



HIDROELECTRICA

#1 Power Producer in Romania and One of the Largest European Hydro Companies

FY 2023 Key Financials Update

28 March 2024



Disclaimer



THIS DOCUMENT IS NOT AN OFFER OR AN INVITATION TO BUY OR SELL SECURITIES.

IMPORTANT: Please read the following before continuing. This document has been prepared by S.P.E.E.H. HIDROELECTRICA S.A. (the "Company") and relates to the Company and its subsidiary (together, the "Group") and the following applies to the information in this document (the "Information").

The Information does not purport to contain full, accurate or complete information required to evaluate the Company or the Group and/or its financial position. The Information does not constitute a recommendation regarding any loans or securities of the Company or any other member of the Group. By accepting to access the Information, you (i) agree to be bound by the foregoing limitations; and (ii) have read, understood and agree to comply with the contents of this disclaimer.

No representation, warranty or undertaking, express or implied, is made by the Company, or any of the respective affiliates of the Company, the Company's shareholders (the "Shareholders") or any of their respective directors, officers, personally liable partners, employees, agents and consultants or advisers ("Associates"), or any other person as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the Information or the opinions contained therein or any other statement made or purported to be made in connection with the Company or the Group, for any purpose whatsoever, including but not limited to any investment considerations. No responsibility, obligation or liability whatsoever, whether arising in tort, contract or otherwise, is or will be accepted by the Company, the Shareholders, or any of their respective Associates or any other person for any loss, cost or damage howsoever arising from any use of the Information, or for information or opinions or for any errors, omissions or misstatements contained therein or otherwise arising in connection therewith. This document is not intended to provide, and should not be relied upon for accounting, legal or tax advice nor does it constitute a recommendation regarding any transaction.

To the extent available, the industry, market and competitive position data contained in the Information come from official or third-party sources and have been accurately reproduced. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company believes that each of these publications, studies and surveys has been prepared by a reputable source, none of the Company, the Shareholders, or any of their respective Associates has independently verified the data contained therein. In addition, certain of the industry, market and competitive position data contained in the Information come from the Company's own internal research and estimates based on the knowledge and experience of the Company's management in the markets in which the Company and the other members of the Group operate. While the Company believes that such research and estimates are reasonable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to material change and correction without notice. Finally, market studies and analyses are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions, are frequently based on information and assumptions that may not be accurate or technically correct, and their methodology may be forward-looking and speculative. Accordingly, reliance should not be placed on any of the industry, market or competitive position data contained in the Information.

The Information is subject to updating, revision, amendment, verification, correction, completion and change without notice and such information may change materially. In providing access to the Information, none of the Company, the Shareholders, or any of their respective Associates or any other person undertakes any obligation to provide the attendee or recipient with access to any additional information or to update the Information or to correct any inaccuracies in any such Information, including any financial data or forward-looking statements. The Information should be considered in the context of the circumstances prevailing at the time and has not been, and will not be, updated to reflect material developments which may occur after the date thereof.

This Information may include forward-looking statements, beliefs or opinions, including statements with respect to the Group's business, financial condition and results of operation. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this Information, including, without limitation, those regarding the future financial position and results of the Group's operations, its strategy, plans, objectives, goals and targets, future developments in the markets in which the Group participates or is seeking to participate or anticipated regulatory changes in the markets in which the Group operates or intends to operate. These forward-looking statements may be identified by terminology such as "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "potential," "predict," "projected," "should" or "will" or the negative of such terms or other comparable terminology; or by forward-looking nature of discussions of strategy, plans or intentions; or by their context. By their nature, forward-looking statements involve inherent known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future and may cause the actual results, performance or achievements of the Group to be materially different from those expressed or implied by such forward looking statements. Many of these risks and uncertainties relate to factors that are beyond the Company's ability to control or estimate precisely. As a result, you are cautioned that forward-looking statements are not guarantees of future performance and are based on numerous assumptions and that the Group's actual results of operations, including its financial condition and liquidity and the development of the industry in which it operates, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this Information. In addition, even if the Group's results of operations, including its financial condition and liquidity and the development of the industry in which it operates, are consistent with the forward-looking statements contained in this Information, those results or developments may not be indicative of results or developments in subsequent periods.

Financial information presented herein is extracted from the consolidated financial statements of the Group for the relevant period, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. This Information includes certain financial data that are "non-IFRS financial measures". These non-IFRS financial measures do not have a standardized meaning prescribed by IFRS and therefore may not be directly comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with IFRS. Although the Company believes these non-IFRS financial measures provide useful information to users in measuring the financial performance and condition, of the business, you are cautioned not to place undue reliance on any non-IFRS financial measures included in this Information.

This document (including the Information) is not, and should not be construed as, a prospectus or offering document, and has not been reviewed or approved by any regulatory or supervisory authority. The Information does not constitute or form part of, and should not be construed as, an offer for sale or subscription of, or a solicitation or invitation of any offer to subscribe for or purchase any loans or securities of the Company or any other member of the Group or any other entity in any jurisdiction nor does it purport to give legal, tax or investment advice, and nothing contained therein shall form the basis of or be relied on in connection with any contract or commitment whatsoever or be used in making any investment decision. This document is not a marketing material or an advertising in the meaning of EU Regulation 2017/1129.

Hidroelectrica Management Board



Karoly Borbely

CEO / President of the Management Board



Marian Fetița

CFO / Member of the Management Board



Bogdan Badea

CIO / Member of the Management Board



Radu Constantin

CAO / Member of the Management Board



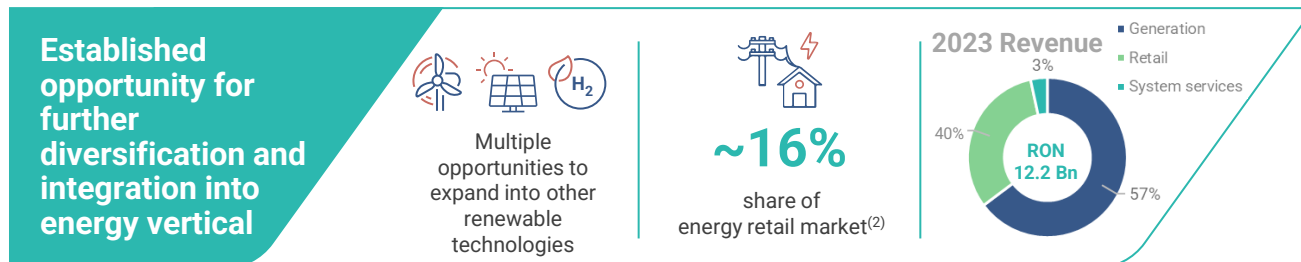
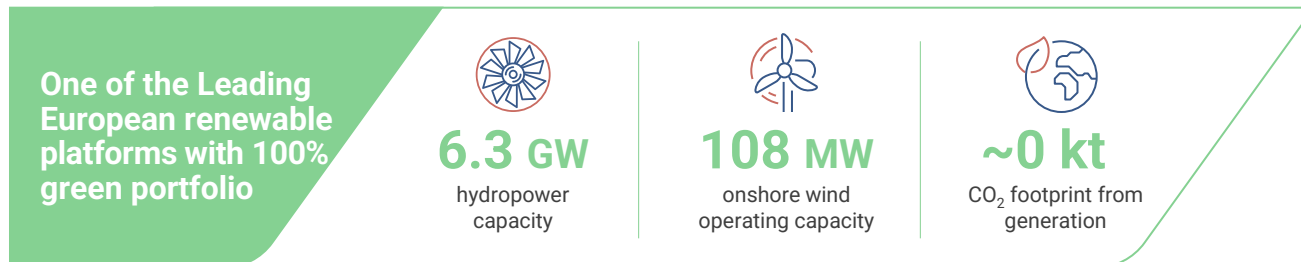
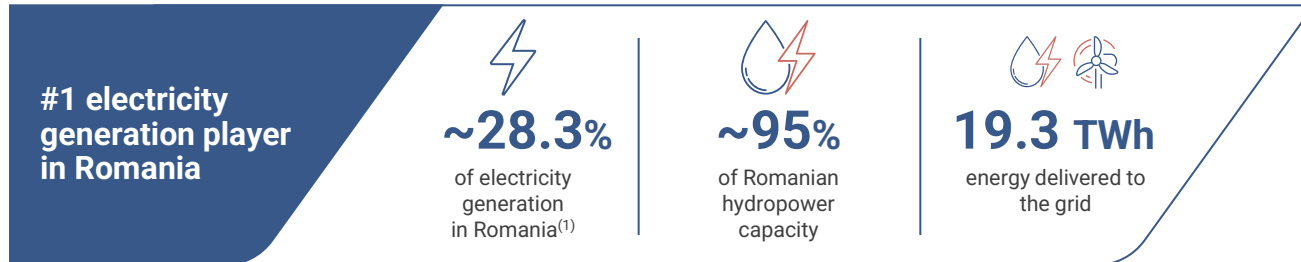
Ianăș Rădoi

COO / Member of the Management Board

Hidroelectrica at a Glance



#1 Electricity Producer in Romania with 100% Renewable Energy Portfolio of Scale

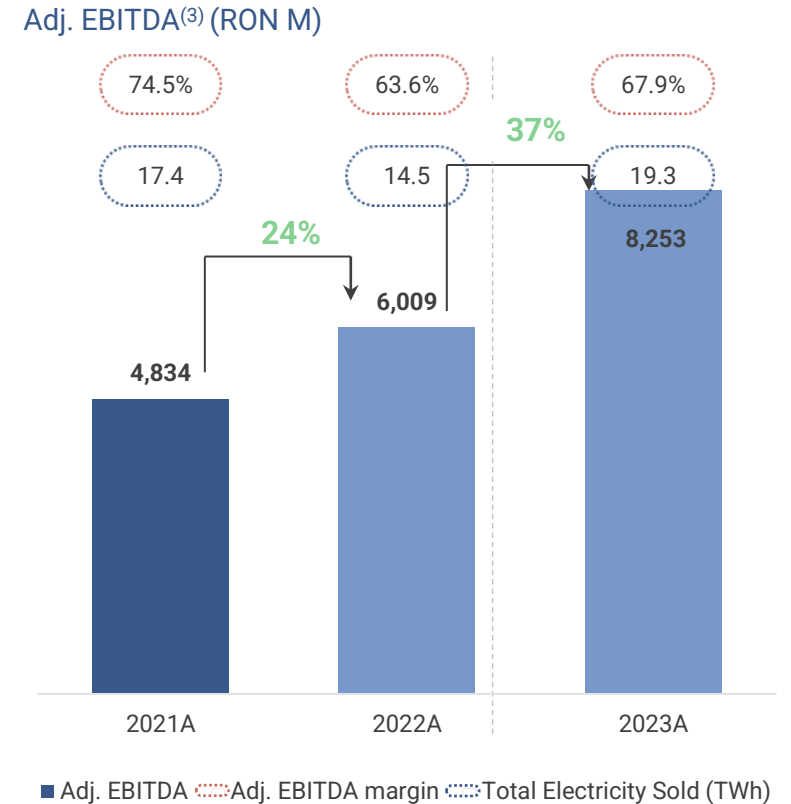


Source: Company Analysis, Autoritatea Națională de Reglementare în domeniul Energiei (Romanian Energy Regulatory Authority) annual reports

Notes:

1. Average market shares between 2018 and 2023, based on total energy delivered to the grid as per Company information
2. Based on market shares of competitive market suppliers as per ANRE 2023 December report
3. Adj. EBITDA is defined as profit for the period before (i) income tax expense, (ii) depreciation and amortization of PP&E and intangible assets, (iii) interest income and interest expenses, adjusted for (a) impairment/reversal of PP&E and (b) gain on bargain purchase of subsidiaries

Strong Financial and Operational Performance



Clear Strategy with Focus on Operational Efficiencies, Growth and Shareholder Returns



Operational Efficiency



Optimising Existing Hydroelectric Assets

Driving operational efficiencies through the maintenance and refurbishment of our existing asset base – targeting **predictable and consistent** performance



Executing Organic Hydroelectric Expansion Projects

Implementing the best solutions and new technologies for **complex hydropower projects** under various stages of execution

Diversified Growth



Diversifying into Adjacent Renewable Energy Segments

Fostering **growth and diversification** by developing new production capacities and potential synergies from **other renewable sources** whilst exploring **M&A opportunities**



Growing Share in the Romanian Energy Supply Market

Diversifying power selling capabilities by accelerating supply activity development and growing our share in the supply market

Prudent Financial Strategy



Maximising Cash Generation & Shareholder Returns

Shareholder value focus through operational efficiency and investments to maximise returns, whilst **targeting a minimum 90% pay-out policy**



HIDROELECTRICA

Hidroelectrica FY 2023 Key Financials Update



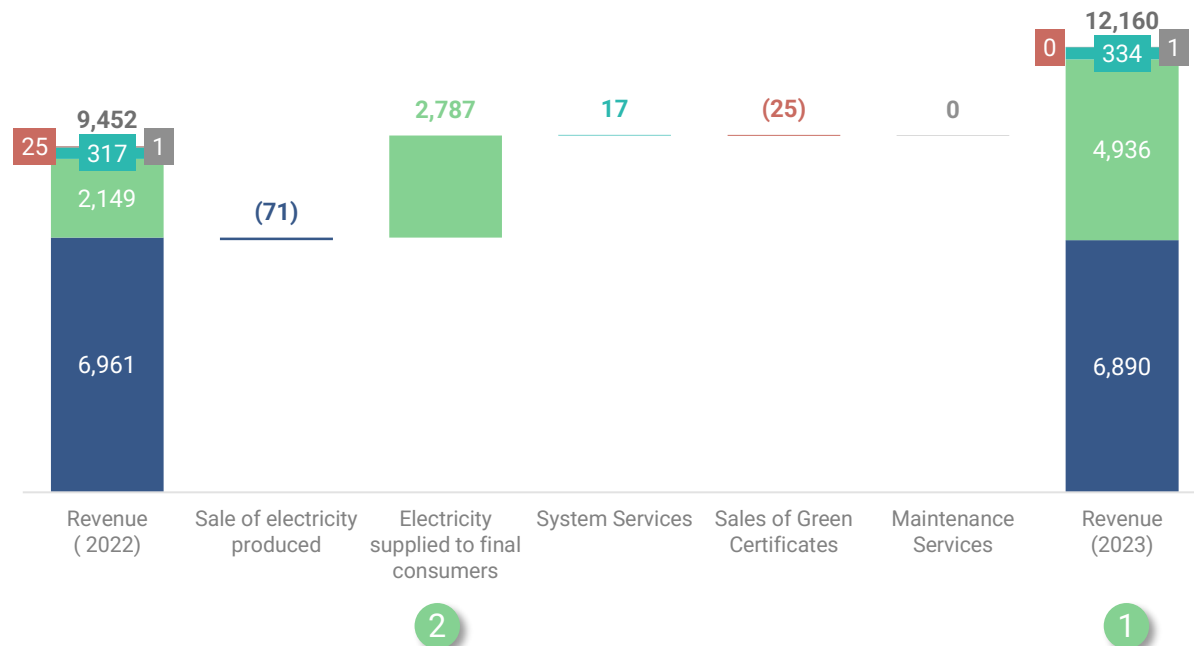
Strong Revenue Increase due to evolution of supply portfolio



Revenue

Highlights

Revenue (RON M)



1 Strong revenue growth mainly driven by higher total energy sold (+c.33%) in FY 2023 (19,338 GWh) compared to FY 2022 (14,544 GWh) for both generation and supply segments, underpinned by improved hydrology

2 Revenues from electricity supplied to final customers increased by +c.130%, FY 2023 vs, FY 2022

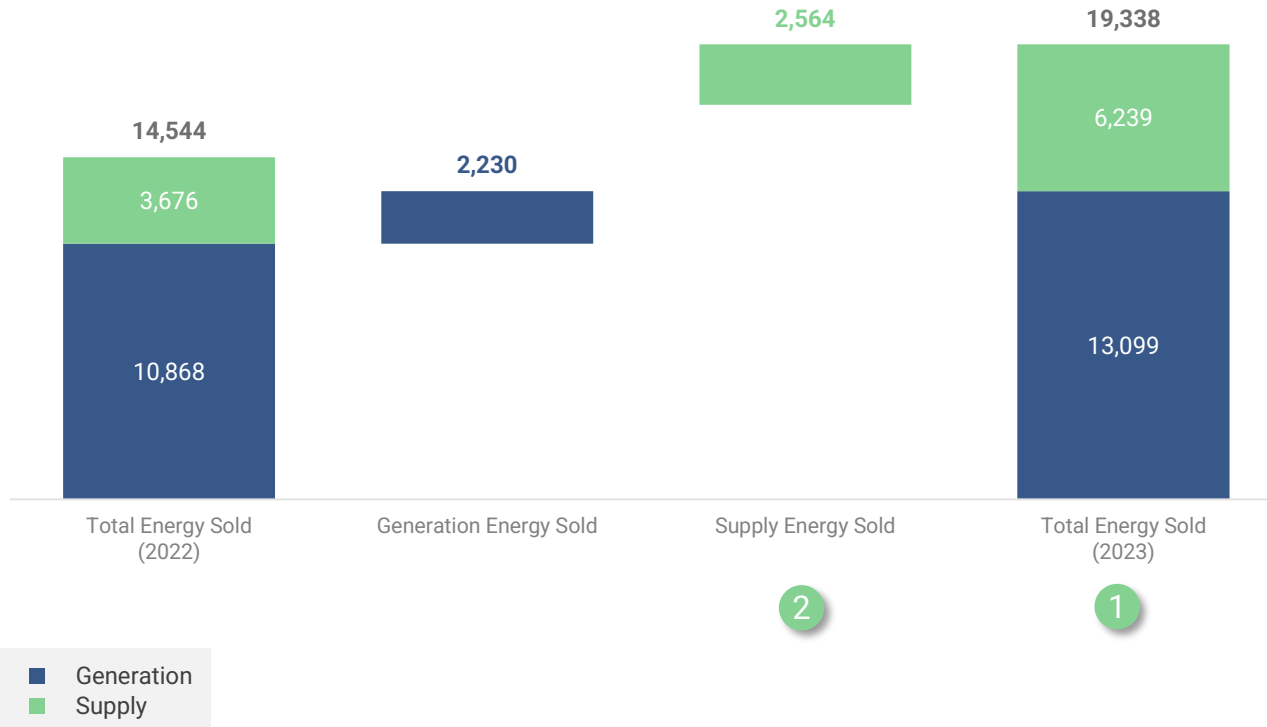
■ Sale of Electricity on wholesale market
 ■ System Services
 ■ Maintenance Services
■ Electricity Supplied to Final Consumers
 ■ Sales of Green Certificates

Increasing Volumes in 2023 underpinned by improved hydrology



Total Energy Sold

Total Energy Sold (GWh)



Highlights

- 1 Hidroelectrica's total energy produced in 2023 was 17,639 GWh (+c.30% from 2022) and total energy sold reached 19,338 GWh (+c.33% from 2022)
 - 2 Of the total energy sold, 6,239 GWh were supplied to end users in 2023 compared to 3,676 GWh in 2022
- Share of supply energy sold as a percentage of total energy sold has increased from c.25% in 2022 to c.32% in 2023, demonstrating the company's active growth in the supply business

Adjusted EBITDA

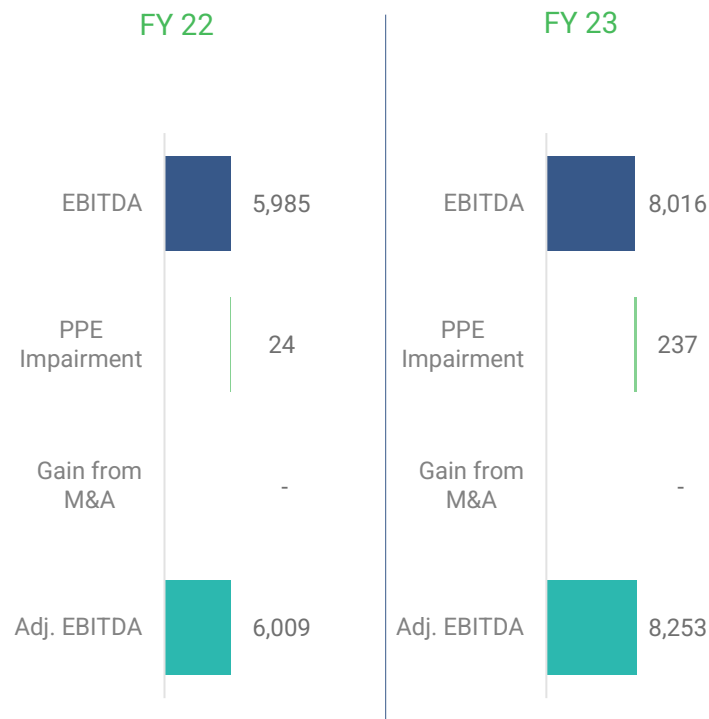
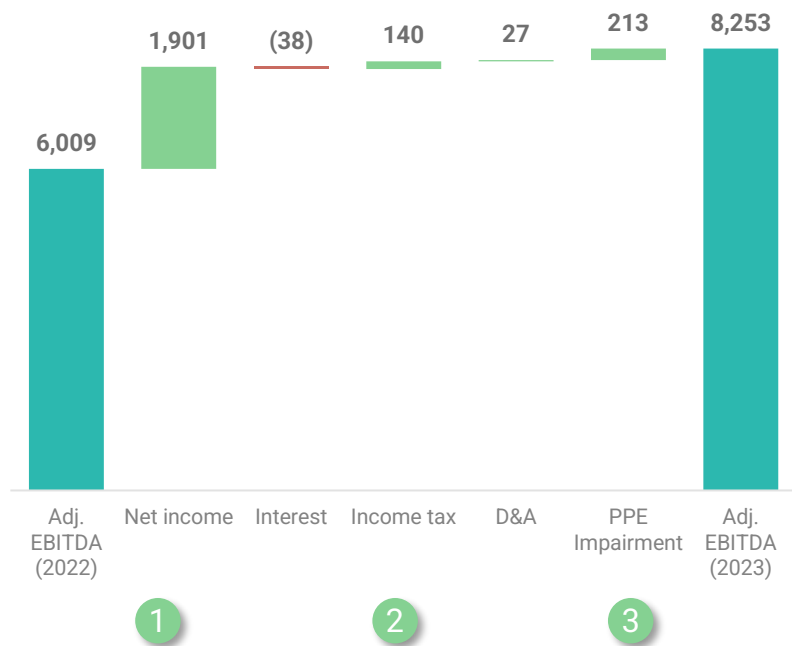


Adjusted EBITDA

Highlights

Adjusted EBITDA (RON M)

Adjusted EBITDA Breakdown (RON M)



- 1 Net Income increased by RON 1,901 m (+c.43%) in FY 23 compared to FY 22, due to significant recovery in Revenue to normal levels after a drought in 2022 affecting the generation capacity
- 2 Increase in Income Tax by +c.15% from FY 22 to FY 23 as a function of higher revenues due to larger energy volumes sold
- 3 Reversal of impairment loss on PPE has significantly increased from RON 24 m in 2022 to RON 237 m in 2023, mainly due to impairment test performed in assets under construction in 2023 and the revaluation of assets

Revenue Build-up

		2023	2022	Variation (%)
Total Production	GWh	17,639	13,544	30%
External Acquisitions	GWh	1,699	1,000	
Generation Energy Sold	GWh	19,338	14,544	33%
Balancing	GWh	(433)	(574)	
Sales to Supply	GWh	(6,239)	(3,676)	
Generation Energy Sold	GWh	12,665	10,295	23%
OPCOM Price	RON / MWh	487	532	
OPCOM Revenues	RONm	6,172	5,474	13%
Other Ancillary Revenues	RONm	334	317	5%
Balancing Volumes	GWh	433	574	
Balancing Price	RON / MWh	1.310	2.521	
Balancing Revenues	RONm	567	1,447	-61%
Ancillary + Balancing Revenues	RONm	901	1,764	-49%
Supply Volumes	GWh	6,239	3,676	70%
Supply Prices (ex pass through)	RON / MWh	551	414	
Supply Revenues	RONm	3,438	1,522	126%
Pass Through Revenues	RONm	1,498	627	
Pass Through %	%	44%	41%	
Total Supply Revenue	RONm	4,936	2,149	130%
Other revenues	RONm	151	65	
Revenue	RONm	12,160	9,452	29%

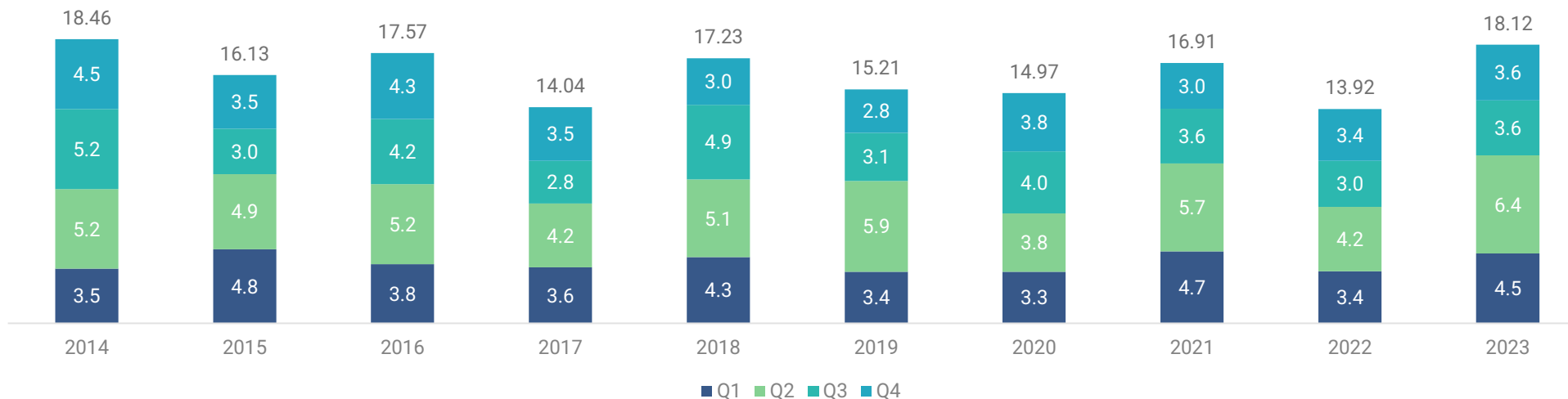
Electricity Production



Electricity Production for the last 10 years

(TWh)

Electricity Production (TWh)



Notes: All financial data based on Consolidated Financial Statements prepared in accordance with IFRS-EU as of 31 December 2023.

Stable Cost Structure and a Cost-Efficient Organisation



Operating Expenses

Operating Expenses (RON MM)

% of Revenues

45%

41%

	FY 2022	FY 2023	2023 vs 2022	
<i>Employee benefits expenses</i>	631	717	14%	
<i>Depreciation and amortization</i>	772	799	4%	
<i>Impairment loss on property, plant and equipment</i>	1	24	892%	
<i>Impairment loss on trade receivables</i>	43	80	84%	
<i>Repair, maintenance, materials and consumables</i>	82	85	4%	
<i>Other operating expenses</i>	236	251	6%	
<i>Turbinated water</i>	2	451	639	42%
<i>Electricity purchased</i>	3	697	456	-35%
<i>Tax for electricity producers</i>	5	672	225	-66%
<i>Transport and distribution of electricity</i>	4	498	1.208	142%
<i>Green certificates expenses</i>	4	183	297	62%
	4,290	4,995	16%	

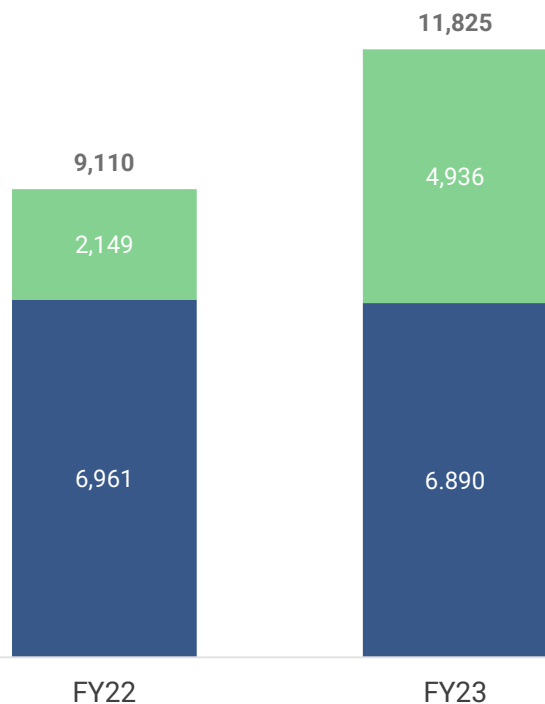
Highlights

- 1 Reversal of impairment loss on PPE has significantly increased from RON 24 m in 2022 to RON 237 m in 2023, mainly due to impairment test performed in assets under construction in 2023 and the revaluation of assets
- 2 Increase turbinated water expenses from 2022 to 2023 mainly due to the increase of the volumes of the energy produced and in fee of water used, established annually by the National Agency for Water Administration [(H123: RON 1.40 per thousand cubic meters, starting 12 June 2023: 37 RON/MWh produced vs 2022: RON 1.23 per thousand cubic meters)]
- 3 Decrease in electricity purchases from 2022 to 2023 mainly driven by decrease in average acquisition price in 2023.
- 4 Pass through costs increased mainly due to the evolution of the quantities delivered on the supply portfolio and of the regulated tariffs.
- 5 Tax for electricity producers decreased by 66%, mainly due to the implementation of the centralized purchase mechanism through which the electricity producers will sell the amount of electricity available to the market operator, OPCOM, at the fixed price of 450 RON/MWh starting on 1 January 2023, and the decrease in electricity sales prices in 2023 compared to 2022

Trade Receivables

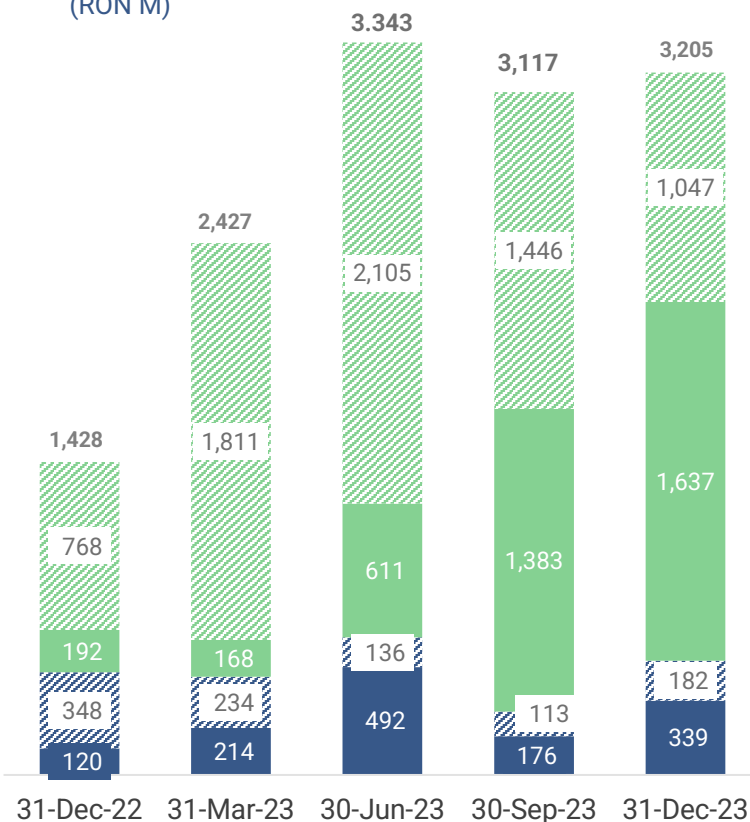


Wholesale and Retail Revenue
(RON M)



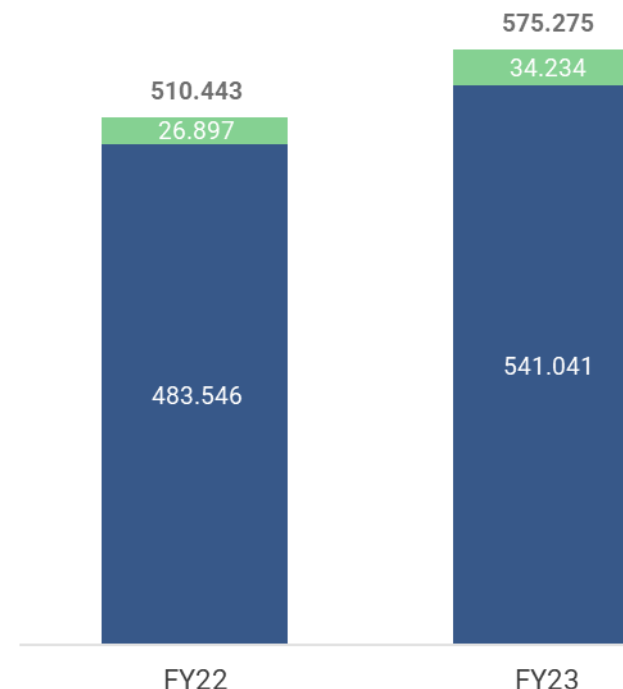
■ Wholesale ■ Retail

Wholesale and Retail Receivables
(RON M)



■ Wholesale - Billed ■ Wholesale - Unbilled
■ Retail - Billed ■ Retail - Unbilled

Supply Clients (consumptions sites)
(Numbers)



■ Wholesale ■ Retail

Notes: All financial data based on Consolidated Financial Statements prepared in accordance with IFRS-EU as of 31 December 2023.

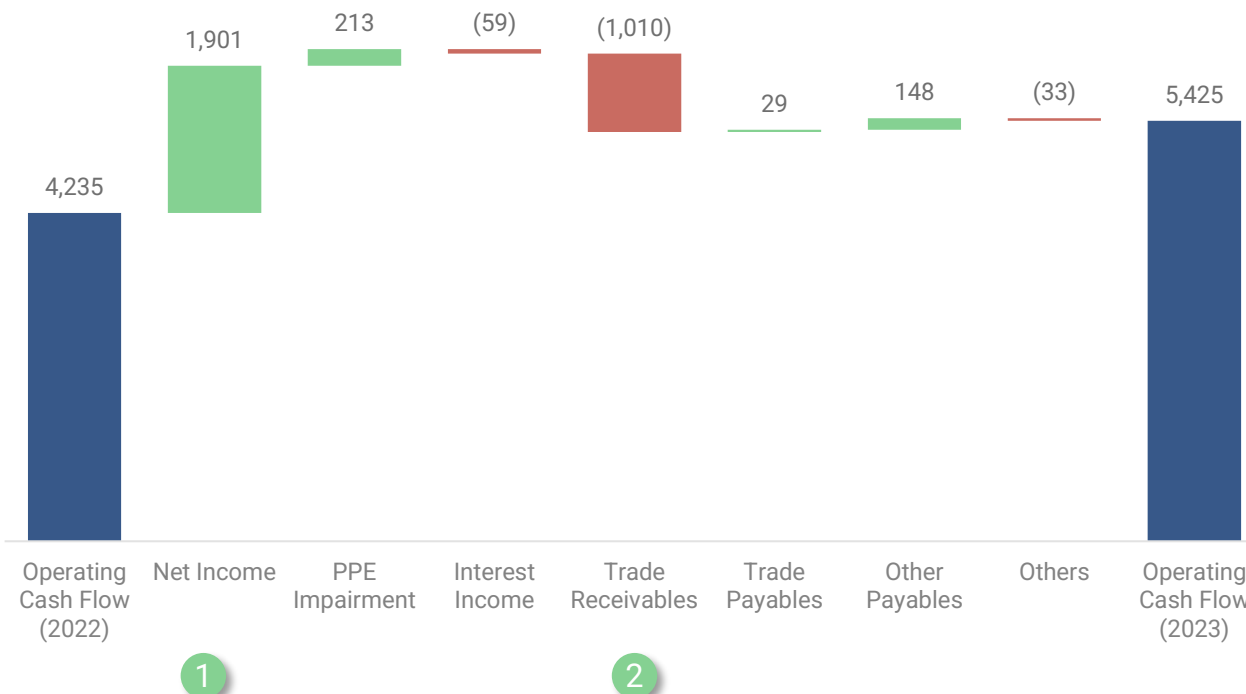
Stable Cash Flows Attributed to Strong Market Position in Both Power Generation and Supply Businesses



Operating Cash Flow

Highlights

Operating Cash Flow (RON MM)



- 1 Net Income increased by RON 1,901 m (+c.43%) in FY 23 compared to FY 22, due to significant recovery in Revenue to normal levels after a drought in 2022 affecting the generation capacity
- 2 Increase in Trade Receivables mainly related to the implementation of new billing and customer relationship systems, which continued also in 2023, together with the frequent regulatory changes with respect of supply prices to end-users, the significant increase in the number of retail clients of the Group, which led to delays in invoicing electricity supplied to end users also in the first semester of 2023.



HIDROELECTRICA

End Presentation

Q&A session

