of dams under certain conditions provided by law. The has no legal or contractual obligations to disassemble and restore the site, other than those arising from Order no. 119, which are presented in the paragraphs below.

Dam holders are defined by GEO no. 244 of 28 November 2000 (republished) on the safety of the dams as legal persons of any title, who have in their possession, ownership and/or administration a dam.

Post-utilisation refers to the dams that have reached their normal operating life span and can be used for purposes other than those for which they were originally constructed for. Post-utilisation requires the implementation of a set of measures and works that will ensure the new functionality of the dam to protect the population and the environment in safe conditions. The necessary measures and works are carried out through the care of both the holder or administrator of the dam, and the post-user.

The post-utilisation of the dams is proposed by the holders of the dams and is approved by order of the minister that exercises control, coordination or authority over the entity that holds the dam, based on the endorsement of the Ministry of Water and Environment.

After the performance of the works required by the post-utilisation project, the hand over reception protocol between the former holder and the post-user is performed.

Abandonment refers to completed or unfinished dams, with or without the normal life span exceeded, which can no longer be kept in operation or post-utilisation due to technical impossibility or very high costs and which, at the same time, represent a potential danger for the population and the environment. Abandonment requires the implementation of a set of measures and works for the decommissioning of the dam, the ecological reconstruction of the area and enabling adequate liquid and solid flows, including the maximum water flow in the dammed section. The necessary measures and works are carried out with the care of the holder or the administrator of the dam and must ensure the flow conditions existing prior to the construction of the dam.

The triggering events of dam abandonment operations include:

- the request of the holders of the dams, when they find that the necessary performance requirements according to the law cannot be met, the dams presenting an unacceptable associated risk;
- the disposition of the control bodies, following expertises that show that the dams present an unacceptable

5. USE OF JUDGEMENTS AND ESTIMATES (continued)

- associated risk, constituting a real danger for the population and the environment;
- accidents, when the conclusions of the expert report specifically indicate the abandonment due to the very high cost of the necessary repairs, as well as not meeting the performance requirements and the safety criteria, etc.

The reception of the decommissioning and ecological reconstruction works is carried out by representatives of the holder of the dam and of the central or local public administration, who take over the respective area, by concluding a handover protocol.

The Romanian State, represented by the Ministry of Economy and Commerce, currently the Ministry of Energy, holds the ownership right over the hydropower developments (dams, levees, locks, storage lakes) and the land on which they are located that belong to the public domain and which are the subject of the concession contract mentioned above. The Group has the right to use these assets for a period of 49 years (remaining 28 years as of 31 December 2025).

According to the concession contract, the Group has the right during the contract to abandon or deactivate assets that are part of the public domain with the consent of the grantor.

The Group considers that, in accordance with the applicable legal provisions and practices, abandonment occurs in extreme situations, when the dams become an unacceptable risk impacting the environment and the population. Given that these constructions have complex functions in addition to power generation, including flood protection, water supply, irrigation etc., post-utilisation is the usual way in which these constructions will be transferred to central or local public administration, after they can no longer be used for power generation purposes.

The necessary works for post-utilisation are established by technical documentation prepared on the basis of an assessment of the safety status of the dam at that time, carried out by experts certified by the ministries and certified/endorsed by the Ministry of Water and Environment.

Moreover, the abandonment works are carried out on the basis of a special documentation prepared with the water authority approval, the environmental protection agreement, and the endorsement of the local and central public administration. These documentations and endorsements will establish the activities necessary for abandonment.

The works and costs of transition into post-utilisation or abandonment are subject to significant uncertainties caused by the fact that the rate of degradation and the life span of a dam vary significantly from one case to another (some could reach more than 100 years), as well as by the complexity and variety of works that may be necessary for transition into post-use or abandonment, depending on the specific factual status of each dam at the time of entering post-utilisation or abandonment, on the cost sharing between the holder and the post-user, as well as by the very remote time period from present to the moment when the abandonment works would be performed, if any. Also, there are significant uncertainties related to the evolution of the degree of degradation and to the determination of the actual life span of a dam, which are dependent on natural disasters (floods, landslides, earthquakes, etc.) and on the reliability of the construction.

In addition, the Group estimates that, by the end of the concession contract (the remaining period of 28 years as of 31 December 2025), the occurrence of situations requiring post-utilisation or abandonment of public domain assets or its own assets – levees, hydro-power plants and locks (other than those in progress assets described in Note 21) is unlikely, considering the long life of the dams, which can be significantly extended over

5. USE OF JUDGEMENTS AND ESTIMATES (continued)

100 years by maintenance and improvements.

Consequently, the Group recognizes decommissioning provisions only when management has taken the decision to abandon an asset or switch to post-utilisation or has no realistic alternative but to do so during the concession period. The provisions are recognized based on the costs resulting from the technical documentation prepared by specialists employed by the Group.

a5) Electricity sale-purchase contracts

Under IFRS 9 “Financial Instruments”, a contract to buy or sell a non-financial item (including electricity) may be classified and recognized as a financial instrument. According to paragraphs 2.4 and 2.6 of IFRS 9, if the contracts to buy or sell non-financial items can be settled net in cash or in another financial instrument, or by exchanging financial instruments, including if the underlying commodity is readily convertible into cash, they are in the scope of IFRS 9. The standard provides an exemption from applying IFRS 9 for the contracts that are entered into and continue to be held for the purpose of the receipt or delivery a non-financial item in accordance with the entity’s expected purchase, sale or usage requirements (“own-use exemption”).

The electricity is a commodity readily convertible into cash and therefore management has conducted an analysis in order to determine if own use exemption applies to its contracts.

The main considerations are:

- the Group is an electricity producer and its only intention and purpose is to sell all the electricity produced;
- the forward sell contracts are concluded with the sole intention of delivering the electricity produced; the Group does not act as an electricity broker/dealer;
- the buy-sell transactions on the spot markets (day-ahead, intra-day and balancing markets) are entered into only for meeting the Group’s own selling and balancing necessity and responsibility;
- in 2020 the Group started to be active in the electricity supply sector (selling electricity to end users), acting also as a service provider (including customer service); and
- the Group has used limited forward purchase electricity contracts and their purpose was to cover the needs for the contractual commitments for deliveries to final end consumers.

The Group concluded that own use exemption applies in all its electricity sale and purchase contracts in 2025 si 2024 and therefore are not in scope of IFRS 9.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

- Note 22 – assumptions related to the revaluation of property, plant and equipment;
- Note 22 – assumptions related to determination of recoverable amount of assets under construction;
- Note 7 h) and i) – estimates of useful lives of property, plant and equipment and intangible assets;
- Note 13 E – estimates in relation to electricity transfer price between production and supply activity used in calculation of tax for electricity producers;
- Notes 28 and 32 – recognition and measurement of provisions and contingent liabilities;

5. USE OF JUDGEMENTS AND ESTIMATES (continued)

- Notes 7 I), 20 and 29 b) – determination of expected credit losses for trade receivables;
- Note 16 – assessment of obligations resulting from defined benefit plans and other long-term employee benefits: the main actuarial assumptions;
- Note 28 – estimates related to decommissioning provisions

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for financial assets and liabilities, and non-financial assets (property, plant and equipment).

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 22: property, plant and equipment;
- Note 29: financial instruments.

Climate-related risks

Hidroelectrica is exposed to climate-related risks, which can impact water resource availability, a key factor in hydropower generation. These include variability in precipitation, with the potential for altered river flows impacting water availability for energy production. The increased incidence of extreme weather events—such as the drought experienced in 2024 that led to a significant decrease in hydro production—demonstrates the tangible effects of these risks. Nevertheless, the company has historically observed that during droughts, electricity prices have increased, which may benefit the company through increased profit margins rather than through volumes sold.

To address climate-related risks, Hidroelectrica is emphasizing the diversification of its energy portfolio, particularly focusing on expanding into renewable energy sources. The company plans to acquire and develop solar parks and additional wind farms, aiming for an additional of minimum 500 MW of installed capacity in the next years. This shift towards solar and wind energy is strategically significant, especially given the inverse correlation between solar power generation and water levels for hydropower. The adoption of solar power, therefore, offers an offset during periods of low water availability, underlining the importance of a versatile and resilient energy mix in response to the challenges posed by climate variability.

5. USE OF JUDGEMENTS AND ESTIMATES (continued)

The financial implications of climate-related risks include the fair value of Hidroelectrica's property, plant and equipment, related to water resources and hydropower facilities that can be affected by a lower volume of power generation estimated during projected useful life associated with climate change compared with the initial technical and financial performance indicators of such projects. These potential implications are considered in the economic obsolescence test conducted as part of the revaluation exercise.

Also, with respect to investment objective that are currently in progress, the specific impairment assessments performed consider a lower forecasted electricity production given the expected variability in precipitation.

Work safety and safe operations

Protecting people is a priority of the Group and the Group is committed to safe and responsible operations to protect the health and safety of its employees, contractors and surrounding communities. This commitment demonstrated through established health and safety policies, ongoing learning and development via training on human rights and workplace safety, and the annual update of the HSE Prevention and Protection Plan.

While the Group aims for zero serious workplace accidents, incidents may still occur. However, the Group's top priorities remain the enhancement of safe working conditions.

Cyber risk

Digitalization brings many benefits, but it also increases risks related to cybersecurity and system reliance. As the Group's operations grow and depend heavily on IT systems and network infrastructure, these risks can cause operational disruptions, fraud, or data theft.

Any IT system failure, including from cyberattacks, could negatively impact the business, finances, and operations. Systems face threats like power outages and cyberattacks, and despite our cybersecurity measures, disaster recovery plans, and employee training, we may not be fully protected against all unauthorized access attempts. The Group is continuously enhancing its IT systems and cybersecurity to protect data confidentiality and integrity, while also educating its employees to responsibly manage cyber risks and IT systems failures.

Risk management and internal control

The Group's internal control framework includes compliance to the company's values and guidelines on ethics and corporate responsibility. A strong commitment to integrity, responsibility, and ethical behaviour is especially crucial in preventing and detecting fraud, bribery and corruption. The Group is committed to conducting its operations fairly, honestly, and in full compliance with all applicable laws. It adopts a zero-tolerance policy toward bribery and corruption in all its operations and relationships worldwide. Internal procedures addressing conflicts of interest, gifts and hospitality, and whistleblowing are designed to reduce potential fraud and corruption risks.

Group-wide fraud preventing, anti-bribery and corruption policies, along with whistleblower procedures, provide guidance on risk assessment, legal compliance, and reporting concerns.

The Group and its Supervisory Board take whistleblowing reports and negative media coverage seriously. Established policies ensure analysis of any breaches of the internal code of conduct or legal requirements, supported by an open channel for reporting. Internal reviews conducted throughout 2025, up to the financial statements' approval date, found no instances of ethical violations or non-compliance with laws and regulations.

6. BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis except for land, buildings, equipment and other items of property, plant and equipment, which are measured using revaluation model.

7. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see 7 (a) (ii)). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Non-controlling interests ("NCI")

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

7. MATERIAL ACCOUNTING POLICIES (continued)

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized gains or losses (except for foreign currency transactions gains or losses), are eliminated.

(b) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within finance costs.

(c) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer, while the revenue from electricity supply is measured based on lower of the agreed contractual prices with customers and, where applicable, the capped electricity prices as per legislation. The Group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

	Nature and satisfaction of contractual obligations	Revenue recognition
Wholesale of electricity	The Group sells the majority of electricity produced on forward contracts with electricity suppliers and traders, on the spot market (day-ahead market) to the market operator (OPCOM) and on the balancing market to the system operator (Transelectrica). Invoices are issued at the end of the month or at the beginning of the following month for the electricity delivered in the current month. The payment term is 30 days from invoice date.	Revenue is recognized over time, because the customer simultaneously receives the benefits provided by the performance of the Group as the Group delivers electricity; generation and use of electricity are simultaneous because electricity is not stored. The contract liabilities primarily relate to the advance consideration received from customers under contract in relation to energy to be supplied in the following period.
Electricity supply to end users (retail sales of electricity)	The performance obligation is represented by delivery of electricity to the customer's location, which includes transmission and distribution, performed via third party assets. Customers obtain control of electricity as electricity is consumed. Revenue is recognized based on the volumes communicated to the Group by the distribution operators, which are based on automated or manual meter readings performed by the distribution operators, self-readings reported by the consumers, or based on estimates of electricity delivered for which readings were not yet performed for the interval between the date of last reading and the end of period. Invoices are usually issued on a monthly basis, in the month following consumption. The payment term is 45 days from invoice date for households final consumers and 30 days from invoice date for non-households final consumers.	Revenue is recognized over time, because the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group delivers electricity. Electricity supply revenue include transmission and distribution tariffs, which are invoiced by the Group to end users. The transmission and distribution services are provided by the transmission operator and the distribution operators, and the related costs are billed by the transmission operator and the distribution operators to the Group. The Group assessed whether it is a principal or an agent in relation to transmission and distribution services (and related green certificates obligations as described under paragraph 7.j) passed through to the customer and it concluded that it acts as a principal. The considerations supporting this conclusion include: the Group has a single performance obligation, i.e. delivery of electricity to end user location, which includes transmission and distribution; electricity consumption happens instantaneously as the electricity is generated at the Group's plants and delivered through the transmission and distribution grids to the end user's location.
System services	System services consist of Group making available an agreed generation capacity to the system operator, Transelectrica, for a certain period of time. This capacity is used by Transelectrica in the process of balancing the electricity system. Invoices for system services are issued on a monthly basis, at the beginning of each month for the services provided in the previous month. The payment term is 30 days from invoice date.	As the Group makes available generation capacity measured in MWh and not specific assets, the Group concluded that the contract does not contain a lease and therefore is in scope of IFRS 15. Revenue is recognized over time, because the customer simultaneously receives and consumes the benefits provided by the Groups's performance as the services are performed. The fee received for system services depends on the hourly capacities made available (ie number of hours for which the capacity multiplied by the capacity) and the hourly tariffs.

Both the hourly capacities and the hourly tariffs are established based on the results of daily auctions organized by the system operator.

If, during the interval the capacity is made available, the system operator orders the Group to produce electricity using the capacity made available, the electricity produced is sold on the balancing market at the price established on the respective market (see Wholesale of electricity section above).

(d) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount. There are no plan assets.

The defined benefit plans include cash benefits on retirement and benefits in kind consisting of free electricity granted to employees after retirement.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income ("OCI"). The Group determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

7. MATERIAL ACCOUNTING POLICIES (continued)

(iv) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that the employees have earned in return for their service in the current period and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

Other long term employee benefits include cash benefits paid to employees at the moment when they achieve certain seniority milestones.

(v) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(e) Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes finance result and income taxes.

(f) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;
- unwinding of non-current provisions.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(g) Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

7. MATERIAL ACCOUNTING POLICIES (continued)

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences that occur on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(iii) Global minimum-top up tax

Law 431/2023 on ensuring a global minimum level of taxation for multinational groups and large national entities transposed into the national legislation the provisions of Directive 2523/2022. Also, according to Article 5 of the Law 431/2023, the explanations and examples from the Administrative Guidelines issued by the Organization for Economic Co-operation and Development ("OECD") are used for the application of this law.

Law 431/2023 is applicable to large groups of entities, both national and multinational, with a consolidated turnover (at the level of the entire group) of at least 750 million Euros in at least two years of the four years prior to the reference year. Thus, according to the legislation, starting with the financial year 2024, a supplemental tax ("Global minimum top-up tax ") should be collected each time the effective rate of 15%.

7. MATERIAL ACCOUNTING POLICIES (continued)

The effective tax rate ("ETR") is computed annually at the jurisdiction level. The ETR is calculated as the ratio of the adjusted covered taxes of the Constituent Entities ("CE") – the numerator and the qualifying net profit of the CE – the denominator, respectively. Both the numerator and the denominator represent the cumulative amounts of all CEs located in a jurisdiction. The OECD has introduced a number of safe harbours, aimed at simplifying the calculation for taxpayers, especially in the first years of application. As long as at least one of the tests mentioned under the protection regimes (de minimis test, the simplified ETR test and the routine profitability test) is met for a year, the additional tax in that jurisdiction for the Group can be considered to be zero. Thus, the Group analyzes if at least one of the aforementioned tests is met and, in the event that none of the tests is met, performs the calculation of the ETR at the level of the jurisdiction. If the ETR determined is less than 15%, the additional tax required to reach the minimum of 15% is recognized as corporate income tax.

(h) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are initially recognised at cost, which includes capitalized borrowing costs.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

After initial recognition:

- land, buildings, equipment and other items of property, plant and equipment are measured at revalued amount; and
- assets in progress are measured at cost less any accumulated impairment losses.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, the accumulated depreciation is eliminated from the gross book value, and the net amount is adjusted to the revalued amount of the asset.

If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised and accumulated in equity under revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same amount of the same asset previously recognised in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognized in equity in revaluation reserve if there is any credit balance existing in the revaluation reserve in respect of that asset.

The difference between revalued amount and the net book value of assets is recognized as revaluation reserve in equity.

The revaluation reserve is transferred to retained earnings in an amount corresponding to the use of the asset (as the asset is depreciated) and upon disposal of the asset.

7. MATERIAL ACCOUNTING POLICIES (continued)*(ii) Subsequent expenditure*

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated using the straight-line method over the assets estimated useful lives, and is recognized in profit or loss. Land and assets under construction are not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Category	Useful life (years)
Buildings and special installations	65-97
	The lesser of useful economic life and remaining period of the concession contract
Buildings and special installations representing assets to be returned, according to the concession contract (see Note 5 a1))	contract
Technological equipment	25-47
Measurement and control devices	15-23
Vehicles	16-24
Fixture and fittings	12

Depreciation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

(i) Intangible assets*(i) Recognition and measurement*

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets include mainly software and licenses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives of software and licenses for current and comparative periods are 3-5 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

7. MATERIAL ACCOUNTING POLICIES (continued)

(j) Green certificates

The Group recognizes the green certificates granted under the support mechanism for renewable energy producers at cost (which is 0) when electricity is produced and delivered.

The Group recognizes green certificates purchased at cost.

The Group, as an electricity supplier, is required by law to purchase a number of green certificates (see Note 1 c)), whose cost is subsequently charged to the end users based on the quantities of electricity consumed. In order to meet the legal annual purchase obligation (annual target or quota), the Group uses both green certificates granted under the support scheme and green certificates purchased.

Green certificates purchased to meet the purchase obligation (quota) are recognized as current assets, at acquisition cost, and expensed to the extent required to meet the quota obligation. Green certificates purchased in excess of the mandatory quota at the end of the reporting period are recognized in the consolidated statement of financial position. If the mandatory quota is not met at the end of the reporting period, then the Group recognized a liability in the consolidated statement of financial position.

The cost of green certificates recharged to end users of RON 354,337,865 is recognized in profit or loss as part of Revenue from contracts with customers.

(k) Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents include cash balances, demand deposits and deposits with maturity of up to three months from the date of origination that have an insignificant exposure to the risk of change in fair value, and are used by the Group to manage short-term commitments.

A financial asset (unless it is a trade receivable without a significant financing component) or a financial liability is initially measured at fair value plus or minus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified into one of the business models: held to collect, held to collect and sell or other.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

7. MATERIAL ACCOUNTING POLICIES (continued)

A financial asset is classified as held to collect and measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets of the Group are classified as held to collect and give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortized cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains or losses

Financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains or losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognizes a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

7. MATERIAL ACCOUNTING POLICIES (continued)

(I) Impairment

(i) Financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at fair value through other comprehensive income. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognizes lifetime expected credit losses for trade receivables.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Group measures loss allowances at an amount equal to lifetime ECLs (Note 29).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessments, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

7. MATERIAL ACCOUNTING POLICIES (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs, according to the judgement described in Note 5 a3).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss, except for the property, plant and equipment measured at revalued amount, in which case the impairment loss is recognized in other comprehensive income and decreases the revaluation reserve within equity to the extent that it reverses a previous revaluation surplus related to the same asset.

7. MATERIAL ACCOUNTING POLICIES (continued)

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(m) Share capital

The Group recognized changes in share capital in accordance with the applicable legislation and after approval of the General Meeting of Shareholders and registration in the Trade Register.

Until 31 December 2003, the statutory share capital in nominal terms was restated according to IAS 29 “Financial Reporting in Hyperinflationary Economies” with a corresponding adjustment to retained earnings.

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12 (see 7 (g)).

(n) Public patrimony

Public patrimony represents the value of assets belonging to the *public domain*, that have been financed from state budgetary sources (public funds). The part of the value of these assets funded from budgetary sources is initially recognized as deferred income, and then, at the time of work acceptance and commissioning of the assets, the value is transferred to Public Patrimony assimilated to equity accounts. According to Government Decision 1705/2006, these assets will be transferred to the balance sheet of the institutions from whose sources they were financed, after the end of their economic life, based on an official act adopted for this purpose. According to OMFP no. 2844/2016, entities that have not completed the legal procedures for the transfer of such public patrimony assets, meanwhile report them separately in equity, in accounts assimilated to capital.

(o) Dividends

Dividends are recognized as a deduction from equity in the period in which their distribution is approved and recognized as a liability to the extent it is unpaid at the reporting date. Dividends are disclosed in the notes to financial statements when their distribution is proposed after the reporting date and before the date of the issuance of the financial statements.

(p) Provisions

A provision is recognized if, as a result of a past event, the Group has a current, legal or constructive obligation, which can be reliably estimated and it is likely that an outflow of resources incorporating economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Decommissioning

A decommissioning provision in respect of abandoned or switched to post-utilization hydro-power assets, and the related expenses are recognized when management has taken the decision to abandon an asset or switch an asset to post-utilisation or the Group has not a realistic alternative except to abandon or move to post-utilization an asset before the end of the concession period (see Note 5 (a4)).

7. MATERIAL ACCOUNTING POLICIES (continued)

Subsequent to initial measurement, the obligation is measured at the end of each reporting period to reflect the time value of money and any changes in the estimated future cash flows underlying the obligation. The increase in the provision due to time value of money is recognized as finance costs, while the changes in estimated future cash flow is recognized as operating expense.

The Group recognizes a decommissioning provision against property, plant and equipment in respect of decommissioning of the wind turbines. The obligation is measured at the end of each reporting period to reflect the time value of money and any changes in the estimated future cash flows underlying the obligation. The change in the provision due to time value of money is recognized as finance costs, while the changes in estimated future cash flow is recognized against property, plant and equipment.

(q) Contingent assets and liabilities

A contingent liability is:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- b) a present obligation that arose from past events but is not recognized because:
 - i. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - ii. the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements, but disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent asset is not recognized in the financial statements, unless it is virtually certain. Contingent assets are only disclosed when an inflow of economic benefits is considered probable.

(r) Tax uncertainties

The Group applies IFRIC 23 *Uncertainties over income tax treatment* to account for uncertainties related to income tax.

An 'uncertain tax treatment' is an income tax treatment for which there is uncertainty over whether the relevant tax authority will accept it under tax law. Whether an uncertain tax treatment is present depends both on the specific position taken by the Group and on the applicable tax law. Therefore, uncertain tax treatments often occur when the applicable tax law is unclear or is not consistently understood.

If there is uncertainty about an income tax treatment, then the Group considers whether it is probable (more likely than not) that a tax authority will accept the Group's tax treatment included or planned to be included in its tax filing.

The Group reflects uncertainty about a tax treatment in measuring its current and deferred taxes as follows.

Tax authority is likely to accept the Group's tax treatment: If the Group concludes that it is probable that the tax authority will accept its tax treatment, then it measures current and deferred taxes consistently with the tax treatment used or planned to be used in its income tax filing.

7. MATERIAL ACCOUNTING POLICIES (continued)

Tax authority is unlikely to accept the Group's tax treatment: If the Group concludes that it is not probable that the tax authority will accept its tax treatment, then it reflects the effect of that tax uncertainty in determining the related taxable profit (or tax loss), tax bases, unused tax losses, unused tax credits and tax rates. To do so, the Group uses either the most likely amount or the expected value method - whichever better predicts the resolution of the uncertainty.

Uncertainties related to taxes that are not income taxes (e.g. value added tax or taxes in scope of IFRSC 21 *Levies*) are recognized and measured in accordance with IAS 37 *Provisions, contingent liabilities and contingent assets*, unless they are dealt with specifically in another standard (e.g. IAS 19 *Employee Benefits* for social security taxes).

Uncertainties surrounding the amount to be recognized as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities. The name for this statistical method of estimation is 'expected value'. The provision will therefore be different depending on whether the probability of a loss of a given amount is. Where there is a continuous range of possible outcomes, and each point in that range is as likely as any other, the mid-point of the range is used.

Where a single obligation is being measured, the individual most likely outcome may be the best estimate of the liability. However, even in such a case, the Group considers other possible outcomes. Where other possible outcomes are either mostly higher or mostly lower than the most likely outcome, the best estimate will be a higher or lower amount.

(s) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if this rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

7. MATERIAL ACCOUNTING POLICIES (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in Property, plant and equipment in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases (lease term of 12 months or less) and leases of low-value assets (less than USD 5,000 equivalent). The Group recognises the lease payments associated with these leases as an expenses on a straight-line basis over the lease term.

(t) Government grants

Government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants related to the acquisition of assets are recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

For green certificates grants refer to Note 7 (j).

(u) Segment reporting

Segment results that are reported to the Company's Management Board and Supervisory Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

7. MATERIAL ACCOUNTING POLICIES (continued)

(v) Subsequent events

Events occurring after the reporting dates until the date these financial statements were authorized for issue, which provide additional information about conditions prevailing at the reporting date (adjusting events) are reflected in these financial statements. Events occurring after the reporting dates until the date these financial statements were authorized for issue, which provide information on events that occurred after the reporting dates (non-adjusting events), when material, are disclosed in the notes to the financial statements.

(w) Fair value measurement

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for financial assets and liabilities, and non-financial assets (see Note 5 (b)).

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

8. CHANGE IN ACCOUNTING POLICY

Except as described below, the accounting policies applied in these consolidated financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2024.

The Group has adopted Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1, as issued in 2020 and 2022. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current liabilities that are subject to covenants within 12 months after the reporting period. This change in the accounting policy has no impact on the consolidated statement of the financial position as at 31 December 2024 or the consolidated statement of the comparative financial position.

9. COMPARATIVES

These consolidated financial statements prepared at 31 December 2025 show comparability with the previous financial year consolidated financial statements.

10. OPERATING SEGMENTS**A. Basis for segmentation**

The Group has identified two reporting segments based on the operating licenses owned – production of electricity and supply of electricity.

The following summary describes the operations of each reportable segment:

Reportable segment	Operations
Electricity generation	Production of electricity through the operation of hydropower plants, micro-hydropower plants and wind turbines, rendering of system services to the system operator (meaning making available an agreed generation capacity for the balancing needs of the energy system).
	Electricity produced is sold mainly to electricity suppliers and entities that trade electricity on the wholesale electricity market, as well as supplied to final consumers through the electricity supply segment.
Electricity supply	Supply of electricity to non-households and households final consumers. Electricity supplied to end consumers is mainly generated by the electricity generation segment, and where there is a gap, this is covered through spot or forward electricity purchases.

The Management Board of the Company reviews management reports of each segment. Segment profit before tax is used to measure performance because management believes that such information is one of the most relevant in evaluating the results of the segments.

B. Information about operating segments

Year ended 31 December 2025	Electricity generation	Electricity supply	Total for reportable segments	Others	Inter- segment eliminations	Total
External revenues	4,114,995,303	5,504,014,226	9,619,009,529	35,737,470	-	9,654,746,999
Inter-segment revenue	1,673,945,907	-	1,673,945,907	-	(1,673,945,907)	-
Segment revenue	5,788,941,210	5,504,014,226	11,292,955,436	35,737,470	(1,673,945,907)	9,654,746,999
			-			-
Segment profit before tax	2,978,521,016	944,186,296	3,922,707,312	35,737,470	-	3,958,444,782
Net finance income/(cost)	198,239,042	41,166,060	239,405,102	-	-	239,405,102
Amortization and depreciation	(881,386,790)	(1,492,004)	(882,878,794)	-	-	(882,878,794)
Impairment loss on property, plant and equipment	(99,462,374)	(748)	(99,463,122)	-	-	(99,463,122)
Electricity purchased	(23,880,422)	(2,528,081,278)	(2,551,961,700)	-	1,640,603,395	(911,358,305)
Green certificates expenses	-	(387,680,377)	(387,680,377)	-	33,342,512	(354,337,865)
Employee benefits expenses	(991,984,475)	(27,766,663)	(1,019,751,138)	-	-	(1,019,751,138)
Turbinated water	(444,764,067)	-	(444,764,067)	-	-	(444,764,067)
Tax for electricity producers	(122,721,182)	-	(122,721,182)	-	-	(122,721,182)
Transport and distribution of electricity	(54,192,034)	(1,580,645,870)	(1,634,837,904)	-	-	(1,634,837,904)
Other expenses	(469,286,120)	(82,224,958)	(551,511,078)	-	-	(551,511,078)

10. OPERATING SEGMENTS (continued)

Year ended 31 December 2024	Electricity generation	Electricity supply	Total for reportable segments	Others	Inter-segment eliminations	Total
External revenues	5,521,040,247	3,601,668,896	9,122,709,143	174,732,075	-	9,297,441,218
Inter-segment revenue	1,342,629,674	-	1,342,629,674		(1,342,629,674)	-
Segment revenue	6,863,669,921	3,601,668,896	10,465,338,817	174,732,075	1,342,629,674)	9,297,441,218
Segment profit before tax	4,141,626,297	528,236,661	4,669,862,958	174,732,075	-	4,844,595,033
Net finance income/(cost)	248,649,134	7,917,515	256,566,649	-	-	256,566,649
Amortization and depreciation	(904,885,224)	(82,889)	(904,968,113)	-	-	(904,968,113)
Impairment loss on property, plant and equipment	(39,493,787)	-	(39,493,787)	-	-	(39,493,787)
Electricity purchased	(25,548,366)	(1,490,355,288)	(1,515,903,654)	-	1,307,055,587	(208,848,067)
Green certificates expenses	-	(309,108,210)	(309,108,210)	-	35,574,087	(273,534,123)
Employee benefits expenses	(840,497,075)	(25,832,863)	(866,329,938)	-	-	(866,329,938)
Turbinated water	(517,805,427)	-	(517,805,427)	-	-	(517,805,427)
Tax for electricity producers	(234,654,212)	0	(234,654,212)	-	-	(234,654,212)
Transport and distribution of electricity	(64,394,869)	(1,163,997,341)	(1,228,392,210)	-	-	(1,228,392,210)
Other expenses	(390,257,236)	(94,351,976)	(484,609,212)	-	-	(484,609,212)

Other expenses include the following captions from consolidated statement of profit or loss: Repair, maintenance, materials and consumables, Impairment loss on trade receivables and Other operating expenses.

The electricity generation segment includes also system services and production of electricity for system balancing which are billed to the system operator, Transelectrica SA (see details in Note 11).

Inter-segment revenue includes the value of electricity produced and transferred within the same entity from producer portfolio (generation segment) to supplier portfolio (supplier segment) of RON 1,616,722,973 in 2025 (2024: RON 1,271,354,516). Inter-segment revenue is calculated based on a methodology approved by the Management Board in 2021. The methodology used for computing transfer price between segments is based on the average electricity production cost in the last 12 months ending 2 months prior the calculation month, plus an internal margin.

The increase in profitability of the supply segment in 2025 compared to 2024 is due to the increase in selling price per MWh and the increase of number of clients, compared to the same period as in prior year.

All revenues are generated in Romania.

Total segment assets and total segment liabilities are not included in the management reports reviewed by the Management Board.

11. REVENUE

A. Revenue from contracts with customers

The Group generates revenue from:

	2025	2024
Wholesale of electricity	3,864,222,971	5,217,335,087
Electricity supplied to final consumers (retail sales)	5,504,014,226	3,601,668,896
System services	248,150,916	302,828,097
Maintenance services	2,621,416	877,063
Total	9,619,009,529	9,122,709,143

Revenue from electricity supplied to final consumers reflect the value of volume supplied, including positive imbalances, which are based on automated or manual meter readings performed by the distribution operators, self-readings reported by the consumers, or based on volume estimated by distribution operators if readings are not available.

The majority of the Group's supply revenue in the year ended 31 December 2025 represent sales to non-household consumers (approx. 64 % of volume, 63% in 2024), for which readings are performed at the end of each month, data sent by the distribution operators. Also, approximately 71% (67% in 2024) of the volume supplied to household consumers in the year ended 31 December 2025 is determined based on meter readings at the end of the period, and the rest is based on estimates of the consumption, data sent by the distribution operators. Consequently, the Group assesses that the risk of revenue adjustment subsequent to period end that could result from the difference between the meter readings and the estimated volumes would have a limited impact on the financial statements.

In 2025, the Group produced 11,847 GWh (2024: 13,864 GWh) and sold 14,056 GWh (2024: 14,666 GWh). From total quantity sold, 7,244 GWh were supplied to end users in 2025 (5,572 GWh in 2024).

The Group has contracts with customers for periods up to 12 months.

Individual clients who represented more than 10% of the Group's revenues are as follows:

- Transelectrica SA, the electricity system operator - system services and production of electricity for system balancing (latter included in Sale of electricity produced) – RON 739,636,134 in 2025 (8%) and RON 1,946,833,917 in 2024 (21%);
- OPCOM SA, the market operator – sale of electricity produced on the spot market of RON 686,612,232 in 2025 (7%) and RON 2,704,049,345 in 2024 (30%).

Timing of revenue recognition:

	2025	2024
Revenue recognised over time	9,616,388,113	9,121,832,080
Revenue recognized at a point in time	2,621,416	877,063
Total	9,619,009,529	9,122,709,143

11. REVENUES (continued)

B. Contract liabilities

As at 31 December 2025, the Group has contract liabilities of RON 48,391,638 (31 December 2024: RON 97,786,127). These represent advance payments from customers for future contractual obligations for electricity delivery and supply.

Contract liabilities as at 31 December 2024 of RON 97,786,127 were recognized as revenues during 2025 (2024: RON 41,719,807).

12. OTHER INCOME

	2025	2024
Compensations, fines and penalties from suppliers	5,725,032	5,811,870
Grant income	1,425,524	126,556,330
Gain from bargain purchase of subsidiaries (Note 30)	-	25,727,908
Other income	28,586,914	16,635,967
Total	35,737,470	174,732,075

On 2 April 2024, the High Court of Cassation and Justice, through Decision no. 1852, has definitively ruled in favor of Hidroelectrica in relation to the litigation with the tax authorities whose subject was the annulment of the Decision on settling the preliminary tax appeal no. 406/18.12.2014, annulment of Tax Decision no. F-MC 851/21.01.2014, in amount of RON 214,385,212, as well as the reimbursement of the imposed amount. In July 2024, the imposed amount was compensated with the tax obligations for the year 2024. Additionally, the Group received tax interest of RON 122,842,704 in September 2024, corresponding to the period between the enforcement of the imposed amount by the authorities and its compensation.

13. OPERATING EXPENSES

A. Turbined water

Turbined water represents the water used by the hydropower plants in order to generate electricity. The fee for turbined water established by the National Agency for Water Administration is RON 37 per MWh produced (2024: 37 RON/MWh).

B. Electricity purchased

The Group purchases electricity in order to fulfill the deficit between the electricity contracted for sales and the actual electricity produced or in order to cover the electricity needs of the supply segment.

In 2025, the Group purchased 2.209 GWh (2024: 802 GWh) for RON 911.358.305 (2024: RON 208,848,067). The increase in electricity purchases in 2025 is mainly due to decrease of own production due to poor hidrology and increase in energy delivered under supply segment.

13. OPERATING EXPENSES (continued)

C. Transport and distribution of electricity

	2025	2024
Injection of electricity produced in the national system	39,173,613	62,359,501
Distribution of electricity supplied	1,301,105,512	949,130,524
Transport of electricity supplied	294,558,781	216,902,187
Total	1,643,837,906	1,228,392,212

Tariffs for transport and distribution of electricity are regulated. Increase in transport and distribution costs in 2025 is determined by the increase in the regulated tariffs starting 1 January 2025 and the increase of energy delivered to final consumers.

D. Green certificates expenses

As of 31 December 2025, the Group incurred costs of RON 354,337,865 (2024: RON 273,534,123) cost of green certificates purchased for the supply segment under the legal obligation to purchase green certificates from renewable energy producers, based on annual targets or quotas established by law, which apply to the quantity of electricity purchased and supplied to final consumers.

E. Tax for electricity producers

The tax for electricity producers is computed as 100% of net monthly average selling price in excess of RON 400 per MWh. (450/MWh till 31 March 2024) The tax on electricity producers was applicable until 31 March 2025.

In February 2025, the Government issued a new Emergency Ordinance (GEO no. 6/27.02.2025) extending the applicability of the tax for an additional 3 months, until June 30, 2025. Starting April 1, 2025, the tax for energy producers is calculated by applying a rate of 80% (reduced from 100%) to the difference between the average net monthly selling price and the price of 400 RON per MWh.

The tax recorded by the Group in 2025 is RON 122,721,182 (2024: RON 234,654,212).

13. OPERATING EXPENSES (continued)

F. Other operating expenses

	2025	2024
Movement in provisions, net	23,870,638	24,837,129
Local taxes	140,141,235	82,878,702
Security	32,888,083	29,736,901
Sponsorship	8,780,048	13,560,664
Professional services	16,819,821	12,696,408
Services related to abandoned constructions	10,112,609	10,641,918
ANRE contribution	9,719,571	12,243,581
AMEPIP contribution	8,648,942	11,266,739
Penalties	2,832,410	13,039,691
Loss on disposal of property, plant and equipment	1,292,963	6,252,784
Other expenses	147,387,434	109,152,433
Total	407,635,561	326,306,950

The overall increase of local taxes as compared with prior year is due to the recording of tax on special constructions in amount of RON 51,133,367 which came into force starting 2025.

Other expenses in amount of RON 147,387,434 includes expenses with licenses used for less than 1 year in amount of RON 22,572,612, royalties paid to the Ministry of Energy as part of the service concession agreement amounting RON 6,360,539, third party services amounting RON 19,679,400 and management fees amounting RON 8,866,834.

G. Auditors remuneration

Remuneration of the statutory auditor, Ernst & Young Assurance Services SRL, for the audit services for the year 2025 (2024: KPMG Audit SRL), as well as the fees charged for non-audit services, are as follows:

	2025 (EUR)	2024 (EUR)
Contractual fee for the audits of the separate and consolidated financial statements prepared in accordance with OMFP no. 2844/2016 and of the consolidated financial statements prepared in accordance with IFRS-EU	269,000	217,235
Contractual fee for the audit of the separate financial statements prepared in accordance with OMFP 1802/2014 for Hidroserv SA	22,000	-
Total audit fees	291,000	217,235
Fees for non-audit services fees	167,000	129,859
Total fees	458,000	347,094

Non-audit services include reviews of interim condensed consolidated financial statements, limited assurance and agreed upon procedures.

14. FINANCE RESULT

	2025	2024
Interest income	283,174,321	332,133,890
Other finance income	42,654,276	9,891,593
Finance income	325,828,597	342,025,483
Interest expense	(22,396,637)	(26,925,341)
Unwinding of non-current provisions	(65,863,834)	(58,476,191)
Gain or (loss) from foreign exchange differences	1,836,976	(57,302)
Other finance expenses	-	-
Finance expenses	(86,423,495)	(85,458,834)
Net finance result	239,405,102	256,566,649

The decrease in interest income is generally due to the decrease in interest rates and decrease in deposits over the period.

The increase in other finance income are related to late payment penalties invoiced for outstanding balances as a result of a increase in the number of clients and their payment behavior.

15. EARNINGS PER SHARE

The calculation of earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2025	2024
<i>Profit attributable to the owners of the Group</i>		
Profit for the year attributable to the owners of the Group	3,369,693,635	4,127,915,792
Profit attributable to ordinary shareholders	3,369,693,635	4,127,915,792
<i>Weighted average number of ordinary shares (basic and diluted)</i>		
Issued ordinary shares at 1 January	449,802,567	449,802,567
Weighted average number of ordinary shares at 31 December	449,802,567	449,802,567
Earnings per share (basic and diluted) RON/share	7.49	9.18

16. EMPLOYEE BENEFITS

	31 December 2025	31 December 2024
Defined benefit plans	109,351,350	105,166,172
Other long-term employee benefits	47,716,754	45,310,075
Salaries payable	40,536,977	34,930,077
Social security contributions	31,788,183	30,356,838
Tax on salaries	5,648,544	5,398,187
Other	17,873,958	12,033,944
Total	252,915,766	233,195,293
- Current	113,012,224	104,599,400
- Non-current	139,903,542	128,595,893

Current portion of employee benefits is as follows:

	31 December 2025	31 December 2024
Defined benefit plans	12,846,389	14,512,538
Other long-term employee benefits	6,649,746	8,312,065
Salaries payable	40,536,977	34,930,077
Social security contributions	31,788,183	30,356,838
Tax on salaries	5,648,544	5,398,187
Other	15,542,385	11,089,695
Total	113,012,224	104,599,400

Post-employment benefits (defined benefit plans)

In accordance with the Collective Labour Agreements, the Group provides cash benefits to employees at retirement depending on the years of service in the Company, Hidroserv and UCMH, as follows:

*Retirement benefits***Years of service***Number of monthly gross base salary*

	31 December 2025	31 December 2024
Up to 10 years	1	1
Between 10 and 25 years	3	3
More than 25 years	6	6

Benefits in kind

Also, in accordance with Collective Labour Agreements, the Group provides benefits in kind consisting of free electricity (within the limit of 1,200 kWh annually) to employees retired from the Company and from Hidroserv subsidiary subject to meeting certain conditions (at least 15 cumulative years of seniority in the Company, Hidroserv or other companies operating in the electricity sector or at least 10 consecutive years of service in such companies before retirement). In the event of the retired person's death, the surviving spouse has the right to receive the same benefit until the time of their remarriage or death.

16. EMPLOYEES BENEFITS (continued)

Other long-term employee benefits

In accordance with the Collective Labour Agreements, the Group provides cash benefits to the Company's and Hidroserv's employees depending on seniority in the companies, as follows:

Seniority	Number of monthly gross base salary	
	31 December 2025	31 December 2024
20 years	1	1
25 years	2	2
30 years	3	3
35 years	4	4
40 years	5	5
45 years	6	6

(i) Movement in the defined benefit liability and other long-term employee benefits

The following tables show the reconciliation between the opening and closing balance for the defined benefit liability and other long-term employee benefits and their components. There are no benefit plan assets.

Defined benefit liabilities	2025	2024
Balance at 1 January	105,166,172	98,154,192
<i>Included in profit or loss</i>		
Current service cost	4,944,004	4,606,353
Past service cost	1,078,670	-
Interest cost	7,061,196	5,755,985
Benefits paid	(5,652,347)	(8,705,468)
<i>Included in other comprehensive income</i>		
Actuarial losses/(gains)	(3,246,345)	5,355,110
Balance at 31 December	109,351,350	105,166,172

Other long-term employee benefits	2025	2024
Balance at 1 January	45,310,075	44,162,937
<i>Included in profit or loss</i>		
Current service cost	2,503,254	2,291,557
Past service cost	1,067,438	-
Interest cost	3,345,901	2,722,175
Actuarial losses/(gains)	7,409,147	6,395,109
Benefits paid	(11,919,062)	(10,261,703)
Balance at 31 December	47,716,753	45,310,075

16. EMPLOYEES BENEFITS (continued)

ii) Actuarial assumptions

The following are the main actuarial assumptions at each reporting date:

(a) Macroeconomic assumptions:

the inflation rate used as at 31 December 2025 and 2024 is based on the forecast of the National Bank of Romania ("NBR") for the inflation for RON, as follows:

Year	Valuation date 31 December 2025	Valuation date 31 December 2024
2025	n/a	3.88%
2026	6.50%	3.33%
2027	3.07%	2.5%
2028+	2.5%	2.5%

- discount rate used was obtained from the interest rates for RON published by the European Insurance and Occupational Pensions Authority (EIOPA) as follows:

Year	Valuation date 31 December 2025	Valuation date 31 December 2024
2025	n/a	6.671%
2026	6.111%	6.902%
2027	6.240%	7.074%
2028	6.365%	7.198%
	6.481%-4.059% (avg.	7.198%-4.151% (avg.
2029+	5.046%)	5.295%)

- increase in electricity price per kWh in line with the inflation rate. The electricity price used in the actuarial calculation is RON 1.0045/kWh as at 31 December 2025 (31 December 2024: RON 0.833/kWh);
- mortality rate used on is the rate published by the National Institute of Statistics for the last 10 years as of the valuation date.
- taxes and social contributions are those in force at the reporting dates.

(b) Group specific assumptions:

- growth rate of gross salaries used as at 31 December 2025 and 31 December 2024 is a rate equal to the inflation rate in the following years;
- employee' turnover rate used as at 31 December 2025 is based on annual averages of employee' turnover for the last 8 years differentiated by age and gender (31 December 2024: last 8 years average). The weighted average employee' turnover rate used as at 31 December 2025 is 1.24% (31 December 2024: 0.99%).

16. EMPLOYEES BENEFITS (continued)

(iii) Sensitivity analysis

The significant actuarial assumptions used for the determination of the defined benefits and other long-term employee benefits obligations are discount rate, expected salary increase and employee turnover. The sensitivity analysis below shows the effect on employee benefit liabilities – increase/(decrease), and was determined based on the reasonable changes in the respective assumptions at the end of the reporting periods, while other assumptions remain constant.

	31 December 2025		31 December 2024	
	Increase	Decrease	Increase	Decrease
Discount rate (100 bp)	(11,603,447)	13,492,446	(10,914,067)	12,699,058
Employee turnover ratio (100 bp)	(8,568,646)	6,270,640	(7,523,123)	4,671,790
Annual salary increase rate (100 bp)	8,373,309	(7,494,815)	7,449,995	(6,698,195)

The sensitivity analysis presented above may not be representative for the actual change in the benefit obligation, as it is unlikely that changes in the assumptions would occur independent from each other, while certain assumptions may be correlated. In the sensitivity analysis above, the present value of the benefit obligation was calculated using the projected unit credit method at the end of the reporting period, which is the same as the one applied to calculate the obligations recognized in the statement of financial position.

Employee benefits expense

	2025	2024
Average number of employees	5,200	5,083
Number of employees at 31 December	5,277	5,236
	2025	2024
Salaries and other remuneration	933,413,528	793,601,729
Social security contributions	40,367,006	33,682,655
Meal tickets	45,970,604	39,045,554
Total	1,019,751,138	866,329,938

17. INCOME TAX

In the determination of the current and deferred tax the Group takes into account the impact of uncertain tax positions (see Note 32). This assessment relies on estimates and assumptions and may involve a series of judgments about future events.

The Group considers that the accounting records for income tax due are appropriate for all open tax years, based on assessment made by management taking into account various factors, including the interpretation of tax legislation and previous experience. New information may become available that causes the Group to change its judgement regarding the adequacy of the existing tax liabilities; such changes to tax liabilities will have impact in tax expense in the period that such determination is made (Note 32).

The increase of current tax liability by RON 120,312,124 as compared with prior period is due to higher income tax payable related to 4th quarter of 2025 as compared with the similar period from 2024.

(a) Amounts recognized to profit or loss

	2025	2024
Current tax expense	652,514,125	759,365,061
Deferred tax benefit	(63,762,978)	(42,685,820)
Total	588,751,147	716,679,241

(b) Amounts recognized in OCI

	2025			2024		
	Before tax	Tax (expense)/ benefit	Net	Before tax	Tax (expense)/ benefit	Net
<i>Items that will not be reclassified to profit or loss</i>						
Impairment of PPE net of tax	(528,031)	-	528,031	770,110	-	(770,110)
Remeasurement of defined benefit liability	3,246,345		2,726,933	(5,355,110)	856,818	(4,498,292))
	2,718,314	(519,412)	2,198,902	6,125,220	856,818	5,268,402

(c) Reconciliation of effective tax rate

		2025		2024	
Profit before tax		3,958,444,782		4,844,595,033	
Tax using the Group's domestic tax rate	16%	633,351,165	16%	775,135,205	
Global minimum tax	0.2%	7,743,356	0.2%	8,195,893	
Tax effect of:					
- Non-deductible expenses	0.3%	13,163,583	0.4%	17,774,813	
- Tax-exempt income	(0.1)%	(2,306,235)	0.0%	(1,919,760)	
- Tax incentives	(1.7%)	(69,203,578)	(1.7%)	(82,009,506)	
- Deduction of legal reserves	(0.0%)	-	(0.0%)	(497,404)	
- Distribution of previously tax deducted revaluation reserves	-	-	-	-	
Income tax	14.9%	588,751,147	14.8%	716,679,241	

In 2025 and 2024, tax incentives refer to reinvested profit tax facility, positive tax incentive, increase in equity tax incentive and sponsorships granted. The main increase is due to the increase in equity tax incentive for equity preservation.

According to the Fiscal Code, certain revaluation reserves are subject to income tax at their distribution as dividends, if the revaluation reserves were previously tax deducted.

17. INCOME TAX (continued)

(d) Global minimum top-up tax

The Group qualifies as a large group at the national level and is subject to the global minimum top-up tax according to Law no. 431/2023. The Law transposes into national legislation the provisions of Directive 2523/2022 regarding the establishment of a minimum tax level ("Directive 2523"), which includes the guidelines from the Pillar Two of the "Global anti-base erosion model rules" (called "GloBE rules") issued by the OECD/G20 Inclusive Framework on BEPS as well as the Administrative Guidelines for the GloBE rules. For the year 2025, the Group has recorded an expense and a long-term liability regarding the additional top-up tax amounting to RON 7,822,302 (2024: RON 8,195,893).

(e) Movement in deferred tax balances

	Net balance at 1 January 2025	Recognized in profit or loss	Reconized in OCI	Net balance at 31 December 2025	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment and intangible assets	1,709,598,768	(44,907,090)		1,664,691,682	-	1,664,691,682
Provisions	(156,846,035)	(14,155,733)		(171,001,768)	(171,001,768)	-
Employee benefits	(24,272,133)	(655,419)	519,412	(24,408,140)	(24,408,140)	-
Leasing liabilities	(12,696,686)	(636,836)		(13,333,522)	(13,333,522)	-
Trade receivables	(49,321,767)	(3,127,719)		(52,449,486)	(52,449,486)	-
Inventories	(6,349,707)	(280,181)		(6,629,888)	(6,629,888)	-
Total deferred tax liabilities (assets) before set-off	1,460,112,440	(63,762,978)	19,412	1,396,868,878	267,822,804	1,664,691,682
Set-off tax					267,822,804	(267,822,804)
Net deferred tax liabilities (assets)					-	1,396,868,878
	Net balance at 1 January 2024	Recognized in profit or loss	Reconized in OCI	Net balance at 31 December 2024	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment and intangible assets	1,741,522,977	(31,924,209)	-	1,709,598,768	-	1,709,598,768
Provisions	(150,583,405)	(6,262,630)	-	(156,846,035)	(156,846,035)	-
Employee benefits	(22,770,740)	(644,576)	(856,817)	(24,272,133)	(24,272,133)	-
Leasing liabilities	(14,094,736)	1,398,050	-	(12,696,686)	(12,696,686)	-
Trade receivables	(43,513,595)	(5,808,172)	-	(49,321,767)	(49,321,767)	-
Inventories	(6,490,724)	141,017	-	(6,349,707)	(6,349,707)	-
Tax loss carried forward	(414,740)	414,700	-	-	-	-
Total deferred tax liabilities (assets) before set-off	1,503,655,077	(42,685,820)	(856,817)	1,460,112,440	(249,486,328)	1,709,598,768
Set-off tax					249,486,328	(249,486,328)
Net deferred tax liabilities (assets)					-	1,460,112,440

17. INCOME TAX (continued)

(f) Potential consequences on income tax

The Group may have potential consequences on corporate income tax that may result from the payment to shareholders of dividends from revaluation reserves transferred to retained earnings which, according to tax law, are taxed at the time of change of destination, to the extent they were previously tax deducted. Thus, the distribution of dividends from such reserves will generate additional income tax. The Group has such reserves transferred in retained earnings at 31 December 2025, which following the distribution would generate additional income tax for the Group of RON 27,229,601 (31 December 2024: RON 18,836,539).

The potential tax effect of revaluation reserves taxable at change in destination/distribution (at 16% tax rate) that were not yet transferred to retained earnings, amount to RON 337,264,800 at 31 December 2025 (RON 354,930,809 at 31 December 2024).

18. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents

	31 December 2025	31 December 2024
Bank accounts	949,833,184	982,016,851
Bank deposits with a maturity below 3 months	235,327,557	598,594,867
Petty cash	158,026	156,653
Cash equivalents	2,415,208	848,701
Total	1,187,733,975	1,581,617,072

Restricted cash

As at 31 December 2025, restricted cash comprises long-term collateral deposits of RON 23,057,471 (2024:21,057,741 RON) at Banca Comerciala Romana for issuance of bank guarantee in favor of OPCOM, related to transactions on Day-Ahead Market. In addition, the restricted cash includes consigned deposits for dividend payments and consigned cash for compensations to be paid for expropriations.

19. INVESTMENTS IN DEPOSITS AND CORPORATE BONDS

	31 December 2025		31 December 2024	
	Current	Non-current	Current	Non-current
Bank deposits with maturity less than 1 year held for investment purposes	3,732,016,142	-	3,475,932,995	-
TOTAL	3,732,016,142	-	3,475,932,995	-

Bank deposits are short-term deposits with maturity between 3 to 12 months held for investment purposes rather than for short term cash commitments. The average interest rate on term deposits was 6.74% per year in 2025 (2024: 5.89% per year).

20. TRADE RECEIVABLES

	31 December 2025	31 December 2024
Trade receivables – generation segment (wholesale)	285,311,503	417,602,605
Trade receivables – supply segment (retail)	1,749,744,657	1,520,397,165
Impairment allowance	(336,678,518)	(304,311,345)
Total	1,698,377,642	1,633,688,425

The unbilled revenues included in trade receivables amount to RON 685,870,552 gross at 31 December 2025, representing 34% of total gross trade receivables (RON 668,681,476 at 31 December 2024, representing 35% of total gross trade receivables), out of which RON 595,652,046 gross relate to supply segment (RON 420,642,478 as at 31 December 2024).

Of the invoiced receivables at 31 December 2025, RON 182,739,882 represents payment rescheduled receivables (31 December 2024: RON 333,509,906).

The movement of impairment loss for trade receivables is as follows:

	2025	2024
Balance at 1 January	304,311,345	238,069,021
Impairment loss recognized	58,768,337	81,665,404
Impairment loss used	2,618,639	(3,984,286)
Impairment loss reversed	(29,019,803)	(11,438,794)
Balance at 31 December	336,678,518	304,311,345

Trade receivables ageing analysis is disclosed in Note 29. Trade receivables due from related parties are disclosed in Note 33.

21. OTHER ASSETS

	31 December 2025		31 December 2024	
	Current	Non-current	Current	Non-current
Payments made in connection with uncertain tax treatments	-	63,612,328	-	63,612,328
Payments in advance and prepayments	55,150,658	305,961,455	14,104,239	208,557,734
Value added tax receivable	1,949,546		892,139	-
Other assets	23,692,842	4,760,640	15,833,239	4,589,529
Impairment loss on other assets	(15,832,781)	-	(6,903,382)	-
Total	64,960,265	374,334,423	23,926,235	276,759,591

The movement of impairment losses for other receivables is as follows:

	2025	2024
Balance at 1 January	6,903,382	28,904,922
Impairment loss recognized	10,484,983	-
Impairment loss used	-	(21,339,041)
Impairment loss reversed	(1,555,584)	(662,499)
Balance at 31 December	15,832,781	6,903,382

Payments made in connection with uncertain tax treatments

Details regarding the payments made in connection with uncertain tax position are presented in Note 32.1 a).

The Company recognized these payments as an asset based on IFRIC 23 Uncertainty over Income Tax Treatments because they will either be refunded if the Company is successful in the litigations related to the liability or they will be used to pay the liability in case of loss of the dispute.

Non-current payments in advance mainly represent advance payment for the AHE Vidraru overhaul contract signed in June 2024 and the comparative figures were reclassified accordingly, from current prepayments in line with their nature. In addition, the balance as of 31 December 2025 include advance payment for CHE Stejaru and Lotru pumping stations for which related contracts were signed in 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in RON, unless otherwise indicated)

22. PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings and special constructions and installations	Machinery, equipment and other items	Assets under construction	TOTAL
GROSS CARRYING AMOUNT					
Balance at 1 January 2024	524,950,394	16,344,376,471	2,888,136,002	4,245,200,783	24,002,663,650
Acquisitions through business combinations (Note 30)	13,174,408	28,350,059	24,921,710	-	66,446,177
Additions	4,432,913	726,527	26,291,839	275,864,156	307,315,435
Transfers from assets under construction	-	72,910,848	151,513,816	(224,424,664)	-
Disposals	-	(1,047,344)	(7,214,350)	(7,225,333)	(15,487,027)
Balance at 31 December 2024	542,557,715	16,445,316,561	3,083,649,017	4,289,414,942	24,360,938,235
Balance at 1 January 2025	542,557,715	16,445,316,561	3,083,649,017	4,289,414,942	24,360,938,235
Change in decommissioning		(344,065)			(344,065)
Additions	4,543,373	1,573,650	7,604,759	575,219,210	588,940,992
Transfers from assets under construction	-	69,868,200	90,752,636	(160,620,836)	-
Transfers to intangible assets				(17,573,705)	(17,573,705)
Disposals	(7,422,523)	(3,606,795)	(1,181,012)	(886,589)	(13,096,919)
Balance at 31 December 2025	539,678,565	16,512,807,551	3,180,825,400	4,685,553,022	24,918,864,538
ACCUMULATED DEPRECIATION					
Balance at 1 January 2024	1,427,990	22,136,234	6,324,002	-	29,888,226
Depreciation charge	801,541	412,913,063	487,858,557	-	901,573,161
Accumulated depreciation of disposals	-	(6,344)	(6,285,785)	-	(6,292,129)
Balance at 31 December 2024	2,229,531	435,042,953	487,896,774	-	925,169,258
Balance at 1 January 2025	2,229,531	435,042,953	487,896,774	-	925,169,258
Depreciation charge	1,058,966	413,786,838	462,103,146	-	876,948,950
Accumulated depreciation of disposals	-	(1,093,925)	(489,255)	-	(1,583,180)
Balance at 31 December 2025	3,288,497	847,735,866	949,510,665	-	1,800,535,028
ACCUMULATED IMPAIRMENT LOSSES					
Balance at 1 January 2024	-	-	-	3,579,842,754	3,579,842,754
Impairment loss	-	-	3,175	109,636,096	109,639,271
Reversal of impairment loss	-	-	-	(70,111,224)	(70,111,224)
Balance at 31 December 2024	-	-	3,175	3,619,367,626	3,619,370,801
Balance at 1 January 2025	-	-	3,175	3,619,367,626	3,619,370,801
Impairment loss	-	-	683,245	101,240,022	101,923,267
Reversal of impairment loss	-	-	-	(1,918,667)	(1,918,667)
Balance at 31 December 2025	-	-	686,420	3,718,688,981	3,719,375,401
NET CARRYING AMOUNT					
Balance at 1 January 2024	523,522,404	16,322,240,237	2,881,812,000	665,358,029	20,392,932,670
Balance at 31 December 2024	540,328,184	16,010,273,608	2,595,749,068	670,047,316	19,816,398,176
Balance at 31 December 2025	536,390,068	15,665,071,685	2,230,628,315	966,864,041	19,398,954,109

22. PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment in use

The Group's property, plant and equipment include mainly special constructions, namely hydro-power plants, energy pumping stations, micro hydro-power plants, floodgates, as well as hydro-aggregates, equipment and installations and wind turbines. The Group operates 188 hydro-power plants with an installed capacity of 6,372.403 MW, out of which 5 pumping stations with an installed capacity of 91.5 MW, and 36 wind turbines with an installed capacity of 108 MW.

According to the applicable legislation, the Group must obtain environmental permits to carry out its activities. Starting in 2021, the Group has obtained environmental permits that remain valid as long as annual endorsements are secured for them. The Group has the obligation to request annual endorsements from the Competent Authority for Environmental Protection (ACPM). In 2024 and 2025, annual endorsements were obtained for all permits subject to these regulations, except for facilities that are not in use.

The conditions set forth in the environmental permits include compliance with environmental legislation applicable to wind and hydro-power facilities, monitoring of environmental factors, and the frequency of reporting monitoring results to ACPM. In order to monitor the environmental factors, the Group performs measurements of the physical and chemical quality indicators of reservoir water, industrial and wastewater, as well as noise level measurements at site boundaries. In 2024, all required measurements were performed in accordance with regulatory documents, and no legal limits were exceeded. The Group expects that the legal limits of the indicators as provided by the current legislation and regulatory acts will not be exceeded in 2025 as well.

Right-of-use assets

Property, plant and equipment include right-of-use assets mainly in relation to the Group's headquarters, land of the wind park and the car fleet.

	2025	2025	Total	2024	2024	Total
	Land and buildings	Vehicles		Land and buildings	Vehicles	
Balance at 1January	91,277,846	18,323,418	109,601,264	89,999,223	6,360,480	96,359,703
Additions	1,780,923	349,200	2,130,123	1,278,623	18,210,711	19,489,334
Disposals	(965,338)	(429,009)	(1,394,347)	-	(6,247,773)	(6,247,773)
Balance at 31December	92,093,430	18,243,609	110,337,040	91,277,846	18,323,418	109,601,264
Balance at 1January	(32,441,144)	(1,784,916)	34,226,060	(23,564,225)	6,324,001	29,888,226
Depreciation	9,153,124	4,403,906	13,557,030	8,876,919	1,708,688	10,585,607
Disposals	-	-	(1,134,638)	-	(6,247,773)	(6,247,773)
Balance at 31December	40,628,930	6,019,322	46,648,452	32,441,144	1,784,916	34,226,060
Net book value	51,464,500	12,224,087	63,688,587	58,836,702	16,358,502	75,375,204

22. PROPERTY, PLANT AND EQUIPMENT (continued)

Revaluation of property, plant and equipment

Property, plant and equipment, except for assets under construction and right-of-use assets, were revalued by an independent valuation expert at 31 December 2023.

The fair value measurement of property, plant and equipment is classified as Level 3 as inputs used for valuation techniques, which have had a significant effect on the recorded fair value, are not based on observable market data. The fair value of the Group's land was estimated using the market comparison approach, the method of direct comparison. The valuation technique used to determine the fair value of the special constructions, the net reconstruction cost was used given that no comparable information were available on the market (include hydro-power facilities and other highly specialized items, with no such works being undertaken in the last decades in Romania). Physical depreciation was determined as the ratio of remaining useful life to the economic useful life of each asset applied to the gross replacement cost.

For the general purpose construction items, the valuation expert determined the net replacement cost (i.e. the cost to replace an asset with another comparable asset available in the market), computed as gross replacement cost, less physical and external depreciation (functional depreciation is accounted for when computing the gross replacement cost – i.e. the replacement cost does not include the cost of specific functionalities that are not specific to the asset subject to valuation)

Based on the assessment conducted as of 31 December 2025 with the involvement of an independent specialist which corroborates the evolution of the construction cost index and other macroeconomic indicators with the forecasted electricity production from hydro-power plants and the forecasted curve of selling price, the Group's management estimate is that the net carrying amount of property, plant, and equipment accounted for using the revaluation model approximates the fair value as of the balance sheet date.

Assets under construction

As at 31 December 2025, the Group has assets under construction with a gross carrying amount of RON 4,685,553,022 (31 December 2024: RON 4,289,414,942) for which it recognized accumulated impairment losses of RON 3,718,688,981 (31 December 2024: 3,619,367,626 RON).

The main assets under construction relate to the construction or rehabilitation of the following hydro-power projects or plants: construction of hydro- power plants – Bumbesti – Livezeni, Siriu – Surduc, Rastolita, Cornetu-Avrig, Pascani, Cerna Belareca, Cerna-Motru-Tismana, Bistra, Cosmesti-Movileni, Valea Sadului, Fagaras Hoghiz, Runcu Firiza; and rehabilitation of hydro-power plants – CHE Stejaru, CHE Slatina.

These assets under construction include mainly investments with complex functions, represented by historical investment objectives regarding hydropower development schemes with social functions (described below) which have been designed to have a secondary energy function. The primary objectives of these investment objectives are rational and safe water supply management, including:

- Limitation of flooding effects;
- Protection of population, communities and agricultural land;
- Water supply to riverain communities;
- Insuring water reserves to supply population and industry;
- Insuring flow for irrigation during periods of drought;
- Retaining solid flow in the water accumulations.

22. PROPERTY, PLANT AND EQUIPMENT (continued)

The social functions described above are specific to public authorities, which are not-for-profit entities. In fact, many of these investments belonged to the “Romanian Waters” National Agency, the governmental body concerned with regional planning and water management, in the past. Hidroelectrica SA is incorporated under Companies Law no. 31/1990 and is not a not-for-profit organization. In addition, Hidroelectrica does not benefit from public funds to complete such social investments, which, if continued to be funded, would impair shareholder value.

These “historical” hydro-power projects were mainly initiated between 1982 and 1989, following a number of Decrees of the State Council, and were financed by public funds, through the ministries involved as owners. After 1989, some of these projects were continued by the Romanian Waters National Agency, financed with public funds, before they were transferred to Hidroelectrica. The economic and energy conditions have significantly changed compared to 1980s and 1990s, mainly due to the shut down of the state centralized investment fund, and the beneficiaries of these complex works ceased funding the specific works included in the hydro-power projects, while the costs of these works remained to be incurred by Hidroelectrica.

After Hidroelectrica entered insolvency in June 2012 and in the view of the planned future listing of the Company’s shares, the legal administrators strongly prioritized the Company focus on profit and rational cash management.

In 2017 the Company contracted a specialized engineer, ISPH SA, to estimate the costs of abandonment, conservation and securing the works performed on the investments with complex functions. In 2018, based on the analysis of costs and benefits, the management decided to abandon certain investment objectives, as presented below and in Note 28.

For the investment objectives for which the decision to abandon was taken, impairment losses were recognized at the amount of their total gross carrying amount. The gross carrying amount of abandoned investments is RON 590,889,477 as at 31 December 2025 and 31 December 2024. For these investment objectives the Group recognized provisions for decommissioning and site restoration (see Note 28).

Project	Purpose	Gross carrying amount	Accumulated impairment	Net carrying amount
Borca-Poiana Teiului	Galu Step	9,022,718	(9,022,718)	-
Cosmești-Movileni	Cosmesti Step	93,206,729	(93,206,729)	-
AHE Surduc - Siriu	Ciresu-Surduc Step	17,345,275	(17,345,275)	-
Fagaras-Hoghiz	Fagaras – Hoghiz	174,949,578	(174,949,578)	-
Runcu-Firiza	Runcu Firiza	87,807,430	(87,807,430)	-
Dambovita-Clabucet	Dambovita – Clabucet	34,761,669	(34,761,669)	-
Valea Sadului-Vadeni	Valea Sadului-Vadeni	165,209,205	(165,209,205)	-
Others		8,586,873	(8,586,873)	-
Total		590,889,477	(590,889,477)	-

In 2025 and 2024 impairment losses were recognized for assets under construction, other than the abandoned assets mentioned above, as follows:

22. PROPERTY, PLANT AND EQUIPMENT (continued)

Project	Gross carrying amount 31 Dec 2025	Accumulated impairment loss 31 Dec 2025	Net book value 31 Dec 2025	Impairment loss/(reversal) 2025
AHE Bumbesti-Livezeni	806,576,940	(446,183,742)	360,393,198	(23,408,845)
CHE Racovita	62,796,188	(62,796,188)	-	-
AHE Rastolita	736,807,263	(736,807,263)	-	(13,958,289)
AHE Siriu-Surduc	769,691,907	(677,544,385)	92,147,521	(28,401,758)
AHE Pascani	470,421,909	(470,421,909)	-	(34,806,305)
AHE Cerna-Belareca	319,451,464	(319,451,464)	-	(501,355)
AHE Cornetu-Avrig	108,390,789	(107,100,183)	1,290,606	-
Cerna Motru Tismana - stage II	73,618,102	(72,942,551)	675,551	-
Lac redresor Sebes	59,957,775	(59,957,775)	-	-
Bistra	44,292,876	(37,303,605)	6,989,271	-
Rehabilitation of Portile de Fier II	45,265,051	(45,265,051)	-	-
Others	67,130,946	(66,614,739)	516,206	-
Total	3,564,401,210	(3,102,388,854)	462,012,352	101,076,552

Project	Gross carrying amount 31 Dec 2024	Accumulated impairment loss 31 Dec 2024	Net book value 31 Dec 2024	Impairment loss/(reversal) 2024
AHE Bumbesti-Livezeni	789,332,611	422,774,897	366,557,714	(28,314,053)
CHE Racovita	62,781,188	62,781,188	-	-
AHE Rastolita	722,848,974	722,848,974	-	68,778,292
AHE Siriu-Surduc	750,190,905	666,488,060	83,702,845	(33,447,119)
AHE Pascani	435,615,604	435,615,604	-	39,132,979
AHE Cerna-Belareca	318,950,109	318,950,109	-	684,944
AHE Cornetu-Avrig	108,261,601	106,985,994	1,275,606	1,036,370
Cerna Motru Tismana - stage II	72,942,551	72,942,551	-	-
Lac redresor Sebes	56,363,185	56,363,185	-	-
Bistra	45,013,279	45,013,279	-	3,513
Rehabilitation of Portile de Fier II	45,265,051	45,265,051	-	-
Others	78,572,621	72,449,258	6,123,363	(8,350,052)
Total	3,486,137,677	3,028,478,149	457,659,528	39,524,874

22. PROPERTY, PLANT AND EQUIPMENT (continued)

Determination of recoverable amounts

The determination of the recoverable amounts of the investments under construction above was based on a series of assumptions related to the feasibility of completion of the investments and the projected cash flows.

The significant assumptions used in estimating the recoverable amount are presented below. The estimates were based both on historical data, as well as on management's assessment of future trends related to electricity prices, margins, costs to complete and climate related risk:

Estimates	Method for building the estimates	
	31 December 2025	31 December 2024
Cost to complete the projects, annual cash flows to completion and the date of commissioning	based on the contracts concluded with the suppliers for each project or estimation made by management (see below)	
Installed capacities	based on technical data for each project (see below)	
Capacity utilization rate	80% of the production capacity on average (based on Group average historical electricity production for the previous 11 years and also adjusted downwards for addressing climate risks.)	80% of the production capacity on average (based on Group average historical electricity production for the previous 11 years and also adjusted downwards for addressing climate risks).
Electricity prices	Based on reports prepared by external consultants for the period 2025-2060, adjusted for certain assumptions; 2% annual price increase (long-term inflation rate) for the period 2061 – 2080.	Based on reports prepared by external consultants for the period 2025 – 2060; 2% annual price increase (long-term inflation rate) for the period 2061 – 2080.
Operating expenses	For Bumbesti Livezeni, Rastolița, Siriu Surduc, and Pașcani projects, the Group has determined future cash flows by estimating the operating expenses specific to each project (expenses for turbinated water, employee benefits, maintenance expenses, material expenses), as well as indirect expenses.	For Bumbesti Livezeni, Rastolița, Siriu Surduc, and Pașcani projects, the Group has determined future cash flows by estimating the operating expenses specific to each project (expenses for turbinated water, employee benefits, maintenance expenses, material expenses), as well as indirect expenses.
Useful life	50 years	50 years
Discount rate before tax	10.6%	10.4%

(*)PPE EBIDTA margin represents the margin used by the Group in impairment testing of assets under construction and is computed as Adjusted EBITDA as defined in Note 23 plus tax on electricity producers as a non-recurring item, changes in provisions and impairment loss on trade receivables, divided by Revenues. The above value represents the average PPE EBITDA margin for the most recent 7 years.

22. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group's estimates of the costs necessary to complete the projects under construction, as well as the annual production capacities to be installed per year, are as follows:

Year	Estimated costs to complete		Installed capacity per year (GW)	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
2025	-	160,974,719	-	30
2026	194,890,000	520,669,795	-	10
2027	495,949,000	667,949,194	-	207
2028	810,021,668	335,701,069	404	222
2029	187,583,555	118,144,882	152	65
2030	198,112,190	10,000,000	65	-
Total	1,886,556,413	1,813,439,659	621	534

The Group estimated that approximately 88% of the additional generation capacity will be installed by the end of 2028.

The impairment losses recognized were mainly driven by the change in the assumptions used on future prices of electricity, change in discount rate, as well as by the update of the work schedule until completion.

The main variations in the recoverable amount/ impairment loss in 2025 and 2024 refer mainly to the following investment projects:

- Bumbesti-Livezeni project, with a net carrying amount of RON 360,393,198 as at 31 December 2025 (31 December 2024: RON 366,557,714), for which the works were suspended in 2017 due to the fact that the construction and environmental authorisations were cancelled as a result of litigation lost by the Company with non-profit organizations. The project started in 2003, while in 2005 the National Park "Defileul Jiului" was ruled as protected area; therefore the Company needs to reassess the impact on the environment and obtain new authorisations.

The additional impairment of RON 23,408,845 in 2025 for Bumbesti-Livezeni project was driven by the change in main assumptions (discount rate, prices of energy and inflation).

The Company is currently in process of obtaining new construction and environmental authorisations in order to continue the works. In 2022, the authorities informed the Company that the documentation submitted does not comply with the legal requirements and needs to be revised.

In 2024, the revised environmental documentation was re-submitted to the authorities and public consultations were held. Management believes that there are no issues that would prevent the Company to obtain the authorizations and complete the project. Consequently, the recoverable value of the project was determined considering that the project will be completed in 2028.

- Siriu-Surduc project with a net carrying amount of RON 74,802,246 as at 31 December 2025 (31 December 2024: RON 83,702,844), for which works were suspended due to the fact that the construction and environmental authorizations for the construction of the dam were cancelled as a result of litigation lost by the Company with non-profit organizations. The project started in 1983 and comprises 3 hydropower plants, out of which one was put in function in 1988, for another one the management decided to abandon the project and the third one is under construction, with the works suspended until revision of the impact on the environment and obtain new authorisations.

The additional impairment of RON 28,701,759 in 2025 for Siriu-Surduc project was driven driven by the change in main assumptions (discount rate, prices of energy and inflation).

22. PROPERTY, PLANT AND EQUIPMENT (continued)

Management believes that there are no issues that would prevent the Company to obtain the authorisations and complete the project. Consequently, the recoverable value of the project was determined considering that the project will be completed in 2028.

Sensitivity analysis

The sensitivity analysis below shows the effect on profit before tax, and was determined based on the reasonable changes in key assumptions at the end of the reporting periods, while other assumptions remain constant.

	Increase/ (decrease) of Profit before tax	
	100 bp increase	100 bp decrease
Discount rate before tax		
2025	(108,651,041)	135,367,789
2024	(121,362,849)	154,595,489
	Increase/ (decrease) of Profit before tax	
	5% increase	5% decrease
Operating expenses		
2025	10,124,282	(10,124,282)
2024	(13,402,966)	13,402,966
	Increase/ (decrease) of Profit before tax	
	5% increase	5% decrease
Electricity prices		
2025	62,844,024	(62,844,024)
2024	71,593,345	(71,441,872)
	Increase/ (decrease) of Profit before tax	
	500 bp increase	500 bp decrease
Capacity utilization rate		
2025	62,844,024	(62,844,024)
2024	89,416,997	(88,187,104)

23. CAPITAL AND RESERVES

(a) Share capital

	31 December 2025	31 December 2024
Nominal share capital	4,498,025,670	4,498,025,670
Inflation adjustments in accordance with IAS 29	1,028,872,000	1,028,872,000
Total	5,526,897,670	5,526,897,670

Until 31 December 2003, the share capital in nominal terms was restated in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies", the related adjustments being recognized against retained earnings.

23. CAPITAL AND RESERVES (continued)

As at 31 December 2025 and 31 December 2024 the authorized, subscribed share capital of the Company is divided into 449,802,567 ordinary shares with a nominal value of RON 10 per share. The shareholders are entitled to dividends and each share grants a voting right.

Shareholders	31 December 2025		31 December 2024	
	Number of shares	%	Number of shares	%
Ministry of Energy	360,094,390	80.0561%	360,094,390	80.0561%
Legal persons	75,600,136	16.8074%	73,287,787	16.2933%
Individuals	14,108,041	3.1365%	16,420,390	3.6506%
Total	449,802,567	100%	449,802,567	100%

(b) Revaluation reserve

The reconciliation between opening balance and closing balance of the revaluation reserve is as follows:

	2025	2024
Balance at 1 January	11,580,347,711	12,076,640,610
Transfer of revaluation reserve to retained earnings following depreciation and disposal of property, plant and equipment, net of tax	(469,072,279)	(495,522,789)
Revaluation reserve adjustments on impairment of property, plant and equipment	(528,031)	(770,110)
Revaluation of property, plant and equipment	-	-
Deferred tax related to revaluation reserve	-	-
Balance at 31 December	11,110,747,401	11,580,347,711

(c) Other reserves

Other reserves include:

- legal reserve of RON 928,970,174 (31 December 2024: RON 928,970,174), set-up annually at each Group company level as 5% of the profit before tax until the total legal reserve reach 20% of the paid-up nominal share capital. Legal reserves are mandatory, are deductible for income tax purposes and are not distributable.
- Other non-distributable reserves of RON 97,000,000 at 31 December 2025 and 2024, set-up in 2006 based on Government Emergency Ordinance no. 89/2004.

(d) Dividends

On 29 April 2025, the Shareholder General Meeting approved the distribution of dividends from the 2024 profit of RON 4,043,229,023, representing 100% of the 2024 eligible for distribution net profit in the statutory separate financial statements of the Company.

The value of the distributed dividends per share is 8.988897 RON/share (2024: 13.99 RON/share).

23. CAPITAL AND RESERVES (continued)

Liabilities in relation to dividends include:

	31 December 2025	31 December 2024
Dividends payable	6,451,583	5,182,867
Tax on dividends	284,577	469,825
Total	6,736,160	5,652,692

Romanian companies may distribute dividends from statutory earnings only, as per separate financial statements prepared in accordance with Romanian accounting regulations.

(e) Capital management

The capital management of the Group is significantly influenced by the regulations. The distribution of dividends is governed by special regulation, including the Government Ordinance no. 64/2001, according to which, in the case of companies wholly or majority-owned by the State, minimum 50% of the accounting profit shall be distributed as dividends, unless otherwise provided by special laws.

The Groups' policy is to maintain a strong capital base as to maintain investor, creditor and market confidence and to sustain future developments of the business. Management monitors the return on capital, as well as the level of dividends to shareholders. The net debt / (net cash and short-term investments) to ADJUSTED EBITDA should not exceed 3.

		2025	2024
Bank borrowings		213,315,268	300,733,276
Lease liabilities		71,647,900	79,354,288
Less: Cash and cash equivalents		(1,187,733,975)	(1,581,617,072)
Less : Short-term investments		(3,732,016,142)	(3,475,932,995)
Net debt /(net cash and short-term investments)	A	(4,634,786,949)	(4,677,462,503)
ADJUSTED EBITDA⁽¹⁾	B	4,747,165,812	5,516,596,667
Net debt /(net cash and short-term investments) to ADJUSTED EBITDA ratio	A/B	(0.98)	(0.85)

(1) ADJUSTED EBITDA (Earnings before interest, tax, depreciation and amortisation) is calculated as EBITDA, defined and calculated as profit/(loss) before tax before (i) depreciation and amortization of property, plant and equipment and (ii) interest income and expense, and ADJUSTED FOR impairment/reversal of impairment of property, plant and equipment. EBITDA and ADJUSTED EBITDA are not IFRS measures and should not be treated as an alternative to IFRS measures. Moreover, ADJUSTED EBITDA is not uniformly defined. The method used to calculate ADJUSTED EBITDA by other companies may differ significantly from that used by the Group. As a consequence, the ADJUSTED EBITDA presented in this note cannot, as such, be relied upon for the purpose of comparison to EBITDA or ADJUSTED EBITDA of other companies.

24. BORROWINGS

Description	31 December 2025	31 December 2024
BRD Groupe Societe Generale dated 4 March 2021 of RON 1,250,000,000- loan contracted for financing the acquisition of Crucea Wind Farm SA and Hidroelectrica Wind Services SRL. Proceeds from loan: EUR 130,000,000 (representing RON 635,219,000) Repayment: quarterly installments between 11 June 2021 and 11 March 2028. Interest is linked to EURIBOR 3 months plus a margin. Year of maturity: 2028.	213,315,268	300,733,276
Total loans	213,315,268	300,733,276
Current portion	94,957,232	92,886,954
Non-current portion	118,358,036	207,846,322

In 2025 the Group repaid loans of RON 93,673,821 (2024: RON 92,349,679).

The loan agreement with BRD Groupe Société Générale includes the following financial ratios:

- Debt service coverage ratio, calculated as the ratio between EBITDA (from which dividend payments, capital expenditures, and taxes are deducted) and debt service – minimum value: 1.1
- Leverage ratio – maximum value: 3.0

According to the loan agreement, if either of the above indicators is not met, the Company benefits from a 60-day grace period for remediation starting from the date the lender notifies the Company.

As of December 31, 2025, the debt service coverage ratio, as defined under contract, is below 1.1, therefore long-term portion of the loan amounting RON 118,358 thousand shall be classified as current liability. As the net debt service defined under contract is positive given the Group's debt level compared with EBITDA, as the interest are higher than the debt service. Management considers that the Company is technically compliant, however a waiver letter was received from the bank, subsequent to 31 December 2025.

A similar breach was recorded as of 31 December 2024, the long-term portion of the loan being of RON 207,846 thousand. A waiver letter was obtained from the bank subsequent to 31 December 2024.

24. BORROWINGS (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activity

	Bank borrowings	Lease liabilities	Total
Balance at 1 January 2025	300,733,276	79,354,288	380,087,564
<i>Changes from financing cash flows</i>			
Repayment of bank loans	(93,673,821)	-	(93,673,821)
Lease payments	-	(9,486,038)	(9,486,038)
Total changes from financing cash flows	(93,673,821)	(9,486,038)	(103,159,859)
The effect of changes in foreign exchange rates	6,505,363	-	6,505,363
<i>Other changes</i>			
Liability-related			
Lease modifications	-	1,779,649	1,779,649
Interest expense	6,765,118	5,224,422	11,989,540
Interest paid	(7,014,669)	(5,224,422)	(12,239,091)
Total liability-related other changes	(249,550)	1,779,650	1,530,099
Balance at 31 December 2025	213,315,268	71,647,900	284,963,168

	Bank borrowings	Lease liabilities	Total
Balance at 1 January 2024	393,534,741	66,300,971	459,835,712
<i>Changes from financing cash flows</i>			
Repayment of bank loans	(92,349,679)	-	(92,349,679)
Lease payments	-	(6,436,017)	(6,436,017)
Total changes from financing cash flows	(92,349,679)	(6,436,017)	(98,785,696)
The effect of changes in foreign exchange rates	(58,212)	-	(58,212)
<i>Other changes</i>			
Liability-related			
Lease modifications	-	19,489,334	19,489,334
Interest expense	14,136,228	4,310,953	18,447,181
Interest paid	(14,529,803)	(4,310,953)	(18,840,756)
Total liability-related other changes	(393,574)	19,489,334	19,095,759
Balance at 31 December 2024	300,733,276	79,354,288	380,087,563

25. TRADE PAYABLES

	31 December 2025	31 December 2024
Electricity suppliers	194,151,162	107,728,825
Electricity distribution services suppliers	184,013,818	146,328,047
Property, plant and equipment suppliers	159,950,862	38,887,993
Turbinated water supplier	101,298,282	70,287,437
Maintenance and repairs suppliers	25,928,377	14,511,016
Other suppliers	126,881,383	52,938,391
Total trade payables	792,223,884	430,681,709
Current	777,323,350	429,683,124
Non-current	14,900,534	998,585

The suppliers of electricity, electricity distribution and water are mainly those presented in Note 33 Related Parties.

Other suppliers include service providers, materials and consumables providers.

The Group has guarantees received from suppliers of RON 667,069,588 at 31 December 2025 (RON 470,254,839 at 31 December 2024) that are off-balance. These guarantees represent performance guarantees in the form of bank letters of guarantee, insurance policies and escrow accounts. The increase is mainly due to the guarantees received for works contracted by the Group for maintenance and development.

26. OTHER PAYABLES

	31 December 2025		31 December 2024	
	Current	Non-current	Current	Non-current
Payables to the State	54,006,063	-	39,338,896	-
Performance deposits from suppliers	10,356,738	57,757,775	7,055,899	52,403,051
Performance deposits from clients	45,512,292	-	57,587,395	-
Liabilities in relation to dividends	6,736,160	-	5,652,692	-
Other	29,762,608	109,667	14,614,303	109,344
Total	146,373,861	57,867,442	124,249,185	52,512,395

Payables to the State represent mainly VAT payable of RON 49,448,612 as at 31 December 2025 (31 December 2024: RON 37,573,122).

Starting from the second quarter of 2024, the Group requires potential end customers with counterparty risk to provide multiple payment guarantee options, including the establishment of monetary guarantees. In this regard, guarantee deposits are opened by customers, with the deposit amount based on the estimated contractual value of the electricity supplied for a period up to three months, and these deposits remain valid for the entire contractual period.

27. DEFERRED INCOME

	31 December 2025		31 December 2024	
	Current	Non-current	Current	Non-current
Government grants	5,554,937	146,130,825	6,091,097	155,677,293
Other	52,602	933,526	54,846	995,840
Total	5,607,539	147,064,351	6,145,943	156,673,133

Government grants represent amounts received from the State for the construction of certain investment projects.

Reconciliation between opening and closing balance of government grants:

	2025	2024
Balance at 1 January	161,768,390	137,161,662
Increase in the year	5,868,670	30,513,825
Released to income	(6,611,792)	(5,907,097)
Grants used for expropriation	(9,339,506)	-
Balance at 31 December	151,685,762	161,768,390

28. PROVISIONS

	31 December 2025		31 December 2024	
	Current	Non-current	Current	Non-current
Litigation and claims	93,480,582	-	71,420,228	-
Decommissioning	-	911,465,144	-	848,188,672
Tax provisions	-	97,666,739	-	95,316,032
Other provisions	53,546,229	-	53,731,556	-
Total	147,026,811	1,009,131,883	125,151,784	943,504,704

	Litigation and claims	Decommissioning	Tax provisions	Other provisions	Total
Balance at 1 January 2025	71,420,228	848,188,672	95,316,032	53,731,556	1,068,656,488
Provisions recognized against property, plant and equipment	-	127,362	-	-	127,362
Provisions recognized in profit or loss	22,214,369	21,326,721	-	42,543,456	86,084,546
Provisions used	-	-	-	(42,681,941)	(42,681,941)
Provisions reversed	(148,058)	(17,289,494)	(4,407,200)	(46,842)	(21,891,594)
Unwinding of provisions (Note 14)	(5,956)	59,111,883	6,757,907	-	65,863,834
Balance at 31 December 2025	93,480,582	911,465,144	97,666,739	53,546,229	1,156,158,695

28. PROVISIONS (continued)

	Litigation and claims	Decommissioning	Tax provisions	Other provisions	Total
Balance at 1 January 2024	163,587,549	746,285,396	90,544,424	25,385,415	1,025,802,784
Provisions recognized against property, plant and equipment	-	(344,065)	-	-	(344,065)
Provisions recognized in profit or loss	1,881,095	50,150,967		53,091,457	74,641,213
Provisions used	(65,279,279)	-	-	(24,640,356)	(89,919,635)
Provisions reversed	(28,769,137)	-	(1,608,209)	(104,960)	-
Unwinding of provisions (Note 14)	-	52,096,374	6,379,817	-	58,476,191
Balance at 31 December 2024	71,420,228	848,188,672	95,316,032	53,731,556	1,068,656,488

(i) Provisions for litigation and claims

As at 31 December 2025 and 31 December 2024, provisions for litigations include RON 67,618 thousand relating to the litigation with the Consortium formed of Romelectro SA, Hidroconstructia SA and ISPH Project Development SA (the Consortium) started in 2013. The subject of the litigation is disputes over the contract signed in 2004 for Bumbesti-Livezeni investment project. The Consortium requested RON 88,400 thousand representing additional works performed by the Consortium starting 2010 until the date of commencement of the litigation. Following several rulings and appeals in 2019 the file was sent to retrial. In 2020 the Court requested a technical expert report. Based on the past rulings, the expert report issued on 17 February 2022 and considering the probability of an unfavorable outcome, the Group recognized a provision of RON 67,618 thousand.

The company recognized in 2025 an additional provision for litigation raised against the Company for interest and penalties related to late payments of works not initially recognized.

(ii) Decommissioning provision

In 2018 and 2019, the management of the Company decided to abandon certain investment projects in progress (Note 22). As a result, the Company recognized decommissioning provisions against profit or loss for the present value of the works estimated to be necessary to abandon those assets. The decommissioning costs were estimated based on studies performed by an external technical expert in 2017, updated during 2024, taking into account the current cost of the main decommissioning activities.

Main abandonment costs included in the provision are:

- cost to demolish existing constructions;
- cost to transport the waste materials to the nearest ecological deposit;
- environmental tax, in accordance with the legal requirements;
- cost to deposit the waste at an ecological deposit.

The costs were discounted using discount rates between 4.73% and 5.73% (31 December 2024: between 5.27% and 7.09%), depending on the expected period of decommissioning.

28. PROVISIONS (continued)

A decommissioning provision of RON 15,299,726 is related to the wind farm. The effects of changes in assumptions underlying the decommissioning costs for the wind farm are recognized against property, plant and equipment.

(iii) Tax provisions

Tax provisions of RON 97,666,739 at 31 December 2025 (31 December 2024: RON 95,316,032) represent the present value of the VAT expected to be paid at the write off of the abandoned investment projects (Note 22).

(iv) Other provisions

	Employee profit sharing	Variable component remuneration for Management and Supervisory Board	Others	Total
Balance at 1 January 2025	25,917,455	16,764,576	11,049,525	53,731,556
Provisions recognized in profit or loss	29,504,000	13,025,000	14,456	42,543,456
Provisions used	(25,917,365)	(16,764,576)	-	(42,681,941)
Provisions reversed	-	-	(46,842)	(46,842)
Balance at 31 December 2025	29,504,090	13,025,000	11,017,139	53,546,229

	Employee profit sharing	Variable component remuneration for Management and Supervisory Board	Others	Total
Balance at 1 January 2024	23,614,403	-	1,771,012	25,385,415
Provisions recognized in profit or loss	25,917,455	16,764,576	10,409,426	53,091,457
Provisions used	(23,614,403)	-	(1,025,953)	(24,640,356)
Provisions reversed	-	-	(104,960)	(104,960)
Balance at 31 December 2024	25,917,455	16,764,576	11,049,525	53,731,556

29. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

(a) Accounting classifications and fair values

In accordance with IFRS 9, the Group's financial assets and liabilities are measured at amortized cost. According to the business model of the Group, financial assets and liabilities are held to collect contractual cash flows and these cash flows are solely payments of principal and interest. The Group did not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

29. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

(b) Financial risk management

Credit risk

Credit risk is the risk that the Group will incur a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and this risk derives mainly from trade receivables, cash and cash equivalents, and investments in deposits and corporate bonds.

Cash and bank deposits are placed in financial institutions that are considered to have high creditworthiness, part of these being held by Romanian State such as CEC Bank and Exim Bank.

Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk.

	31 December 2025	31 December 2024
Trade receivables	1,698,377,642	1,633,688,425
Cash and cash equivalents	1,187,733,975	1,581,617,072
Restricted cash	55,123,548	21,057,471
Investments in deposits and bonds	3,732,016,142	3,475,932,995
Total	6,673,251,307	6,712,295,963

Trade receivables

The Group's exposure to credit risk is mainly influenced by the individual characteristics of each client. The Group has established a credit policy according to which each new business client is analyzed individually from the point of view of creditworthiness before the conclusion of a contract, so that the sale is made to the clients with an adequate creditworthiness. For household clients, such credit risk analysis is not performed due to the nature and volume of the customers and due to the legislation in force. Impairment adjustments of trade receivables reflect the expected credit losses, calculated based on the loss rates.

The following table provides information about the exposure to credit risk and expected credit loss (ECL) for trade receivables as at 31 December 2025:

	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Net trade receivables
Not past due	2.03%	964,369,735	(19,529,305)	944,840,430
Past due - from 0 to 3 months	15.63%	118,050,773	(18,453,519)	99,597,254
Past due - from 3 to 6 months	55.76%	54,936,698	(30,632,993)	24,303,705
Past due - from 6 months to 1 year	90.72%	64,069,017	(58,124,448)	5,944,569
Past due - more than 1 year	100.00%	209,938,253	(209,938,253)	-
Total		1,411,364,476	(336,678,518)	1,074,685,958
Customers analyzed individually		623,691,684	-	623,691,684
Total trade receivables		2,035,056,160	(336,678,518)	1,698,377,642

29. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

The following table provides information about the exposure to credit risk and expected credit loss (ECL) for trade receivables as at 31 December 2024:

	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Net trade receivables
Not past due	2.21%	803,221,198	(17,745,320)	785,475,878
Past due - from 0 to 3 months	17.80%	140,962,538	(25,095,874)	115,866,664
Past due - from 3 to 6 months	73.31%	69,495,832	(50,945,404)	18,550,428
Past due - from 6 months to 1 year	100.00%	69,293,528	(69,293,528)	-
Past due - more than 1 year	100.00%	141,231,219	(141,231,219)	-
Total		1,224,204,315	(304,311,345)	919,892,970
Customers analyzed individually		713,795,455	-	713,795,455
Total trade receivables		1,937,999,770	(304,311,345)	1,633,688,425

Customers analyzed individually represent outstanding amounts from customers for which the Group believes that there is a negligible risk to collect.

Loss rates estimated for 2025 are based on the actual credit loss experienced over the past six quarters considering the evolution of the supply segment and the delays in invoicing the electricity supplied (31 December 2024: past six quarters).

The Group has guarantees received from customers of RON 591,805,583 at 31 December 2025 (RON 527,949,485 at 31 December 2024) in the form of bank letters of guarantee. Under client guarantees are included cash deposits of RON 45,504,714 (see Note 26).

Liquidity risk

Liquidity risk represents the risk that the Group may have difficulties in meeting the obligations associated with financial liabilities settled by transfer of cash or another financial asset. The Group has significant cash and cash equivalents and short-term investments, therefore it does not face significant liquidity risk.

The Group monitors the level of cash inflows forecasted from collection of trade receivables, as well as the level of cash outflows forecasted for the payment of loans, trade and other payables. The Group aims to maintain a level of current bank accounts and bank deposits that exceeds the cash outflows forecasted for the payment of financial liabilities.

Exposure to liquidity risk

The following table shows the remaining contractual maturities of financial liabilities at the reporting date. The contractual cash flows are presented gross and undiscounted, and include estimated contractual interest payments.

29. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

31 December 2025	Contractual cash flows				
	Carrying amount	Total	< 12 months	1 - 5 years	> 5 years
Financial liabilities					
Trade payables	792,223,884	792,223,884	777,323,350	14,900,534	-
Bank borrowings	213,315,268	219,217,273	98,802,637	120,414,636	-
Lease liabilities	71,647,900	89,781,274	14,596,149	46,701,259	28,483,866
Total	1,077,187,052	1,101,222,431	890,722,136	182,016,428	28,483,866

31 December 2024	Contractual cash flows				
	Carrying amount	Total	< 12 months	1 - 5 years	> 5 years
Financial liabilities					
Trade payables	430,681,709	430,681,709	429,683,124	998,585	-
Bank borrowings	300,733,276	316,523,991	100,618,245	215,905,746	-
Lease liabilities	79,354,288	101,967,239	14,327,708	50,922,328	36,717,203
Total	810,769,273	849,172,939	544,629,077	267,826,659	36,717,203

Market risk

Market risk is the risk that changes in market prices – foreign exchange rate and interest rate – will affect the Group's profit or the value of the financial instruments held. The objective of market risk management is to control market risk exposures within acceptable parameters, while optimizing the return.

(i) Interest rate risk

The Group has long-term bank borrowings with variable interest rates, which may expose the Group to interest rate risk.

	31 December 2025	31 December 2024
Fixed-rate instruments		
Financial assets		
Restricted cash	55,123,548	21,057,471
Investments in corporate bonds and deposits	3,732,016,142	3,475,932,995
Total	3,787,139,690	3,496,990,466
Financial liabilities		
Lease liabilities	(71,647,900)	(79,354,288)
Total	(71,647,900)	(79,354,288)
Variable-rate instruments		
Financial liabilities		
Bank borrowings	(213,315,268)	(300,733,276)
Total	(213,315,268)	(300,733,276)

Fair value sensitivity analysis of fixed-rate instruments

29. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

The Group has no financial assets and financial liabilities with a fixed interest rate recognized at fair value through profit or loss. Therefore, a change in interest rates on the reporting date would not result in a gain or loss in profit or loss.

Cash flow sensitivity analysis of variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) the profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular currency exchange rates, remain constant.

	Increase/ (decrease) of Profit before tax	
	50 bp increase	50 bp decrease
2025		
Variable-rate instruments	(1,066,576)	1,066,576
2024		
Variable-rate instruments	(1,503,666)	1,503,666

(ii) Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of the parent company and its subsidiaries based on separate assessment assessments conducted in accordance with IAS 21. The functional currency of the Group is the Romanian Leu (RON).

The currency in which these transactions are primarily denominated are RON. Certain liabilities are denominated in foreign currencies as EUR and USD. The Group's risk management policy is to primarily use the local currency. The Group does not use derivative instruments or hedging instruments.

	31 December 2025 - RON equivalent of the currency-		
	EUR	USD	CHF
Trade receivables	228,068	-	-
Other current assets including investment deposits	277,256,430	-	-
Cash and cash equivalents	3,467,775	89,298	2,604
Trade payables	(60,175,622)	(160,093)	-
Bank borrowings	(213,315,268)	-	-
Lease liabilities	(58,718,651)	-	-
Net statement of financial position exposure	(51,257,269)	(70,795)	2,604

29. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

	31 December 2024		
	- RON equivalent of the currency-		
	EUR	USD	CHF
Trade receivables	221,340	-	-
Other current assets including investment deposit	78,839,581	-	-
Cash and cash equivalents	382,420,303	112,499	2,512
Trade payables	(3,898,497)	(160,093)	-
Bank borrowings	(300,733,276)	-	-
Lease liabilities	(62,432,290)	-	-
Net statement of financial position exposure	94,417,161	(47,594)	2,512

The following exchange rates have been applied:

	31 December 2025	31 December 2024
RON / EUR	5.0985	4.9741
RON / USD	4.3417	4.7768
RON / CHF	5.4743	5.2806

Sensitivity analysis

A 5% appreciation of the Romanian leu (RON) against each of the other foreign currencies as at 31 December would have affected the profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	Increase/(decrease) of Profit before tax 2025 (RON)	Increase/(decrease) of Profit before tax 2024 (RON)
EUR	2,562,863	4,720,85
USD	3,540	(2,380)
CHF	(130)	(126)
Total	2,566,273	4,718,604

A 5% depreciation of the Romanian leu (RON) against each of the other foreign currencies as at 31 December would have affected the profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	Increase/(decrease) of Profit before tax 2025 (RON)	Increase/(decrease) of Profit before tax 2024 (RON)
EUR	(2,562,863)	(4,720,858)
USD	(3,540)	2,380
CHF	130	126
Total	2,566,273	4,718,604

30. ACQUISITION OF SUBSIDIARIES

On 22 February 2023, the Company was declared winner of the sales procedure of business lines ABC and Calnicel platform (the acquiree), were owned by UCM Resita SA.

In January 2024, the Company set-up a new subsidiary, Uzina de Construcții Mașini Hidroenergetice S.R.L., through which it took-over the business from U.C.M. Reșița S.A.. The object of activity of the new subsidiary is manufacturing of engines and turbines (code CAEN 2811).

On 22 January 2024, the Extraordinary General Meeting of Shareholders ("EMGS") approved the transaction and related documents for business acquisition from U.C.M. Reșița S.A.. The transaction was completed upon the fulfillment of the suspensive conditions on 11 March 2024. The total price for the transfer of ownership rights over the business was RON 67,879,000.

The Group incurred acquisition related costs of RON 1,127,622 for due diligence services and legal fees. These costs were included in other operating expenses.

The following table summarizes the value of assets acquired. The Grup did not acquire liabilities.

	RON
Intangible assets	17,575,789
Property, plant and equipment	66,446,177
Inventories	9,584,942
Fair value of identifiable net assets acquired	93,606,908

The result of the transaction is as follows:

	RON
Fair value of identifiable net assets acquired	93,606,908
Consideration transferred	67,879,000
Gain on bargain purchase	25,727,908

The transaction was accounted for as business combination using the acquisition method in accordance with IFRS 3. The consideration transferred was measured at fair value, calculated as acquisition date fair values of the assets transferred by the Company and the liabilities incurred by the Company to the former owner of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. The fair value of the assets and liabilities were determined with the involvement of a valuation expert, resulting in a gain on bargain purchase of RON 25,728 thousand. Identified assets acquired were represented by intangible assets, property, plant and equipment and inventories. Also, processes and employees of the acquiree were transferred.

Acquisition related costs of RON 1,128 thousand for due diligence services and legal fees were accounted for as other operating expenses in 2024.

30. COMMITMENTS

a) Contractual commitments

The Group has the following contractual commitments:

	31 December 2025	31 December 2024
Acquisition of property, plant and equipment and intangible assets	2,516,720,628	1,372,035,019

AHE Vidraru Refurbishment

In 2025, the Company signed the contracts for overhaul of CHE Stejaru and high power pumps stations. In June 2024, Hidroelectrica signed the contract for refurbishment works of AHE Vidraru with the Consortium formed of ELECTROMONTAJ (Consortium Leader) and Koncar – Engineering Co. Ltd. for production and services (Croatia), with BUTAN GRUP as subcontractor, following the completion of the award procedure through a public tender. The contractual price is RON 937,709,185 and the works are to be completed within 84 months, according to the execution schedule.

b) Guarantees

The Group issued performance guarantees of RON 184,269,318 as at 31 December 2025 (31 December 2024: RON 45,350,256) mainly in relation to its obligations to deliver electricity, and in relation to its payment obligations related to electricity purchase transactions on the day-ahead and intra-day markets.

31. CONTINGENCIES

Litigation, claims and tax uncertainties

The main litigations involving the Group, with a potential exposure of RON 195,206,600 as at 31 December 2025 (31 December 2024: RON 195,206,600), are disclosed as contingent liabilities:

a) Litigation with Tax authorities

Potential exposure: RON 63,612,328 as at 31 December 2025 and 31 December 2024

Plaintiff: Hidroelectrica

File no. 638/2/2024 and 1962/2/2024

Subject matter: Annulment of Tax Decision No. A-DAF 6890/11.05.2023

Tax for electricity producers was subject to multiple changes with respect to the method of computation during 2022. The latest change was instated through Law no. 357/2022, which was published on 16 December 2022. The Company applied the provisions of the law starting with 16 December 2022.

As previously mentioned in Note 13 D, the Company was subject to a tax control by the General Antifraud Division of ANAF on the tax for electricity producers. As per the control report on 11 April 2023, the tax authorities applied the changes introduced by the law retroactively starting 1 September 2022, and therefore computed additional tax of RON 62,052,115.

On 28 April 2023 the Company received the imposing decision for the amount of RON 62,052,115. The Company challenged the imposing decision within the procedural term, the challenge being rejected by the General Division for Solving Disputes within the Finance Ministry.

31. CONTINGENCIES (CONTINUED)

The Company argued in its Court application that successive changes of legislation regarding the calculation methodology of the tax for electricity producers can only be applicable for the future, starting with the date of publication of legislative amendments and not retroactively, as tax authorities considered.

On 17 December 2024, the Court ruled in favor of Hidroelectrica and ordered the reimbursement to the claimant of the amount of RON 62,052,115. The Finance Ministry filed an appeal against the court's decision to the High Court of Cassation and Justice, with the next hearing date set on 13 May 2026.

On 7 August 2023, the Company received a decision regarding interest and penalties in the amount of RON 1,560,213 related to the previously mentioned imposing decision. The Company challenged the decision, initiating proceedings before the Court of Appeal of Bucharest under file no. 1962/2/2024. The file is suspended until the final resolution of case no. 638/2/2024. In relation to the ruling in file no. 638/3/2024, the management believes that the dispute in file no. 1962/2/2024 will also be ruled in the Company's favor.

b) Litigation with Hidroconstructia SA

Potential exposure: RON 98,762,431 as at 31 December 2025 and 31 December 2024

Plaintiff: Hidroconstructia SA

File no. 12257/3/2022

Subject-matter: Termination of Contract no. 672/1989 regarding the Fagaras-Hoghiz investment project; claims

Hidroconstructia SA filed claims to recover RON 98,762,431 consisting of unrealized profits as a result of the suspension by Hidroelectrica of the construction works related to the Fagaras Hoghiz investment project. Also, Hidroconstructia requested the court to enforce the termination of the underlying contract.

In January 2023, the Court ruled in favor of the Company, rejecting Hidroconstructia's claims. The decision was appealed by Hidroconstructia SA.

On 12 October 2023, the Court of Appeal set aside the first Court ruling and granted a new hearing on the merits. On 3 July 2025, the court partially admitted the statement of claim, ordering the termination of the contract, while dismissing the remaining claims as unsubstantiated.

Hidroconstrucția filed an appeal against the above mentioned decision, the file being forwarded to the High Court of Cassation and Justice, the first hearing date, to be set.

Based on the court's ruling, Management estimates that the dispute will be settled in the Group's favor and, consequently, an outflow of resources is not probable.

31. CONTINGENCIES (CONTINUED)

c) Litigation with Hidroconstructia SA

Potential exposure: RON 32,831,841 as at 31 December 2025 and 31 December 2024

Plaintiff: Hidroconstructia SA

File no. 44443/3/2016, currently file no. 11314/3/2021

Subject-matter: Claims - the equivalent value of the costs generated by the cessation of construction works related to investment projects in progress.

Hidroconstructia SA claims the costs generated by the suspension of construction works rendered before the Company's insolvency. The Company argues that such claims have no grounds considering the insolvency process of Hidroelectrica and the fact that the claimant lost its right to claims as it failed to register the claim in the table of creditors.

In March 2018 the first Court rejected the claims of Hidroconstructia SA. This ruling was contested by Hidroconstructia SA. The Company also contested the ruling, as it provided for legal fees for Hidroelectrica.

In April 2019 the Court of appeal sent the case back to the first court for reexamination. The dispute was reopened by the first Court (file no. 11314/3/2021).

In April 2022, the Court requested an expertise report in hydrotechnical constructions and an accounting expertise report to be performed by independent experts. The expert's report has been finalized and both parties have filed objections against the findings of the expert, with the next hearing date being set on 17 June 2026.

Based on the initial first Court ruling, management estimates that the litigation will be ruled in favor of the Company and consequently an outflow of resources is not probable.

31.1 Fiscal environment

Tax audits are frequent in Romania, consisting of thorough verifications of taxpayers' accounting records. Such audits sometimes take place months or even years after the establishment of the tax liabilities. Consequently, companies may be found liable for significant taxes and fines. In addition, the tax legislation is subject to frequent changes, and the authorities often show inconsistency in the interpretation of law.

Tax returns may be subject to revision and corrections by the tax authorities, generally for a five years period after they are filed with the tax authorities.

Romanian tax authorities carried out tax audits on Hidroelectrica's income tax and value added tax until 20 June 2012, while on Hidroserv's income tax until 31 December 2014.

31. CONTINGENCIES (CONTINUED)

Management believes that adequate provisions have been recognised in the consolidated financial statements for all significant tax liabilities; however, a risk persists that tax authorities might have different views, representing a normal risk in the accounting/tax environment in Romania.

In 2025 the Company was notified by the fiscal authorities that a general fiscal inspection was initiated covering the period 2019-2024 having in scope all the taxes payable to the central state budget. The inspection is currently in preliminary stage – scoping and information requests.

31.2 Decommissioning obligations

As described in Note 5 a4), the Group identified decommissioning obligations in relation to its hydro-power facilities. Management estimates that, except for the assets abandoned or switched to post-utilisation upon management decisions, and except for its wind farm, for which decommissioning provisions are recognised (see Notes 22 and 28), the occurrence of events that would require abandonment or switching to post-utilisation of other assets in the public domain or hydro-power plants owned by the Group by the end of the concession contract (28 years from 31 December 2025) is unlikely, considering the long useful life of dams, which can be significantly extended over 100 years by maintenance and improvements.

32. RELATED PARTIES

a) Ultimate controlling party

The Company's ultimate controlling party is the Romanian State, represented by the Ministry of Energy, with a shareholding of 80.0561%.

b) Transaction with key management personnel

Key management personnel include the members of the Management Board and Supervisory Board.

Management Board remuneration	2025	2024
Expenses recognized during the year		
Fixed component	14,500,376	3,944,881
Variable component accrual	4,734,000	7,889,760
Reversal of over accrual of the previous year	(7,889,760)	-
Total	11,344,616	11,834,641
Payments made in the year	2025	2024
Fixed component	14,500,376	3,944,881
Variable component (for the previous year)	7,855,045	-
Total	22,355,421	3,944,881

The Management Board include 5 directors appointed for 4 years.

Remuneration of executive directors consists of a fixed monthly salary limited to five times the average monthly gross salary for the last 12 months (starting with December 2025) prior to appointment published by National Institute of Statistics (INS) for the Company's activity code (CAEN) according to the classification of activities in the national economy, and a variable component calculated on the basis of the financial and non-financial performance indicators, negotiated and approved by the general meeting of shareholders.

32. RELATED PARTIES (continued)

In 2024, the General Meeting of Shareholders approved the annual variable component of the remuneration for the Management Board, which is limited to 24 gross monthly fixed components. The annual maximum amount of the variable component for all the Management Board is RON 7,889,760. variable component to be paid in 2023.

According to the decision of the Supervisory Board, adopted in the interest of the company and all shareholders, taking into account the obligations arising from Milestone 121 (PNRR), the context established by the European Commission Decision C(2025) 3490/28.05.2025, as well as Hidroelectrica's status as an issuer listed on a regulated market, two of the mandate contracts were terminated by mutual agreement in September 2025. Consequently, the maximum amount of the variable component for 2025 was reduced to RON 4,734 thousand. Following the termination, by mutual agreement of the parties, compensations totaling RON 3,156 thousand were established for the two mandate contracts.

According to the decision of the Supervisory Board, adopted in the interest of the company and all shareholders, taking into account the obligations arising from Milestone 121 (PNRR), the context established by the European Commission Decision C(2025) 3490/28.05.2025, as well as Hidroelectrica's status as an issuer listed on a regulated market, two of the mandate contracts were terminated by mutual agreement in September 2025. Consequently, the maximum amount of the variable component for 2025 was reduced to RON 4,734 thousand. Following the termination, by mutual agreement of the parties, compensations totaling RON 3,156 thousand were established for the two mandate contracts.

On 28 July 2025, the Ordinary General Meeting of Shareholders approved the new financial and non-financial key performance indicators resulting from the Company's Management Plan.

On 14 December 2025, the Ordinary General Meeting of Shareholders approved the fixed monthly salary to five times the average monthly gross salary computed as described above, in accordance with the provisions of Law 109/2011. In addition, the Ordinary General Meeting of Shareholders approved the revised financial and non-financial performance indicators.

The financial and non-financial performance indicators based on which the variable remuneration was determined include:

- Financial indicators: capital expenditure rate, net profit margin, dividend payout rate, leverage, accounts receivable turnover rate, net turnover growth rate.
- Operating indicators: Carrying out the execution schedule for rehabilitation/ modernization works (%) = carrying out the schedule contracted annually/ planned contract schedule for the current year; Carrying out the design according to the annual design plan (%); Carrying out the equipment maintenance program for planned works (%), powerplants availability; average training hours per employee.
- Services indicators: customer retention rate for supply operations (%); market share of the supply business in the competitive segment (%); customer satisfaction score for supply operations (%).
- Corporate governance indicators: number of investor events; number of Board meetings; defining risk management policies

The Company has no contractual obligations related to pensions to its former directors.

32. RELATED PARTIES (continued)

Supervisory Board remuneration

	2025	2024
Expenses recognized during the year		
Fixed component	3,804,663	1,779,434
Variable component accrual	991,000	1,776,816
Reversal of over accrual of the previous year	(1,776,816)	-
Total	3,018,847	3,556,250
Payments made in the year	2025	2024
Fixed component	3,804,663	1,779,434
Variable component (for the previous year)	1,725,917	-
Total	5,530,580	1,779,434

The Supervisory Board consists of 7 members appointed for 4 years.

Remuneration of the members of the Supervisory Board was approved by shareholders decisions in 2024 and 2025. According to these decisions, the remuneration of the Supervisory Board members consists of a monthly fixed gross salary, limited to two times the average monthly gross salary for the last 12 months prior to appointment published by National Institute of Statistics for the Company's activity code (CAEN) according to the classification of activities in the national economy and a variable component, calculated on the basis of the financial and non-financial performance indicators, negotiated and approved by the general meeting of shareholders.

In 2024, the General Meeting of Shareholders approved the annual variable component of the Supervisory Board remuneration, which is limited to 12 times the gross monthly fixed component. The annual maximum amount of the variable component for all the Supervisory Board members is RON 1,776,816.

On 28 July 2025, the Ordinary General Meeting of Shareholders approved the new financial and non-financial key performance indicators resulting from the Company's Management Plan.

The financial and non-financial performance indicators based of which the variable remuneration was determined include:

- Financial indicators: debt-to-EBITDA rate; return on equity (ROE); inventory turnover rate; return on assets (ROA).
- Operating indicators: establishment of an employee safety system; number of safety trainings conducted; improvement of the internal managerial control system, including periodic analysis and review of procedures to enhance company efficiency.
- Services indicators: electricity generation market share (%).
- Corporate governance indicators: percentage of independent board members(%)- Supervisory Board; number of Supervisory Board meetings; meeting attendance rate (%)-Supervisory Board; total remuneration package.

There were no loans granted to the members of Supervisory Board or Management Board in 2025 and 2024.

No guarantees were granted / received to / from the members of Supervisory Board or Management Board.

32. RELATED PARTIES (continued)

c) Transactions with other companies in which the State has control or significant influence

In the normal course of business, the Group has transactions with other entities in which the State has control or significant influence, mainly related to the tax on industrial water, the purchase of electricity, transport and system services and sales of electricity, as follows:

Supplier	Purchases (without VAT) 2025	Payables (including VAT) 31 December 2025
Administratia Nationala Apele Romane	430,067,386	98,226,116
Transelectrica (Romanian Electricity System Operator)	680,444,435	152,172,688
OPCOM (Romanian Electricity Market Operator)	267,197,352	683,322
Distributie Energie Electrica Romania	450,831,752	45,447,696
Others	390,778,377	64,513,817
Total	2,219,319,304	361,043,639

Supplier	Purchases (without VAT) 2024	Payables (including VAT) 31 December 2024
Administratia Nationala Apele Romane	502,738,592	69,380,977
Transelectrica (Romanian Electricity System Operator)	1,038,930,925	107,498,150
OPCOM (Romanian Electricity Market Operator)	22,477,937	149,975
Distributie Energie Electrica Romania	293,620,301	59,656,673
Others	50,688,376	1,062,056
Total	1,908,456,132	237,747,831

Client	Sales (without VAT) 2025	Receivables Gross Carrying amount (including VAT) 31 December 2025	Impairment loss 31 December 2025	Receivables Net Carrying amount (including VAT) 31 December 2025
Transelectrica (Romanian Electricity System Operator)	739,636,134	90,230,212	-	90,230,212
OPCOM (Romanian Electricity Market Operator)	686,612,232	427,824	-	427,824
Electrica Furnizare	302,853,622	25,784,774	-	25,784,774
Rompetrol Rafinare	238,367,320	32,177,509	-	32,177,509
Municipal Thermoenergetic Company	44,983,058	17,816,320	-	17,816,320
Others	502,157,615	168,584,039	(27,692,485)	140,891,555
Total	2,514,609,980	335,020,679	(27,692,485)	307,328,194

S.P.E.E.H. HIDROELECTRICA S.A. Two-tier system Company
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in RON, unless otherwise indicated)

Client	Sales (without VAT)	Receivables Gross Carrying amount (including VAT)	Impairment loss	Receivables Net Carrying amount (including VAT)
	2024	31 December 2024		
Transelectrica (Romanian Electricity System Operator)	1,946,833,917	192,449,261	-	192,449,261
OPCOM (Romanian Electricity Market Operator)	2,704,049,345	73,489,057	-	73,489,057
Electrica Furnizare	163,692,478	5,922,604	-	5,922,604
Rompetrol Rafinare	206,461,816	64,460,701	-	64,460,701
S.N.G.N Romgaz SA	52,005,110	5,610,318	-	5,610,318
Raja SA	14,860,611	5,131,515	-	5,131,515
Engie Romania	8,163,600	-	-	-
SN Radiocomunicatii SA	19,107,560	116,121	-	116,121
Municipal Thermoenergetic Company	36,712,580	6,213,128	-	6,213,128
Others	192,014,921	152,796,357	(34,085,240)	118,711,117
Total	5,343,901,939	506,189,061	(34,085,240)	472,103,821

Other customers include mainly public institutions, local authorities and public educational institutions to which the Group supplied electricity in 2025 and 2024.

Balance

Bank	Bank account	Bank deposits	Bank account	Bank deposits
	31 December 2025		31 December 2024	
Exim Bank	120,779,000	1,167,145,000	605,000	1,573,286,000
CEC Bank	19,260,000	100,373,000	38,973,000	882,191,000
Total	140,039,000	1,267,518,000	39,578,000	2,455,477,000

Transactions

Bank	Bank deposits placed	Interest income	Bank deposits placed	Interest income
	2025		2024	
Exim Bank	6,008,500,000	89,879,000	6,435,000,000	91,193,000
CEC Bank	250,000,000	7,210,000	3,079,832,000	54,005,000
Total	6,258,500,000	97,089,000	9,514,832,000	145,198,000

33. SUBSEQUENT EVENTS

At the end of February 2026, a significant geopolitical event occurred in the Middle East, resulting in heightened regional tensions and uncertainty. Due to the growing geopolitical tensions, since February 2026, there has been a significant increase in the overall market volatility, as well as fluctuations in energy, oil and gas prices. Elevated inflationary pressures, disruptions across global supply chains, and a deceleration in economic growth are expected.

The Group does not have direct exposures to related parties and/or key customers or suppliers or banks from affected region.

Bogdan-Nicolae BADEA

Chairman of the Management Board

Radu Ioan CONSTANTIN

Member of the Management
Board

Ianăș RĂDOI

Member of the Management
Board

Petronel CHIRIAC

Financial Director

Marian FETIȚA

Accounting Manager

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Societatea de Producere a Energiei Electrice in Hidrocentrale Hidroelectrica S.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Societatea de Producere a Energiei Electrice in Hidrocentrale Hidroelectrica S.A. (the Company) and its subsidiaries (together referred to as "the Group") with official head office in 15-17 Ion Mihalache Blvd., 10-15 floors, district 1, Bucharest, Romania, identified by sole fiscal registration number 13267213, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent amendments.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board for Accountants (IESBA Code), as applicable to audit of financial statements of public interest entities, together with the ethical requirements that are relevant to the audit of the financial statements of public interest entities in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 2 to the consolidated financial statements, which states that the accompanying consolidated financial statements prepared in accordance with Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent amendments, were issued by the Group in addition to the consolidated financial statements prepared in accordance with IFRS Accounting Standards, as adopted by EU, to comply with the reporting obligations under Law 24/2017 regarding issuers of financial statements and market operations, and related amendments. We have audited and reported separately on the consolidated financial statements prepared under IFRS Accounting Standards, as adopted by EU, and issued our auditor's report dated 26 March 2026. Our opinion is not modified in respect of this matter.

Other matters

The consolidated financial statements of the Group for the year ended 31 December 2024, prepared in accordance with Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent amendments, were audited by another auditor who issued an unmodified audit report dated 26 March 2025.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of consolidated the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition for supply of electricity to final customers (retail sales)	
Disclosures on Revenue from supply of electricity to final customers are included in Note 7 c) and Note 11 and on related trade receivables, including unbilled revenues in Note 20	
In 2025, the Group recognized revenue from electricity supplied to final customers (retail sales) in amount of RON 5.504.014 thousand. As of 31 December 2025, the gross trade receivables for supply segment were in amount of RON 1,749,744 thousand of which gross unbilled revenue RON 595,652 thousand. Revenue from electricity supplied to final customers is determined based on electricity consumption for each consumer which is determined from meter readings or estimated volumes as communicated by distribution operators, and applicable regulated or contractual prices. The Group could not rely on its Information Technology system to automatically determine the revenue from supply of electricity to final customers. The calculation relies on substantial manual input due to large volume of data obtained by the Company, from different sources, in the month following the supply of electricity. Due to the magnitude of the amounts recorded, significant processing required for the determination of the revenue from electricity supply for the year 2025 and related trade receivables and unbilled revenue balances as at 31 December 2025, as well as the extent of our audit procedures on this area, we consider it a key audit matter.	Our audit procedures included among others: • We obtained an understanding of the Group's revenue recognition process for electricity supply to final customers (retail sales revenue stream); • We obtained external confirmation from the electricity market operator (Transelectrica) regarding the quantities of electricity transported for the supply segment during financial year 2025 and reconciled these with the quantities recorded by the Group; • We independently formed an expectation for revenues of the supply business based on quantities of electricity delivered as communicated by the distribution operators in the monthly reporting and average selling prices tested through a sample of contracts; • We tested a sample of revenue transactions recognized during the year by reconciling the quantity invoiced with the quantity consumed and the selling price with contractual conditions and legal requirements of the capping mechanism; • We evaluated the level of the unbilled revenues for supply of electricity as of year-end based on volumes communicated by the electricity distribution operators and the average contractual prices; • We considered the consistency of the unbilled revenue for supply of electricity recognised at year end with the amounts billed in the period subsequent to balance sheet date;

- For retail non-household customers, we obtained external confirmations on a sample basis for the trade receivables balances as of year-end;
- For retail household customers, we obtained the subsequent cash collections analysis for the trade receivable balances at year-end and, for a sample of customers, we reconciled the amount in balance with the underlying documents such as invoices and bank statements for the amounts collected subsequent to year end.

Furthermore, we assessed the adequacy of the Group's disclosures in the notes to the consolidated financial statements for revenue from supply of electricity to final customer and related trade receivables and unbilled revenues.

Other information

The other information comprises the Annual Report and Remuneration Report, but does not include the consolidated financial statements and our auditors' report thereon. Management is responsible for the other information.

Our audit opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent amendments, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of audit work for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Reporting on Information Other than the Consolidated Financial Statements and Our Auditors' Report Thereon

In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the Annual Report and Remuneration Report, we have read these reports and report that:

- a) in the Annual Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying consolidated financial statements as at December 31, 2025;
- b) the Annual Report, except the sustainability statement which is subject to a separate assurance reporting, includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent amendments, Annex 1 articles 15 - 19 and 26-27;
- c) based on our knowledge and understanding concerning the Group and its environment gained during our audit of the financial statements as at December 31, 2025, we have not identified information included in the Annual Report, (we exclude the sustainability statement which is subject to a separate assurance reporting);
- d) the Remuneration Report identified above includes, in all material respects, the required information according to the provisions of article 107 (1) and (2) from Law 24/2017 on issuers of financial instruments and market operations.

Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council

Appointment and Approval of Auditor

We were appointed as auditors of the Group by the General Meeting of Shareholders on 28 July 2025 to audit the consolidated financial statements for the financial year end December 31, 2025. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointment for the statutory auditor, has lasted for one year, covering the financial period end December 31, 2025.

Consistency with Additional Report to the Audit Committee

Our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on the same date as the issue date of this report.



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8

Provision of Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Group and we remain independent from the Group in conducting the audit.

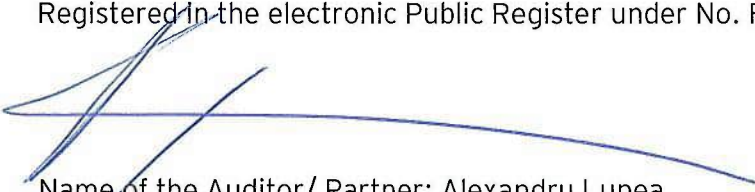
In addition to statutory audit services and services disclosed in the annual report and in the financial statements, no other services which were provided by us to the Company, and its controlled undertakings.

On behalf of,

Ernst & Young Assurance Services SRL

15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

Registered in the electronic Public Register under No. FA77


Name of the Auditor/ Partner: Alexandru Lupea

Registered in the electronic Public Register under No. AF273

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Firma de audit: **ERNST & YOUNG ASSURANCE SERVICES S.R.L.**
Registrul Public Electronic: **FA77**

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Auditor financiar: **Lupea Alexandru**
Registrul Public Electronic: **AF273**

Bucharest, Romania
26 March 2026