



Societatea de Producere a Energiei Electrice in Hidrocentrale „Hidroelectrică” S.A.

Consolidated Preliminary Financial Results for 2024

based on the consolidated unaudited financial statements prepared in accordance with the International Reporting Financial Standards (“IFRS”) adopted by the European Union (“IFRS-EU”)

26 February 2025





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Notes:

The presented financial results have not been audited or reviewed by an independent auditor and do not represent a complete set of financial statements.

The preliminary financial results are prepared and issued before the completion of the independent audit of the annual financial statements, so differences may exist between the preliminary consolidated financial results and the audited consolidated financial statements.

This report does not constitute a recommendation/offer/invitation to purchase shares issued by Hidroelectrica. This report contains consolidated-level information regarding the key operational indicators of the Hidroelectrica Group and do not guarantee the future performance of the Group. The information in this document is selective and may require updates, revisions, and modifications under certain circumstances.

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

This report does not contain all the information that may be necessary regarding the company and its actions. Each person who accesses this report should conduct their own analysis.

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I. Summary of 2024 Report

Hidroelectrica Group reports lower operational and financial results for 2024, compared to 2023, significantly influenced by less favorable hydrological conditions. This has led to a reduced hydropower production compared to the previous year, impacting the total volume of energy available for sale. The company's performance remained in line with the objectives set in the approved budget for 2024, with only a marginal adjustment from estimates. The Group's operating margin and net margin decreased by 15% and 14%, respectively, compared to 2023, mainly due to a lower volume of electricity sold and lower electricity selling prices.

- **The results achieved in 2024 align with the expectations set in the approved Budget for the year, showing a slight decrease due to lower-than-expected hydrology.**
- **Electricity production decreased by 22% compared to 2023**
- **Revenues decreased by 25% compared to 2023**
- **Operating margin of 50%, decreased by 15% compared to 2023**
- **Net margin of 45%, decreased by 14% compared to 2023**
- **Net profit decreased by 35%, from RON 6,365 million to RON 4,121 million**
- **Earnings per share decreased by 35%, from RON 14.17 per share to RON 9.16 per share**

Operational KPIs		FY 2024	FY 2023	Change (%)
Gross electricity production, out of which:	GWh	14,224	18,125	-22%
Electricity production from hydro (gross)	GWh	13,928	17,784	-22%
Net electricity production, out of which:	GWh	13,864	17,639	-21%
Electricity production from hydro (net)	GWh	13,576	17,299	-22%
Electricity production from wind	GWh	288	340	-15%
External Acquisition GWh	GWh	802	1,699	-53%
Total Electricity sales GWh	GWh	14,666	19,338	-24%

Source: Hidroelectrica

Financial KPIs		FY 2024 (unaudited)	FY 2023 (audited)	Change (%)
Revenue	RON million	9,123	12,160	-25%
EBITDA	RON million	5,502	8,016	-31%
EBITDA Margin	%	60%	66%	-9%
Adjusted EBITDA	RON million	5,516	8,253	-33%
Adjusted EBITDA Margin	%	60%	68%	-11%
Operating Margin (Operating Profit/Revenues*100)	%	50%	59%	-15%
Net Margin (Profit for the period/Revenues*100)	%	45%	52%	-14%
Operating Profit	RON million	4,587	7,200	-36%



Financial KPIs		FY 2024 (unaudited)	FY 2023 (audited)	Change (%)
Net Profit	<i>RON million</i>	4,121	6,365	-35%
Earnings per share	<i>RON/share</i>	9.16	14.17	-35%

Source: Hidroelectrica

In 2024, Hidroelectrica's results were influenced by the decrease in the quantity of electricity generated, of the amount of electricity sold, as well as in the electricity selling prices, leading implicitly to a decrease in revenue from energy sales.

The results of the first five months had a significant contribution to the decreases recorded in 2024, driven in particular by the entry into force, at the beginning of the second quarter (1 April 2024), of the changes to the MACEE mechanism, which led to periods of significant fluctuations in market conditions (prices and quantities traded). This period of market adjustment to the new conditions and regulations overlapped over a dry period, the hydrological conditions limiting the Company's production capacity

The increases recorded as a result of these periods of volatility in the market, both in terms of quantity and selling price on the balancing market, led to a higher contribution to the windfall tax, resulting in an increase in expenses, slightly above the budgeted level.

The financial indicators are calculated based on unaudited preliminary consolidated financial statements and may differ from the final audited results.

Financial indicators*	FY 2024 Actual (unaudited)	FY 2024 Budget	<i>RON million</i> Degree of achievement (%)
Total Revenue	10,138	10,311	98%
Operating income	9,798	10,043	98%
Financial income	0,340	0,268	127%
Total expenses	5,358	5,324	101%
Operating expenses	5,271	5,242	100%
Financial expenses	0,087	0,082	106%
Profit before tax	4,780	4,987	96%

*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 ANAF, prepared at the level of Hidroelectrica SA.

Source: Hidroelectrica

The income and expenses budget is prepared at the level of separate financial statements.

II. Preliminary Financial Results for 2024

1. Financial Indicators

The financial indicators are calculated based on unaudited preliminary consolidated financial statements and may differ from the final audited results.

Indicators	RON million		
	FY 2024 (unaudited)	FY 2023 (audited)	Change (%)
Revenue	9,123	12,160	-25%
EBITDA	5,502	8,016	-31%
Operating Profit	4,587	7,200	-36%
Profit for the period	4,121	6,365	-35%
Basic and diluted earnings per share (RON)	9.16	14.17	-35%

Source: Hidroelectrica

Indicators	Calculation method	31 December 2024 (unaudited)
Current liquidity indicator	Current assets/Current liabilities	6.61
Degree of indebtedness	Borrowed capital/Own capital x 100	1.66
Degree of indebtedness	Borrowed capital/capital employed x 100	1.64
Receivables turnover	Average Receivable balance/Revenue x 365	93.65
Fixed assets turnover	Revenue/Fixed assets	0.46

Source: Hidroelectrica

Net Debt/ (Cash) Adjusted

RON million	31 December 2024 (unaudited)
Bank borrowings	301
Lease liabilities	79
Cash and cash equivalents	(1,582)
Short-term investments (investments in deposits)	(3,476)
Adjusted Net Debt/(Cash)	(4,677)
Adjusted EBITDA	5,516
Adjusted Net Debt/(Cash) to Adjusted EBITDA Ratio	(0.85)

Source: Hidroelectrica

2. Breakdown of revenue

		FY 2024 (unaudited)	FY 2023 (audited)	Change (%)
Generation Energy Sold (Net)	GWh	13.864	17.639	-22%
External Acquisitions	GWh	802	1.699	-53%
Total Energy Sale	GWh	14.666	19.338	-24%
<i>Wholesale Energy Sold</i>	<i>GWh</i>	8.185	12.325	-34%
Wholesale Price	RON / MWh	476	493	-4%
Wholesale Revenue	RON million	3.894	6.078	-36%
<i>Quantity of electricity-Supply</i>	<i>GWh</i>	5.572	6.046	-8%
Supply Prices (ex pass through)	RON / MWh	418	568	-26%
Supply Revenue related to active energy	RON million	2.329	3.434	-32%
Transferred costs (pass through)	RON million	1.501	1.498	0%
<i>Quantity of electricity - Balancing</i>	<i>GWh</i>	511	433	18%
Balancing Price	RON / MWh	1.689	1.310	29%
Balancing Revenue	RON million	863	567	52%
System Services (STS) Revenue	RON million	303	334	-9%
Other revenues from customer contracts, out of which:	RON million	233	249	-6%
Positive imbalances revenue*	RON million	(263)	99	-366%
Power reduction services revenue	RON million	416	87	378%
Redistribution of additional revenues	RON million	78	63	24%
Revenue	RON million	9,123	12,160	-25%

* The quantity of positive imbalances recorded in 2024 is 399 GWh (2023: 533 GWh)

Source: Hidroelectrica

Generation Energy Sold (Net)

The energy produced and sold (net production) registered a decrease of approximately 22% in 2024 compared to 2023, in the period January-December 2024 this amount being 13,864 GWh. This decrease is the consequence of the deficient hydrological conditions recorded especially in the period April-September 2024, when the average value of the Danube flow decreased by approx. 18% compared to the same period of 2023.

Wholesale Revenue

Compared to 2023, the revenues related to transactions concluded on the wholesale market in 2024 were influenced by a number of factors:

- reduction of hydro energy production, determined by unfavorable hydrological conditions, characterized by an annual flow of the Danube 12% lower than the values recorded in 2023;
- the decrease in the first 5 months of 2024 of the energy price on the SPOT market below the reference price (400 RON/MWh) related to trading through MACEE;



- the decrease in the 1st half of the demand from the suppliers registered with MACEE, which determined Hidroelectrica (as a result of the legislation in force at that time) to sell the energy available exclusively on the SPOT market until the expiry date of the obligation to trade through MACEE;
- supplementing the transfer of production in order to cover the needs of the final consumers in the supply portfolio, which led to a decrease in the volumes available to be traded on the wholesale market.

The cumulative influence of these factors resulted in a decrease in revenues recorded between January and December 2024 on the wholesale markets by 36% compared to the same period in 2023.

Supply Revenue related to active energy

The revenues from the electricity supply activity decreased by 32%, to RON 2,329 million revenues in 2024, from RON 3,434 million revenues in 2023. This decrease is caused both by the overall decline in electricity selling prices recorded in Romania due to the Government's intervention in capping prices and by the reduction in supplied volumes in 2024 compared to 2023.

Balancing Revenues

Revenues from Balancing increased by 52%, to RON 863 million in the year ended 31 december 2024, from RON 567 million in 2023. The increase is driven by the growth in both volumes and prices of energy sold on the Balancing Market in 2024 compared to 2023.

Other revenues from customer contracts

Other revenues from customer contracts decreased by 6%, to RON 233 million in the year ended 31 December 2024, from RON 249 million in 2023. The evolution of these revenues from services provided by the Company as Balancing Responsible Party is influenced by the behavior of all participants in the electricity market regarding the management of imbalances.

The decrease in prices recorded on the market for positive imbalances resulted in a reduction of revenues from positive imbalances at the Group level in 2024 by RON 362 million compared 2023. At the same time, the power reduction services recorded in the production segment increased by RON 329 million compared to 2023.

3. Operating Expenses

	FY 2024 (unaudited)	FY 2023 (audited)	Change (%)
<i>Costs breakdown</i>	<i>RON million</i>	<i>RON million</i>	%
Turbinated water	518	639	-19%
Employee benefits expenses	886	717	23%
Transport and distribution of electricity	1,228	1,208	2%
Electricity purchased	209	456	-54%
Green certificates expenses	274	297	-8%
Depreciation and amortization	905	799	13%
Impairment loss on property, plant and equipment and intangible assets, net	39	237	-83%
Impairment loss on trade receivables, net	79	80	-1%
Repair, maintenance, materials and consumables	92	85	8%
Tax for electricity producers	235	225	4%
Other operating expenses	307	251	23%

Source: Hidroelectrica

Turbinated water

Turbinated water expenses decreased by 19%, to RON 518 million in the year ended 31 December 2024 from RON 639 million in 2023. This decrease was mainly caused by the decrease in the quantity of energy produced in 2024 as compared to 2023 as a result of unfavorable hydrological conditions.

Employee benefits expenses

Employees benefits expenses increased by 23% to RON 886 million in the year ended 31 December 2024, from RON 717 million in 2023. This increase reflects mainly the salary increases resulting from the negotiations with the employees' union, effective from July 2024 but also due to the increase in the actual number of employees of the Group (11% increase- mainly due to the acquisition of UCM Resita).

Transport and distribution of electricity

Electricity transport and distribution expenses increased by 2% to RON 1,228 million in the year ended 31 December 2024, from RON 1,208 million in 2023. This increase is caused by the successive increases in the regulated tariffs starting 1 April 2023 and 1 January and June 2024, increase negatively influenced by the decrease in supplied volumes.

Electricity purchased

The electricity purchased decreased by 54% in the year ended 31 December 2024 to RON 209 million from RON 456 million in 2023. This decrease was primarily due to covering the electricity needs for the supply segment, mainly from electricity generation segment as well as the decrease in the average price of negative imbalances.

Depreciation and amortization

Depreciation and amortization increased by 13% to RON 905 million for the year ended 31 December 2024, from RON 799 million in 2023. This increase was primarily due to the reevaluation of assets performed at the end of 2023 which resulted in an increase in the fair value of property, plant and equipment.

Impairment loss on property, plant and equipment and intangible assets, net

Impairment loss on property, plant and equipment and intangible assets decreased by 83% to RON 39 million for the year ended 31 December 2024, from RON 237 million in 2023. This decrease is mainly due to the modification of the assumptions used, namely the use of future cash flows for the main projects by estimating the operating expenses specific to each project. Additionally, in 2023, the impact of the revaluation of property, plant and equipments is also reflected in the profit and loss account, except for assets under construction and right of use assets.

4. Cashflow

	FY 2024 (unaudited)	FY 2023 (audited)	Change
	<i>RON million</i>	<i>RON million</i>	<i>%</i>
Net cash from operating activities	6,378	5,425	18%
Net cash from investing activity	1,181	(1,229)	196%
Net cash used in financing activities	(6,386)	(4,448)	44%
Net increase/(decrease) in cash and cash equivalents	1,174	(253)	-564%
Cash and cash equivalents at 1 January	408	661	-38%
Cash and cash equivalents at 31 December	1,582	408	288%

Source: Hidroelectrica

Net cash from operating activities

Net cash from operating activities amounted to RON 6,378 million for the year ended 31 December 2024 as compared to net cash from operating activities of RON 5,425 million in 2023. This increase is primarily due to the decrease in trade receivables as of 31 December 2024 and is negatively influenced by the decrease in net profit in 2024 compared to 2023. As a result, there is a 18% increase in net cash from operating activities in 2024, compared to 2023.

Net cash from investing activity

Net cash from investing activities amounted to RON 1,181 million for the year ended 31 December 2024 as compared to the net cash from investing activities of RON -1.229 million in 2023. The increase was primarily due to cash inflows from deposits held for investment purposes as a result of liquidating the deposits for the payment of 2023 financial year dividends.

Net cash used in financing activities

Net cash used in financing activities amounted to RON 6,386 million in the year ended 31 December 2024, compared to net cash used in financing activities amounted to RON 4,448 million in 2023. This increase represents the effect of the increase in dividends paid by RON 1,938 million in 2024 compared to 2023, as a result of the financial performance recorded in the 2023 financial year.

5. Financial position

<i>RONm.</i>	31 December 2024 (unaudited)	31 December 2023 (audited)	Change %
Assets			
Non-current assets			
Property, plant and equipment	19,848	20,427	-3%
Intangible assets	22	6	267%
Investments in corporate bonds	-	353	-100%
Other non-current assets	68	284	-76%
Total non-current assets	19,938	21,069	-5%
Current assets			
Inventories	94	71	32%
Trade receivables	1,634	3,048	-46%
Investments in deposits	3,476	4,349	-20%
Cash and cash equivalents	1,582	408	288%
Restricted cash	21	101	-79%
Other current assets	231	63	267%
Total current assets	7,038	8,040	-12%
Total assets	26,976	29,109	-7%
Equity and liabilities			
Equity			
Share capital	5,527	5,527	0%
Revaluation reserve	11,549	12,039	-4%
Other reserves	1,026	1,024	0%
Retained earnings	4,743	6,432	-26%
Total equity	22,845	25,021	-9%
Liabilities			
Non-current liabilities			
Bank borrowings	208	300	-31%
Lease liabilities	70	61	15%
Deferred income	203	177	15%
Deferred tax liabilities	1,460	1,504	-3%
Employee benefits	129	128	1%
Provisions	944	837	13%
Other payables	53	8	563%
Total non-current liabilities	3,067	3,016	2%
Current liabilities			
Bank borrowings	93	93	0%
Lease liabilities	9	5	80%



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	31 December 2024 (unaudited)	31 December 2023 (audited)	Change %
<i>RONm.</i>			
Trade payables	430	408	5%
Contract liabilities	98	42	133%
Current tax liabilities	74	145	-49%
Deferred income	5	6	-17%
Employee benefits	148	100	48%
Provisions	82	165	-50%
Tax for electricity producers	2	1	100%
Other payables	123	107	-15%
Total current liabilities	1,064	1,072	-1%
Total liabilities	4,131	4,088	1%
Total equity and liabilities	26,976	29,109	-7%

Source: Hidroelectrica

Investments in corporate bonds

In 2022, the Group purchased euro-denominated corporate bonds from CEC Bank, maturing on December 30, 2025, with an annual yield of 7.5%. On December 30, 2024, CEC Bank exercised the option for full early redemption of the bonds.

Other non-current assets

Other non-current assets at 31 December 2024 decreased by 76% to RON 68 million, from RON 284 million as at 31 December 2023. The decrease was due to final sentence pronounced in favor of the Group regarding the amount of RON 214 million representing the amount paid by the Company as a result of the forced execution by ANAF in 2016 of the bank guarantee issued by ING Bank in favor of the Company for guaranteeing the amounts resulting from a Tax Inspection concluded by ANAF in 2014.

Trade receivables

Trade receivables as at 31 December 2024 decreased by 46% to RON 1,634 million from RON 3,048 million as at 31 December 2023. This decrease is mainly due to the improvement of the debt recovery process compared to the fourth quarter of 2023, as well as to the decrease in revenues as a result of the decrease in electricity sale prices.

Investments in deposits

Investments in deposits decreased by 20% to RON 3,476 million as at 31 December 2024 from RON 4,349 million as at 31 December 2023. The decrease was mainly caused by the establishment of deposits with a maturity of less than three months, which are presented as cash and cash equivalents.

Restricted cash

Restricted cash at 31 December 2024 decreased by 79% to RON 21 million from RON 101 million at 31 December 2023. The decrease of restricted cash balance is the result of reduced trading volumes on the Day-Ahead Market in 2024.

Other current assets

Other current assets as at 31 December 2024 increased by 267% to RON 231 million, from RON 63 million as at 31 December 2023. This increase was driven by the recording of the advance payment for the refurbishment of Vidraru.

Bank borrowings

Bank borrowings at 31 December 2024 decreased by 31% to RON 208 million from RON 300 million at 31 December 2023. The decrease is due to repayment of borrowings in total amount of RON 92 million in year ended 31 December 2024.

Provisions

Long term provisions as at 31 December 2024 increased by 13% to RON 944 million from RON 837 million at 31 December 2023. The increase was primarily the result of the unwinding of decommissioning provisions.

Other payables

Other long-term payables at 31 December 2024 increased by 563% to RON 53 million from RON 8 million at 31 December 2023. The increase is primarily due to the conversion of guarantee letters issued by the Hidroconstructia SA and Romelectro SA Association (contractors for the Livezeni-Bumbesti investment project) into monetary guarantee as a result of the non-renewal of the guarantee letters.

Current Tax Liabilities

Current tax liabilities at 31 December 2024 decreased by 49% to RON 74 million from 145 million RON at 31 December 2023. This decrease was mainly due to the reduction in profit before tax in 2024 compared to 2023.

Employee Benefits

Short-term employee benefits at 31 December 2024 increased by 48% to RON 148 million from RON 100 million at 31 December 2023. This increase was primarily driven by the variable component of the Management Board and the Supervisory Board for 2024, which was not provided for in 2023, as well as by the increases in both salary and the actual number of employees of the Group.



Provisions

Short term provisions as at 31 December 2024 decreased by 50% to RON 82 million from RON 165 million at 31 December 2023. The decrease was due to the use or reversal of previously recognized provisions of RON 40 million related to the litigation with Benny Alex SRL and of RON 47 million related to the litigation with the Hidroconstructia SA and Romelectro SA consortium.

Hidroelectrica's Management Board

Karoly BORBELY

Chairman of the Management Board - CEO

Bogdan-Nicolae BADEA
Member of the Management Board - CIO

Radu-Ioan CONSTANTIN
Member of the Management Board - CAO

Marian FETITA
Member of the Management Board - CFO

Ianas RADOI
Member of the Management Board - COO



Definitions

- **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.