

Translation from Romanian

NETCITY TELECOM SA

Individual Financial Statements
for the financial year ended 31 December 2025

Prepared in accordance with
Order of the Minister of Public Finance no. 1802/2014

NETCITY TELECOM SA
FINANCIAL STATEMENTS
Prepared in accordance with
Order of the Minister of Public Finance no. 1802/2014
31 December 2025

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Financial statements

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CITY: Bucharest	FORM OF OWNERSHIP: Public Limited Company
LEGAL ENTITY: NETCITY TELECOM SA	MAIN ACTIVITY
ADDRESS: Bucharest, 159 Plevnei Road, Business Garden Bucharest, Block of flats C, 1 st floor, District 6	(NACE group name): Wired, wireless, and satellite telecommunication activities
	NACE GROUP CODE: 6110
TELEPHONE: 031 425 97 01	UNIQUE REGISTRATION CODE: 22902080

**BALANCE SHEET as at
31 December 2025**

	Item description	No. No.	Balance as at:	
			1 January 2025	31 December 2025
	A	B	1	2
A.	FIXED ASSETS			
	I. INTANGIBLE ASSETS			
	1. Formation expenses	01	-	-
	2. Development costs	02	-	-
	3. Concessions, patents, licences, trade marks, rights and similar assets, and other intangible assets	03	1,198,760	579,639
	4. Goodwill	04	-	-
	5. Intangible assets for the exploration and evaluation of mineral resources	05	-	-
	6. Advances	06	-	-
	TOTAL (rows 01 to 06)	07	1,198,760	579,639
	II. TANGIBLE FIXED ASSETS			
	1. Land and buildings	08	406,419,608	416,847,204
	2. Plant and machinery	09	632,328	602,016
	3. Other plant, machinery and furniture	10	794	128,712
	4. Investment property	11	-	-
	5. Tangible assets under construction	12	12,836,704	452,915
	6. Investment property under construction	13	-	-
	7. Tangible assets for the exploitation and evaluation of mineral resources	14	-	-
	8. Biological assets	15	-	-
	9. Advances	16	-	24,853
	TOTAL (rows 08 to 16)	17	419,889,434	418,055,700
	III. FINANCIAL FIXED ASSETS			
	1. Shares held in subsidiaries	18	-	-
	2. Loans granted to group entities	19	-	-
	3. Shares held in associates and jointly controlled entities	20	-	-
	4. Loans granted to associates and jointly controlled entities	21	-	-
	5. Other long-term investments	22	-	-
	6. Other loans	23	60	-
	TOTAL (rows 18 to 23)	24	60	-
	FIXED ASSETS – TOTAL (rows 07+17+24)	25	421,088,254	418,635,339
B.	CURRENT ASSETS			
	I. INVENTORIES			
	1. Raw materials and consumables	26	245,200	166,494
	2. Work in progress	27	-	-
	3. Finished goods and merchandise	28	-	-
	4. Advances	29	-	-
	TOTAL (rows 26 to 29)	30	245,200	166,494

Notes 1 to 19 form an integral part of the financial statements.

NETCITY TELECOM SA
BALANCE SHEET

as at 31 December 2025

(all amounts are expressed in new lei ("RON"), unless otherwise stated)

Item description		No. No.	Balance as at:	
			1 January 2025	31 December 2025
A		B	1	2
II. RECEIVABLES				
	1. Trade receivables	31	5,591,236	5,350,287
	2. Amounts receivable from affiliated entities	32	1,169,243	693,141
	3. Amounts receivable from associates and jointly controlled entities	33	-	-
	4. Other receivables	34	647,539	107,048
	5. Subscribed but unpaid capital	35	-	-
	6. Receivables representing dividends distributed during the financial year	36	-	-
	TOTAL (rows 31 to 35)	37	7,408,018	6,150,476
III. SHORT-TERM INVESTMENTS				
	1. Shares held in affiliated entities	38	-	-
	2. Other short-term investments	39	-	-
	TOTAL (rows 37 to 38)	40	-	-
IV. HOUSEHOLD AND BANK ACCOUNTS				
		41	11,070,432	24,488,566
	CURRENT ASSETS (rows 30 + 36 + 39 + 40)	42	18,723,650	30,805,536
C.	PREPAID EXPENSES (rows 43+44)	43	17,855,760	16,900,254
	Amounts to be recovered within one year	44	1,328,612	1,374,563
	Amounts to be recovered within a period of more than one year	45	16,527,148	15,525,691
D.	LIABILITIES: AMOUNTS PAYABLE WITHIN ONE YEAR			
	1. Loans from bond issues, with loans from convertible bond issues shown separately	46	-	-
	2. Amounts owed to credit institutions	47	-	5,408,017
	3. Advances received on orders	48	38,388	54,781
	4. Trade payables – suppliers	49	609,995	698,450
	5. Trade bills payable	50		
	6. Amounts due to group entities	51	4,865,547	525,984
	7. Amounts due to associates and jointly controlled entities	52	-	-
	8. Other liabilities, including tax liabilities and social security liabilities	53	25,149,195	21,667,301
	TOTAL (rows 45 to 52)	54	30,663,125	28,354,533
E.	NET CURRENT ASSETS / NET CURRENT LIABILITIES (rows 42+44-54-71-74-77)	55	(10,705,080)	3,732,599
F.	TOTAL ASSETS MINUS CURRENT LIABILITIES (rows 25+45+55)	56	426,910,322	437,893,629

Notes 1 to 19 form an integral part of the financial statements.

NETCITY TELECOM SA
BALANCE SHEET

as at 31 December 2025

(all amounts are expressed in new lei (“RON”), unless otherwise stated)

	Item name	No. Row	Balance as at:	
			1 January 2025	31 December 2025
	A	B	1	2
G.	LIABILITIES: AMOUNTS PAYABLE IN MORE THAN ONE YEAR			
	1. Loans from bond issues, with loans from convertible bond issues shown separately	57	-	-
	2. Amounts owed to credit institutions	58	214,723,964	223,745,252
	3. Advances received on orders	59		
	4. Trade payables – suppliers	60		
	5. Trade bills payable	61		
	6. Amounts due to group entities	62	126,218,179	142,967,967
	7. Amounts due to associates and jointly controlled entities	63		
	8. Other liabilities, including tax liabilities and social security liabilities	64	1,290,406	95,548
	TOTAL (rows 57 to 64)	65	342,232,549	366,808,767
H.	PROVISIONS			
	1. Provisions for employee benefits	66	-	-
	2. Provisions for taxes	67	-	-
	3. Other provisions	68	-	-
	TOTAL (rows 66 + 67 + 68)	69	-	-
I.	PREPAID INCOME			
	1. Investment grants (rows 71+72)	70	28,374	13,137
	Amounts to be recovered within one year	71	15,234	13,137
	Amounts to be recovered within a period of more than one year	72	13,140	-
	2. Deferred income – total (rows 74 + 75), of which:	73	954,349	1,118,333
	Amounts to be reversed within one year	74	78,983	79,830
	Amounts due within more than one year	75	875,366	1,038,503
	3. Deferred income relating to assets received by transfer from customers (rows 77+78)	76		
	Amounts to be reversed within one year	77		
	Amounts to be reversed within a period of more than one year	78		
	Negative goodwill	79		
	TOTAL (rows 70 + 73 + 76 + 79)	80	982,723	1,131,470
J.	CAPITAL AND RESERVES			
	I. CAPITAL			
	1. Paid-up subscribed capital	81	5,103,540	5,103,540
	2. Subscribed but unpaid capital	82	-	-
	3. The company’s assets	83	-	-
	4. Assets of national research and development institutes	84	-	-
	5. Other equity items	85	-	-
	TOTAL (rows 81 to 85)	86	5,103,540	5,103,540
	II. CAPITAL PREMIUMS	87	-	-
	III. REVALUATION RESERVES	88	-	-

Notes 1 to 19 form an integral part of the financial statements.

NETCITY TELECOM SA
BALANCE SHEET

as at 31 December 2025

(all amounts are expressed in new lei ("RON"), unless otherwise stated)

Item name	No. Row	Balance as at:	
		1 January 2025	31 December 2025
A	B	1	2
IV. RESERVES		-	-
1. Statutory reserves	89	2,304,572	2,304,572
2. Statutory or contractual reserves	90	-	-
3. Other reserves	91	-	-
TOTAL (rows 88 to 90)	92	2,304,572	2,304,572
Treasury shares	93	-	-
Gains relating to equity instruments	94	-	-
Losses on equity instruments	95	-	-
V. RETAINED PROFIT OR LOSS			
	Balance C 96	54,599,752	49,233,565
	Balance D 97	-	-
VI. PROFIT OR LOSS FOR THE FINANCIAL YEAR			
	Balance C 98	21,781,403	13,404,682
	Balance D 99		
Allocation of profit	100	-	-
TOTAL EQUITY (rows 85+86+87+91-92+93-94+95-96+97-98-99)	101	83,789,267	70,046,359
Public assets	102		
Private assets	103		
TOTAL CAPITAL (rows 100 + 101 + 102)	104	83,789,267	70,046,359

The financial statements on pages 3 to 43 were signed on 19 May 2026 by:

Chief Executive Officer,
Adrian Vasile Racasan
[illegible signature]

Prepared by,
Cristian Osadczuk
Chief Financial Officer

Signature
Company stamp

Signature *[illegible signature]*

NETCITY TELECOM SA
PROFIT AND LOSS ACCOUNT for the financial year ended 31 December 2025
(all amounts are expressed in new lei ("RON"), unless otherwise stated)

Name of indicators		No. No.	Financial year ended	
			31 December 2024	31 December 2025
A		B	1	2
1.	Net turnover (rows 02 + 03 - 04 + 06)	01	69,552,284	73,167,058
	- of which, net turnover corresponding to the main activity actually carried out	01a	69,413,402	73,166,715
	Sales	02	69,413,402	73,166,715
	Revenue from the sale of goods	03	138,882	343
	Trade discounts granted	04	-	-
	Revenue from operating subsidies relating to turnover	06	-	-
2.	Revenue relating to the cost of work in progress			
	Balance C	07	-	-
	Balance D	08	-	-
3.	Revenue from the production of intangible and tangible fixed assets	09	72,879,514	13,866,711
4.	Revenue from the revaluation of tangible fixed assets	10	-	-
5.	Income from investment property	11	-	-
6.	Revenue from operating grants	12	-	-
7.	Other operating income	13	783,112	1,402,367
	- of which, income from negative goodwill	14	-	-
	- of which, income from investment grants	15	13,786	15,237
	TOTAL OPERATING INCOME (rows 01 + 07 – 08 + 09 + 10 + 11 + 12 + 13)	16	143,214,910	88,436,136
8.	a) Expenditure on raw materials and consumables	17	413,868	656,308
	Other material expenses	18	52,492	28,519
	b) Utility expenses, of which:	19	34,119	37,972
	- energy consumption costs	19a	17,274	27,055
	- expenditure on natural gas consumption	19b	2,117	3,350
	c) Expenses relating to goods	20	49,844	233
	Trade discounts received	21	-	-
9.	Staff costs (rows 23 + 24), of which:	22	7,220,664	7,507,045
	a) Salaries and allowances	23	6,988,000	7,296,596
	b) Insurance and social security costs	24	232,664	210,449
10.	a) Value adjustments relating to tangible and intangible fixed assets (rows 25a + 26 – 27)	25	11,551,512	13,995,349
	a.1) Operating expenses relating to depreciation of fixed assets	25a	11,551,512	13,995,349
	a.2) Other expenses	26	-	-
	a.3) Revenue	27	-	-
	b) Value adjustments relating to current assets (rows 29–30)	28	-	592,288
	b.1) Expenses	29	-	592,288
	b.2) Revenue	30	-	-
11.	Other operating expenses (rows 32 + 33 + 33d + 33f + 33h + line 33j + 34 + 35 + 36 + 37)	31	79,596,477	22,064,662
	11.1. Expenditure on external services	32	71,419,650	11,553,146

Notes 1 to 19 form an integral part of the financial statements.

NETCITY TELECOM SA
PROFIT AND LOSS ACCOUNT for the financial year ended 31 December 2025
(all amounts are expressed in new lei ("RON"), unless otherwise stated)

Name of indicators		No. No.	Financial year ended	
			31 December 2024	31 December 2025
A		B	1	2
11.2	Expenses relating to royalties, management fees and rents, of which:	33	8,121,314	8,642,562
-	Royalty expenses	33a	7,736,384	8,248,074
-	Expenses relating to managed properties	33b	-	-
-	Rental expenses	33c	384,930	394,488
11.3	Expenditure relating to intellectual property rights, of which:	33d	-	-
-	Expenses relating to affiliated entities	33e	-	-
11.4	Management expenses, of which	33f	-	-
-	Expenses relating to affiliated entities	33g	-	-
11.5	Consultancy expenses	33h	-	-
-	Expenses relating to affiliated entities	33i	-	-
11.6	Expenses relating to other taxes, duties and similar payments, expenses representing transfers and contributions due under special legislation	33j	27,176	1,867,862
11.7	Expenditure on environmental protection	34	-	-
11.8	Expenses from the revaluation of tangible fixed assets	35	-	-
11.9	Expenses relating to natural disasters and similar events	36	-	-
11.10	Other expenses	37	28,337	1,092
12.	Adjustments to provisions (rows 40–41)	39	-	-
-	Expenses	40	-	-
-	Revenue	41	-	-
	OPERATING EXPENSES - TOTAL (rows 17 + 18 + 19 + 20 - 21 + 22 + 25 + 28 + 31 + 39)	42	98,918,976	44,882,376
	OPERATING PROFIT OR LOSS			
	- Profit (rows 16 - 42)	43	44,295,934	43,553,760
	- Loss (line 42 - 16)	44	-	-
13.	Income from equity investments	45	-	-
	- of which, income received from affiliated entities	46	-	-
14.	Interest income	47	14,190	30,796
	- of which, income received from affiliated entities	48	-	-
15.	Revenue from operating subsidies for interest payable	49	-	-
16.	Other financial income	50	620,778	1,926,695
	- of which, income from other financial assets	51	-	-
	FINANCIAL INCOME - TOTAL (rows 45 + 47 + 49 + 50)	52	634,968	1,957,491
17.	Value adjustments relating to financial assets and financial investments held as current assets (rows 54–55)	53	-	-
	- Expenditure	54	-	-
	- Income	55	-	-
18.	Interest expenses	56	20,270,377	21,094,357
	- of which, expenses relating to affiliated entities	57	8,892,581	9,612,537
19.	Other financial expenses	58	603,595	10,425,194

Notes 1 to 19 form an integral part of the financial statements.

NETCITY TELECOM SA
PROFIT AND LOSS ACCOUNT for the financial year ended 31 December 2025
(all amounts are expressed in new lei ("RON"), unless otherwise stated)

Name of indicators		No. No.	Financial year ended	
			31 December 2024	31 December 2025
A		B	1	2
	FINANCIAL EXPENSES - TOTAL (rows 53 + 56 + 58)	59	20,873,972	31,519,551
	FINANCIAL PROFIT OR LOSS:			
	- Profit (rows 52 - 59)	60	-	-
	- Loss (rows 59 - 52)	61	20,239,004	29,562,060
	TOTAL REVENUE (rows 16 + 52)	62	143,849,878	90,393,627
	TOTAL EXPENSES (rows 42 + 59)	63	119,792,948	76,401,927
	GROSS PROFIT OR LOSS:			
	- Profit (rows 62 - 63)	64	24,056,930	13,991,700
	- Loss (rows 63 - 62)	65	-	-
20.	Income tax	66	2. 275,527	587,018
21.	Income tax expense, i.e. income tax at the minimum turnover tax rate, resulting from settlements within the tax group in respect of income tax (account 694)	66a	-	-
22.	Income from corporation tax, or corporation tax at the minimum turnover tax rate, resulting from settlements within the tax group in respect of corporation tax (account 794)	66b	-	-
23	Income tax expenses at the minimum turnover tax rate (account 697)	67a	-	-
24.	Other taxes not included in the above items	68	-	-
	NET PROFIT OR LOSS FOR THE FINANCIAL YEAR:			
	- Profit (rows 64 + 66b) – (65 + 66 + 66a + 67a + 68)	69	21,781,403	13,404,682
	- Loss (rows 65 + 66 + 66a + 67a + 68) – (64 + 66b)	70	-	-

The financial statements on pages 3 to 43 were signed on 19 May 2026 by:

Chief Executive Officer,
Adrian Vasile Racasan

Prepared by,
Cristian Osadczuk
Chief Financial Officer

Signature [illegible signature]
Company stamp

Signature [illegible signature]

NETCITY TELECOM SA
STATEMENT OF CHANGES IN EQUITY for the financial year ended 31 December 2025 *(all amounts are expressed in new lei ("RON"), unless otherwise stated)*

2025

Item name	Balance as at 1 January 2025	Increases		Decreases		Balance as at 31 December 2025
		Total, of which:	Via Transfer	Total, of which:	By transfer	
Subscribed capital	5,103,540	-	-	-	-	5,103,540
The company's assets	-	-	-	-	-	-
Capital premiums	-	-	-	-	-	-
Revaluation reserves	-	-	-	-	-	-
Statutory reserves	2,304,572	-	-	-	-	2,304,572
Statutory or contractual reserves	-	-	-	-	-	-
Other reserves	-	-	-	-	-	-
Own shares	-	-	-	-	-	-
Gains on equity instruments	-	-	-	-	-	-
Losses relating to equity instruments	-	-	-	-	-	-
Retained earnings representing the surplus arising from revaluation reserves	-	-	-	-	-	-
Retained earnings representing undistributed profit or uncovered loss	Balance C 54,599,752	21,781,403	21,781,403	27,147,590	-	49,233,565
	Balance D -	-	-	-	-	-
Retained earnings arising from the first-time adoption of IAS, excluding IAS 29	Balance C -	-	-	-	-	-
	Balance D -	-	-	-	-	-
Retained earnings arising from the correction of accounting errors	Balance C -	-	-	-	-	-
	Balance D -	-	-	-	-	-
Retained earnings arising from changes in accounting policies	Balance C -	-	-	-	-	-
	Balance D -	-	-	-	-	-
Retained earnings arising from the transition to accounting standards compliant with European directives	Balance C -	-	-	-	-	-
	Balance D -	-	-	-	-	-
Profit or loss for the financial year	Balance C 21,781,403	13,404,682	-	21,781,403	21,781,403	13,404,682
	Balance D -	-	-	-	-	-
Profit distribution	-	-	-	-	-	-
Total equity	83,789,267	35,186,085	21,781,403	48,928,993	21,781,403	70,046,359

The financial statements on pages 3 to 43 were signed on 19 May 2026 by:

Chief Executive Officer,
 Adrian Vasile Racasan
[illegible signature]

Signature
 Company stamp

Prepared by,
 Cristian Osadczuk
 Chief Financial Officer *[illegible signature]*

Signature

2024

Notes 1 to 19 form an integral part of the financial statements.

NETCITY TELECOM SA

STATEMENT OF CHANGES IN EQUITY for the financial year ended 31 December 2025 (all amounts are expressed in new lei ("RON"), unless otherwise stated)

Item name	Balance as at 1 January 2024	Increases		Decreases		Balance as at 31 December 2024
		Total, of which:	Via Transfer	Total, of which:	By transfer	
Subscribed capital	5,103,540	-	-	-	-	5,103,540
The company's assets	-	-	-	-	-	-
Capital premiums	-	-	-	-	-	-
Revaluation reserves	-	-	-	-	-	-
Statutory reserves	2,304,572	-	-	-	-	2,304,572
Statutory or contractual reserves	-	-	-	-	-	-
Other reserves	-	-	-	-	-	-
Own shares	-	-	-	-	-	-
Gains on equity instruments	-	-	-	-	-	-
Losses relating to equity instruments	-	-	-	-	-	-
Retained earnings representing the surplus arising from revaluation reserves	-	-	-	-	-	-
Retained earnings representing undistributed profit or uncovered loss	Balance C 36,897,201	17,702,551	17,702,551	-	-	54,599,752
	Balance D -	-	-	-	-	-
Retained earnings arising from the first-time adoption of IAS, excluding IAS 29	Balance C -	-	-	-	-	-
	Balance D -	-	-	-	-	-
Retained earnings arising from the correction of accounting errors	Balance C -	-	-	-	-	-
	Balance D -	-	-	-	-	-
Retained earnings arising from changes in accounting policies	Balance C -	-	-	-	-	-
	Balance D -	-	-	-	-	-
Retained earnings arising from the transition to accounting standards compliant with European directives	Balance C -	-	-	-	-	-
	Balance D -	-	-	-	-	-
Profit or loss for the financial year	Balance C 17,702,551	21,781,403	-	17,702,551	17,702,551	21,781,403
	Balance D -	-	-	-	-	-
Profit distribution	-	-	-	-	-	-
Total equity	62,007,864	39,483,954	17,702,551	17,702,551	17,702,551	83,789,267

The financial statements on pages 3 to 43 were signed on 19 May 2026 by:

Chief Executive Officer,
Adrian Vasile Racasan

Prepared by,
Cristian Osadczuk
Chief Financial Officer

Signature [illegible signature]
Company stamp

Signature [illegible signature]

NETCITY TELECOM SA
CASH FLOW STATEMENT for the financial year ended 31 December 2025
(all amounts are expressed in new lei ("RON"), unless otherwise stated)

Indirect method		
Name of item A	Financial year as at	
	31 December 31 December	31 December 2025
	1	2
Cash flows from operating activities:		
Gross profit	24,056,930	13,991,701
Adjustments for:		
Depreciation and impairment adjustments relating to tangible fixed assets	11,037,142	12,548,303
Depreciation and value adjustments relating to intangible assets	514,369	1,447,046
Value adjustments for current assets recognised / (reversed) during the year	-	592,288
Provisions made / (reversed) during the year	-	-
Interest expense	20,270,377	21,094,357
Interest income	(14,190)	(30,796)
Bank commission expenses	1,175,873	747,201
Loss / (profit) on the sale of tangible fixed assets	620	(248)
Income / (expenses) from exchange rate differences	(21,004)	8,942,704
Operating profit before changes in working capital	57,020,117	59,332,556
Decrease / (Increase) in trade and other receivables, including prepaid expenses	3,529,888	1,136,327
Decrease / (Increase) in inventories	(35,856)	78,766
(Decrease) / Increase in trade and other payables	(268,124)	(6,436,267)
Income tax paid	(2,324,534)	(1,095,461)
Interest received	14,190	30,796
Net cash from operating activities	57,933,681	53,046,717
Cash flows from investing activities:		
Payments for the acquisition of tangible fixed assets	(72,863,479)	(11,506,724)
Payments for the acquisition of intangible assets	(605,014)	(827,926)
Proceeds from the sale of tangible and intangible assets	-	-
Net cash used in investing activities	(73,468,493)	(12,334,650)
Cash flows from financing activities:		
Loans received (financial institutions and group)	33,614,248	12,670,755
Repayment of loans (financial institutions and group)	-	-
Finance costs paid	(685,096)	(262,768)
Dividends paid	-	(27,147,590)
Interest paid	(14,336,105)	(12,554,330)
Net cash flow from/(used in) financing activities	18,593,047	(27,293,933)
Net (decrease) / increase in cash and cash equivalents	3,058,235	13,418,134
Cash and cash equivalents at the beginning of the financial year	8,012,197	11,070,432
Cash and cash equivalents at the end of the financial year	11,070,432	24,488,566

The financial statements on pages 3 to 43 were signed on 19 May 2026 by:

Chief Executive Officer,
Adrian Vasile Racasan

Prepared by,
Cristian Osadczuk
Chief Financial Officer

Signature *[illegible signature]*
Company stamp

Signature *[illegible signature]*

Note 1. Information about the company

NETCITY TELECOM SA is a public limited company established in 2007, with its registered office at 159 Plevnei Road, Business Garden Bucharest, Building C, 1st Floor, District 6, Bucharest. The company is registered with the Trade Register under number J40/23190/2007.

The main object of activity set out in the Articles of Incorporation consists of *Wired, wireless, and satellite telecommunication activities*.

The company has a branch office at the following address: 418–421 Chitilei Road, District 1, Bucharest.

On 15 February 2017, the Company was acquired by Direct One Infrastructure, and on 1 November 2017, the Company merged with Direct One Infrastructure SRL.

As at 31 December 2020, the Company was part of the Electrogrup Infrastructure SA Group, being owned by Direct One SA (99.9998041%) and by Electrogrup Infrastructure SA (0.0001959%).

On 22 December 2021, Direct One SA transferred 49% of the shares it held in Neticity Telecom SA to MERIDIAM EASTERN EUROPE IV A SAS.

On 27 January 2025, Direct One SA transferred to MERIDIAM EASTERN EUROPE IV A SAS a 31% stake in Neticity Telecom SA. Following this transaction, Meridiam holds 80% of the share capital of Neticity Telecom SA.

In accordance with the Articles of Incorporation, the Company is managed under a dual board system, by a Management Board (comprising 3 members) and a Supervisory Board (comprising a total of 6 members, of whom Meridiam has appointed 5 members and Direct One 1 member).

Note 2. Accounting principles, policies and methods

2.1. Basis of preparation of the financial statements

General information

The separate financial statements of NETCITY TELECOM S.A. for the year ended 31 December 2025 have been prepared in accordance with:

- Accounting Law 82/1991, as republished;
- The provisions of Order of the Minister of Public Finance No. 1802/2014 (“OMFP 1802/2014”) as subsequently amended and supplemented.

The financial statements relate solely to NETCITY TELECOM S.A. and comprise:

- Balance sheet;
- Profit and loss account;
- Statement of changes in equity;
- Cash flow statement;
- Notes to the annual financial statements.

The company has no subsidiaries that would require consolidation.

The accounting records on which these financial statements are based are maintained in Romanian lei (“RON”) at historical cost, except where another currency is specifically mentioned, or where fair value has been used, in accordance with the Company’s accounting policies and OMF 1802/2014.

The accompanying financial statements are not intended to present the financial position in accordance with regulations and accounting principles accepted in countries and jurisdictions other than Romania. Furthermore, the financial statements are not intended to present the results of operations, cash flows and a complete set of notes to the financial statements in accordance with regulations and accounting principles accepted in countries and jurisdictions other than Romania. Therefore, the accompanying financial statements are not prepared for the use of persons who are not familiar with the accounting and legal

Note 2. Accounting principles, policies and methods (continued)

regulations in Romania, including Order of the Minister of Public Finance No. 1802/2014, as subsequently amended and supplemented.

The financial statements were approved by the Chief Executive Officer, in his capacity as Chairman of the Board of Directors, on 19 May 2026.

The financial statements for the financial year ended 31 December 2025 have been prepared in accordance with the following accounting principles:

Going concern principle

The Company will continue to operate normally without becoming unable to continue its operations or without a significant reduction in its operations.

Consistency of methods

The Company applies its accounting policies and valuation methods consistently from one financial year to the next.

Prudence principle

In preparing the annual financial statements, recognition and measurement have been carried out on a prudent basis and, in particular:

- a) only the profit realised at the balance sheet date was included in the profit and loss account;
- b) liabilities arising during the current financial year or a previous financial year were recognised even if they only became apparent between the balance sheet date and the date of preparation of the financial statements;
- c) impairments were recognised, regardless of whether the result for the financial year was a loss or a profit.

The principle of separate valuation of assets and liabilities

In order to determine the total value corresponding to a balance sheet item, the value of each component of the assets and liabilities has been determined separately.

The principle of immutability

The opening balance sheet for the financial year corresponds to the closing balance sheet of the previous financial year.

Principle of non-offsetting

The values of items representing assets have not been offset against the values of items representing liabilities, or income against expenses, with the exception of offsets between assets and liabilities permitted by OMFP 1802/2014, as subsequently amended and supplemented.

Accrual basis of accounting

The effects of transactions and other events have been recognised when the transactions and events occurred (and not as and when cash or its equivalent was received or paid) and have been recorded in the accounts and reported in the financial statements for the relevant periods.

All income and expenses for the financial year have been taken into account, regardless of the date of receipt or payment.

Income and expenses arising directly and simultaneously from the same transaction have been recognised simultaneously in the accounts, by directly matching the related expenses and income, with these income and expenses being shown separately.

Accounting for and presenting items in the financial statements taking into account the economic substance of the transaction or commitment in question

The recording in the accounts and presentation in the financial statements of economic and financial transactions reflect their economic reality, highlighting the rights and obligations, as well as the risks associated with these transactions.

Note 2. Accounting principles, policies and methods (continued)

The principle of measurement at acquisition cost or production cost

The items presented in the financial statements have been measured on the basis of the cost of acquisition or cost of production principle.

Materiality principle

The entity may depart from the requirements contained in the applicable accounting regulations regarding the presentation of information and disclosure where the effects of compliance are immaterial.

2.3. Reporting currency

The accounts are prepared in Romanian and in the national currency ("Leu"). Accounts for transactions conducted in foreign currency are prepared in both the national currency and the foreign currency. The items included in these statements are presented in Romanian lei.

2.4. Comparative statements

The financial statements prepared as at 31 December 2025 are comparable with the financial statements of the previous financial year. Where the figures for the previous period are not comparable with those for the current period, this is disclosed and explained in the notes, without altering the comparative figures for the previous year.

2.5. Use of accounting estimates

The preparation of the financial statements in accordance with OMFP 1802/2014, as subsequently amended and supplemented, requires the Company's management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements. However, the inherent uncertainty surrounding these estimates and assumptions could result in a significant future adjustment to the carrying amounts of the assets and liabilities recorded.

Estimates are used to recognise provisions for doubtful debts, inventory write-downs and depreciation/amortisation of assets. These estimates are reviewed periodically and, if adjustments are necessary, they are recognised prospectively by including them in the net profit for:

- the period in which the change occurs, if it is the only period affected;
- the period in which the change occurs and future periods, if the change also affects them.

2.6 Going concern

The financial year ended 31 December 2025 proceeded in line with the Company's management's expectations, such that as at 31 December 2025, the Company's management does not consider there to be any matter that would affect the going concern. Accordingly, the financial statements have been prepared on a going concern basis.

As at 31 December 2025, the Company recorded a profit of RON 13,404,682 (RON 21,781,403 as at 31 December 2024), and net current assets as at 31 December 2025 amounted to RON 3,732,599 (net current liabilities of RON 10,705,080 as at 31 December 2024).

To assess the applicability of the going concern assumption, management analyses forecasts relating to future cash inflows. Based on these analyses, which have also taken into account recent global events, including the impact of the war in Ukraine and market volatility, on the Company's operations, management considers that the Company will be able to generate sufficient cash inflows to enable it to settle its current liabilities as they fall due and to continue its operations in the foreseeable future and, therefore, the application of the going concern principle in the preparation of the financial statements is justified.

Note 2. Accounting principles, policies and methods (continued)

2.7. Foreign currency translation

Transactions denominated in foreign currency are initially recorded at the exchange rate published by the National Bank of Romania on the date of the transaction.

At the balance sheet date, monetary items denominated in foreign currency and receivables and payables denominated in RON, the settlement of which is based on a foreign exchange rate, are measured and presented in the annual financial statements at the exchange rate published by the National Bank of Romania, valid at the end of the financial year.

Gains and losses arising from exchange rate differences, whether realised or unrealised, between the foreign exchange market rate communicated by the National Bank of Romania on the date of recording receivables or liabilities denominated in foreign currency and those denominated in RON where settlement is based on a foreign exchange rate, or the rate at which they are recorded in the accounts and the exchange rate at the end of the financial year, are recorded in the profit and loss account for the relevant financial year.

Non-monetary items acquired with payment in foreign currency and recorded at historical cost (fixed assets, inventories) are presented in the annual financial statements using the exchange rate on the date of the transaction.

The RON/USD and RON/EUR exchange rates published by the National Bank of Romania on 31 December 2025 were 1 EUR = 5.0985 RON (31 December 2024: 1 EUR = 4.9741 RON) and 1 USD = 4.3417 RON respectively (31 December 2024: 1 USD = 4.7768 RON).

2.8. Fixed assets

Fixed assets are assets that generate future economic benefits and are held for a period exceeding one year. These assets are initially recognised at acquisition cost or production cost.

a) Intangible assets

Intangible assets are recognised at initial acquisition cost plus other start-up costs, less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised on a straight-line basis over their useful life (3 years).

Formation expenses

Formation costs are capitalised and amortised on a straight-line basis over a period of 3 years.

Concessions, patents, licences, trademarks, rights and similar assets

Concessions, patents, licences, trademarks, rights and similar assets are recorded in the intangible assets accounts at their contribution value or acquisition cost, as appropriate. In this situation, the contribution value is treated as fair value.

Concessions received are recognised as intangible assets when the concession agreement specifies a fixed term and value for the concession. Amortisation of the concession is to be recorded over its useful life, as determined by the agreement.

The Company has not recognised an intangible asset for the contract with Bucharest City Hall, referred to in note 19.1, as it does not meet the recognition criteria mentioned above.

Patents, licences and other intangible assets are amortised using the straight-line method over a period of 3 years.

Other intangible assets

Costs relating to the acquisition of software are capitalised and amortised on a straight-line basis over the 3-year useful life.

Note 2. Accounting principles, policies and methods (continued)

b) Tangible assets

Fixed assets mainly comprise the cost of the network constructed under the concession agreement (Note 19.1), less accumulated depreciation and impairment losses (where applicable). The cost of the network includes acquisition costs, capitalised internal costs and borrowing costs (see Note 2.13 for further details regarding borrowing costs).

These underground communications networks are relatively new and have not yet been implemented in our country. Based on experience in other countries, an average useful life of between 16 and 24 years is considered, though this has not yet been precisely established due to the fact that there are no projects of this age yet. Following an analysis of the available information, the company's management initially estimated a useful life of 20 years for the depreciation of the network.

During 2017, the Company's management carried out an analysis of the service life of the underground network, following which it was determined that a period of 24 years more accurately reflects the period of use of these networks. Consequently, with effect from 1 January 2018, their service life was revised.

During 2020, the Company's management carried out an analysis of the useful life of the underground network, taking into account the information and arguments used by the National Authority for Administration and Regulation in Communications ("ANCOM") in setting the tariffs applicable by the Company, following which it was determined that a 40-year lifespan more accurately reflects the period of use of these networks. Consequently, with effect from 1 July 2020, their useful life was revised.

Expenses incurred after they come into service, relating to maintenance and repairs, are included in the profit and loss account in the period in which they are incurred.

If it is determined that these expenses result in an increase in the future economic benefits expected to be derived from their use beyond the initial performance standard, then the expenses are capitalised as an additional cost of fixed assets.

Assets under construction include the cost of construction and any other direct expenses. These are not depreciated until the relevant assets are completed, in terms of technical specifications, and put into operation. The Company considers that the network segments constructed for which completion certificates have been signed with Bucharest City Hall are functionally and operationally complete and begin to be depreciated in the accounts within a period of up to 3 months from the date of the commissioning certificate, during which Netcity Telecom will carry out finishing works and ensure the conditions for operators' access to the network.

Expenditure on the maintenance and repair of fixed assets is included in the profit and loss account as incurred. Investments made in tangible fixed assets are recognised as an asset component in the form of subsequent expenditure. To be capitalised, these expenses must lead to an improvement in their initial technical parameters and to the generation of future economic benefits, in addition to those initially estimated.

We note that no revaluation of fixed assets has been carried out since the Company's incorporation to date.

Improvements to leased buildings are depreciated over the shorter of the estimated useful life of the asset and the term of the lease.

Depreciation

The useful life is the period during which an asset is expected to be available for use by an entity. Depreciation is calculated using the straight-line method over the entire useful life of the assets. Land is not depreciated.

Note 2. Accounting principles, policies and methods (continued)

The useful lives for the main categories of tangible fixed assets are set out below.

The useful lives of fixed assets are as follows:

Underground communications network	40 years
Machinery	4 years
Computers	2 years

Useful life and depreciation method are reviewed periodically.

The depreciation method is reviewed when a significant change is identified in the expected pattern of consumption of the future economic benefits embodied in the depreciable assets. A change in the depreciation method constitutes a change in accounting estimate.

Disposal or write-off

A tangible fixed asset is derecognised on disposal or write-off when no future economic benefits are expected from its future use.

Gains or losses arising from the disposal or write-off of a tangible fixed asset are determined as the difference between the proceeds from derecognition and its net book value, including any costs associated with the disposal, and are presented on a net basis as income or expenses, as appropriate, in the profit and loss account.

Determination of impairment losses

For assets, any negative differences between the inventory value and the net book value of the assets are recorded in the accounts as additional depreciation, in the case of depreciable assets for which the impairment is irreversible.

The carrying amount of fixed assets is represented by the acquisition cost or production cost less accumulated depreciation up to that date, as well as accumulated impairment losses.

The recoverable amount of tangible and intangible fixed assets is considered to be the higher of fair value less costs to sell and value in use. Estimating the value in use of an asset involves discounting estimated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the case of an asset that does not generate significant cash flows independently, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The carrying amount of the Company's fixed assets is reviewed at each balance sheet date to determine whether there are any impairment losses. If such an impairment loss is probable, the amount of the impairment loss is estimated.

The adjustment of the value of intangible and tangible fixed assets and their bringing to book value is carried out, depending on the type of impairment, either by recording additional depreciation where an irreversible impairment is identified, or by establishing or increasing impairment provisions where a reversible impairment is identified.

Reversal of impairment losses

An impairment loss on fixed assets is reversed if there has been a change in the estimates used to determine the recoverable amount. In the case of impairment losses recognised on goodwill, these are not subsequently reversed through profit or loss.

An impairment loss may be reversed to the extent that the carrying amount of the asset does not exceed the recoverable amount, less depreciation, that would have been determined had the impairment loss not been recognised.

Note 2. Accounting principles, policies and methods (continued)

2.9. Inventories

The main categories of inventories are raw materials, finished goods, spare parts and consumables.

The cost of inventories comprises all costs associated with the acquisition, as well as other costs incurred in bringing the inventories to their present location. Trade discounts granted by the supplier and recorded on the purchase invoice reduce the cost of acquisition of the goods. Where the purchase of goods and the receipt of trade discounts are treated together, trade discounts received after invoicing also adjust the purchase cost of the goods. Trade discounts received after invoicing adjust the cost of the inventories to which they relate, provided they are still in stock. If the inventories for which the subsequent discounts were received are no longer in stock, they are recorded separately in the accounts (account 609 "Trade discounts received"), against third-party accounts.

The cost of work in progress comprises direct production costs, namely: direct materials, direct labour and other direct production costs rationally allocated as being related to its manufacture.

Upon removal from inventory, stocks are valued using the FIFO method.

At the balance sheet date, inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price to be obtained in the ordinary course of business, less the estimated costs of completion, where applicable, and the estimated costs necessary for the sale.

Where appropriate, provisions are made for obsolete, slow-moving or defective stock.

2.10. Trade receivables

Trade receivables are recognised and initially recorded at the amount stated on invoices or on documents evidencing the delivery of goods or the provision of services, less impairment allowances for uncollectible amounts.

Trade and other receivables are stated in the balance sheet at their recoverable amount. Impairment allowances are recognised when there is evidence that the Company will not be able to collect the receivables by the originally agreed due date. Uncollectible receivables are recognised as an expense when identified.

The Company recognises specific provisions when there is evidence that the Company will not be able to collect the receivables at the originally agreed due date.

An impairment loss on a receivable is reversed if a subsequent increase in the recoverable amount can be linked to an event that occurred after the impairment loss was recognised.

2.11. Short-term financial investments

Short-term financial investments are assets held by the Company with a view to realising a profit within a period of less than one year. These include short-term deposits, bonds and securities acquired for resale within a short period of time. Short-term investments in equity securities admitted to trading on a regulated market are measured at the closing price on the last trading day, whilst those not traded are recorded at cost less any impairment losses.

Note 2. Accounting principles, policies and methods (continued)

2.12. Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances.

Bank deposits with a maturity of up to 3 months are included in cash and cash equivalents only to the extent that they are held to meet short-term cash requirements, and not for investment purposes.

For the cash flow statement, cash and cash equivalents comprise cash on hand, bank accounts and short-term financial investments.

2.13. Loans

Short-term and long-term borrowings are recognised at the amount received.

Borrowing costs that are directly attributable to the acquisition, construction or production of a long-term asset are included in the cost of that asset. Borrowing costs comprise interest expenses that are directly attributable to the construction of a long-term asset (the fibre-optic network).

Borrowing costs include interest on capital borrowed to finance the acquisition, construction or production of assets with a long production cycle, as well as commissions and legal fees relating to such loans, to the extent that they relate to the production period. Borrowing costs incurred by the entity in connection with the borrowing of funds up to the date of commencement of use or sale of the assets shall be included in the cost of long-lead-time assets, in accordance with the principle of prudence.

The capitalisation of borrowing costs must cease when the majority of the activities necessary to prepare the asset with a long production cycle for its intended use or sale have been completed.

Other interest expenses that are not directly attributable to the construction of the network or are incurred after the completion of construction are recognised in the profit and loss account in the period to which they relate.

Bank fees and commissions paid to secure long-term loans are recognised as prepaid expenses. Prepaid expenses are recognised as current expenses on a straight-line basis over the repayment period of the respective loans.

The current portion of long-term loans is classified under "Liabilities: Amounts due within one year" and included, together with interest due at the balance sheet date, under "Amounts due to credit institutions" within current liabilities.

Where the Company breaches, on or before the end of the reporting period, a provision of a long-term loan agreement and such breach results in the debt becoming payable on demand, the debt is classified as current, unless the creditor has agreed, by the end of the reporting period, to provide a grace period ending at least twelve months after the reporting period, during which the Company may rectify the breach and during which the creditor may not demand immediate repayment.

Where the creditor has agreed, after the reporting period and before the financial statements are authorised for issue, not to demand payment as a result of a breach of contractual provisions, the Company classifies the liability as current.

2.14. Liabilities

Trade payables are recorded at cost, which represents the amount of the liability to be paid in the future for goods and services received, regardless of whether or not they have been invoiced to the Company.

Note 2. Accounting principles, policies and methods (continued)

Annual leave and bonuses granted to employees are recorded as liabilities when their amount is determined on the basis of payslips or other documents justifying the respective amount. In the absence of such documents, amounts representing annual leave or bonuses granted to employees are recognised as provisions.

When recording annual leave in the accounts, the provisions of the legislation in force regarding the method of recording such leave are taken into account.

2.15. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) arising from a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. The amount recognised as a provision is the best estimate at the balance sheet date of the costs required to settle the present obligation. The best estimate of the costs required to settle the current liability is the amount that the Company would reasonably pay to settle the obligation at the balance sheet date or to transfer it to a third party at that time.

Where the time value of money is significant, the amount of the provision represents the present value of the expenditure estimated to be required to settle the obligation. The discount rate used reflects current market assessments of the time value of money and the risks specific to the debt. The discounting is carried out by qualified personnel.

Gains arising from the expected disposal of assets shall not be taken into account in the measurement of a provision.

If it is estimated that some or all of the expenses related to a provision will be reimbursed by a third party, the reimbursement must be recognised only when there is clear evidence that the reimbursement will be received. The reimbursement is treated as a separate asset. The amount recognised as a reimbursement does not exceed the amount of the provision. Where the Company may claim from another party, in whole or in part, the expenses incurred in settling a provision, and the Company is not liable for the amounts in question, the Company does not include those amounts in the provision.

Provisions are reviewed at each balance sheet date and adjusted to reflect Management's current best estimate in this regard. Where an outflow of resources is no longer probable to settle an obligation, the provision is reversed through a credit to income.

2.16. Pensions and post-employment benefits

As part of its current operations, the Company makes payments to the Romanian State for the benefit of its employees. All the Company's employees are included in the Romanian State's pension scheme. The Company does not operate any other pension scheme or post-retirement benefit plan and, consequently, has no pension obligations. Furthermore, the Company has no obligation to provide additional benefits to former or current employees.

2.17. Share capital

Share capital consists of ordinary shares and is recorded at the value determined on the basis of the Articles of Incorporation and any amendments thereto, as applicable, as well as supporting documents relating to capital contributions. The Company recognises changes to share capital only after their approval by the Trade Register.

Treasury shares repurchased in accordance with the law are presented in the balance sheet as an adjustment to equity.

Gains or losses relating to the issue, redemption, sale, transfer free of charge or cancellation of the entity's equity instruments (shares, partnership interests) are recognised directly in equity under the heading 'Gains and/or losses relating to equity instruments'.

Note 2. Accounting principles, policies and methods (continued)

2.18 Statutory reserves

Statutory reserves are set aside at a rate of 5% of the gross profit at the end of the year until the total statutory reserves reach 20% of the paid-up share capital in accordance with legal provisions.

2.19. Dividends

Dividends are recognised as a liability in the period in which their distribution is approved. Distribution takes place following the approval of the financial statements.

2.20. Retained earnings

The accounting profit remaining after the allocation of the statutory reserve, up to a limit of 20% of the share capital, is carried forward to retained earnings at the beginning of the financial year following that for which the annual financial statements are prepared, from where it is to be allocated to the other statutory purposes.

The accounting treatment of the allocation of accounting profit is carried out in the year following the general meeting of shareholders that approved the profit distribution, by recording the amounts representing dividends due to shareholders, reserves and other allocations, in accordance with the law. Entries made regarding the distribution of profit cannot be reversed.

2.21. Financial instruments

The financial instruments used by the Company consist mainly of cash, term deposits, receivables, payables and amounts owed to credit institutions. Such instruments are measured in accordance with the specific accounting policies set out in the Note 'Significant accounting principles, policies and methods'. In accordance with OMF 1802/2014, financial instruments may be recorded at fair value only in the consolidated financial statements.

2.22. Revenue

Rental income

Revenue from the collection of rent and/or rights to use assets is recognised on an accrual basis, in accordance with the contract. The Company generates revenue from the leasing of the Netcity network, based on the length of the transmission duct and the number of leased connections.

Revenue from the sale of goods

Revenue from the sale of goods is recognised upon handover of the goods to the buyers, upon delivery based on the invoice, or under other conditions stipulated in the contract, which confirm the transfer of ownership of the goods in question to the customers.

Revenue from the sale of goods is recognised when the following conditions are met:

- a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) The Company no longer manages the goods sold to the extent that it would normally have done had it retained ownership of them, nor does it retain effective control over them;
- c) the amount of revenue can be measured reliably;
- d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
- e) the costs of the transaction can be measured reliably.

The amounts representing revenue do not include sales tax (VAT), but do include trade discounts granted. Trade discounts granted after invoicing, regardless of the period to which they relate, are shown separately in the accounts (account 709 "Trade discounts granted"), against third-party accounts. Where trade discounts represent events subsequent to the balance sheet date, they are recorded at the balance sheet date in account 418 "Customers – invoices to be issued", and are reflected in the financial statements for the reporting period if the relevant amounts are known at the balance sheet date.

Note 2. Accounting principles, policies and methods (continued)

Revenue from the provision of services

Revenue from the provision of services is recognised in the period in which the services were provided and in accordance with the stage of completion. The provision of services includes the performance of works and any other operations that cannot be considered as supplies of goods.

The stage of completion of the work is determined on the basis of work reports accompanying invoices, acceptance certificates or other documents attesting to the stage of completion and acceptance of the services rendered.

In the case of construction works, revenue is recognised on the basis of the acceptance certificate signed by the beneficiary, certifying that the contractor has fulfilled its obligations in accordance with the provisions of the contract and the execution documentation.

The value of works not accepted by the beneficiary by the end of the period is recorded at cost in account 231 "Tangible fixed assets in progress", against account 722 "Revenue from the production of tangible fixed assets".

Where the sale price includes a separate amount, specified in the contract, intended for the subsequent provision of services, that amount is recognised as revenue over the period in which the services are provided, but no later than the end of the period for which the subsequent provision of services was contracted.

Interest income

Interest income is recognised periodically, on a pro rata basis, as the income is earned, in accordance with the accrual basis of accounting.

2.23. Taxes and duties

The Company recognises current income tax in accordance with Romanian legislation in force at the date of the financial statements. Liabilities relating to taxes and duties are recognised in the period to which they relate.

The income tax rate is 16%.

2.24. Financial income and expenses

Financial income comprises interest income and income from foreign exchange differences. Financial income is recognised on an accrual basis. Thus, interest income is recognised periodically, on a pro rata basis, as the income is generated, on an accrual basis.

Financial expenses comprise interest expense on loans or credit facilities granted and expenses arising from foreign exchange differences.

All borrowing costs that are not directly attributable to the acquisition, construction or production of long-lead assets are recognised in the profit and loss account on a periodic basis, on an accrual basis.

2.25. Accounting errors and changes in accounting policies

Errors identified in the accounts may relate either to the current financial year or to previous financial years. Errors are corrected on the date they are identified. Errors in prior periods are omissions and misstatements contained in the entity's financial statements for one or more prior periods resulting from the failure to use or the use of unreliable information that:

- a) was available at the time the financial statements for those periods were authorised for issue;
- b) could reasonably have been obtained and taken into account in the preparation and presentation of those annual financial statements.

Note 2. Accounting principles, policies and methods (continued)

Corrections of errors relating to the current financial year are made through the profit and loss account. Corrections of material errors relating to previous financial years are made through retained earnings. Immaterial errors relating to previous financial years are also corrected through retained earnings.

The correction of errors relating to previous financial years does not result in a change to the financial statements for those years. In the case of errors relating to previous financial years, their correction does not require the adjustment of comparative information presented in the financial statements. Comparative information relating to the financial position and financial performance, and the change in financial position, is presented in the notes. The notes to the financial statements also present information regarding the nature of the errors identified and the periods affected by them.

The effects of changes in accounting policies relating to the current financial year are recognised in the income and expense accounts for the period.

The effects of changes in accounting policies relating to previous financial years are recognised in retained earnings.

If the effect of the change in accounting policy cannot be determined for past periods, the change in accounting policy shall be applied to future periods, starting with the current financial year and the financial years following the one in which the decision to change the accounting policy was taken.

2.26. Affiliates and other related parties

In accordance with OMF 1802/2014, an entity is an affiliate of a company if it is under the control of that company.

Control exists when the parent company meets one of the following criteria:

- a) the parent company holds the majority of voting rights in a company;
- b) is a shareholder or partner of a company and the majority of the members of the administrative, management and supervisory bodies of that company, who held these positions during the financial year, during the previous financial year and up to the date of preparation of the annual financial statements, were appointed solely as a result of the exercise of its voting rights;
- c) is a shareholder or partner of the company and alone controls the majority of the partners' voting rights, as a result of an agreement concluded with other shareholders or partners;
- d) is a shareholder or partner of a company and has the right to exercise a dominant influence over that company, pursuant to a contract concluded with the entity in question or a clause in the memorandum or Articles of Incorporation, if the legislation applicable to the company permits such contracts or clauses;
- e) the parent company has the power to exercise, or does in fact exercise, a dominant influence or control over the Company;
- f) is a shareholder or partner of the company and has the right to appoint or remove the majority of the members of the company's administrative, management and supervisory bodies;
- g) the parent company and the affiliated entity are managed on a unified basis by the parent company.

A person or a close family member of that person is linked to the Company if that person:

- a) holds control or joint control over the Company;
- b) has significant influence over the Company; or
- c) is a member of the key management personnel of the Company or the Company's parent company.

An entity is 'related' if:

- a) the entity and the Company are members of the same group
- b) an entity is an associate or a jointly controlled entity of the other entity (or an associate or a jointly controlled entity of a member of the group to which the other entity belongs);
- c) both entities are jointly controlled entities of the same third party;
- d) one entity is a jointly controlled entity of a third entity, and the other is an associate of that third entity;

Note 2. Accounting principles, policies and methods (continued)

- e) the entity operates a post-employment benefit plan for the benefit of the Company's employees or those of an entity related to the Company;
- f) the entity is controlled or jointly controlled by a related party;
- g) a person who has control or joint control over the Company significantly influences the entity or is a member of the entity's (or the entity's parent company's) key management personnel;
- h) the entity or any member of a group to which it belongs provides the Company or the Company's parent company with services relating to the key management personnel of that entity.

Key management personnel are those individuals who have the authority and responsibility to plan, direct and control the entity's activities, directly or indirectly, including any director (executive or otherwise) of the entity.

Note 3. Fixed assets

The change in gross value, value adjustments and net book value during the financial year ended 31 December 2025, by category of fixed assets, is as follows:

3.1 Intangible assets

Gross value

Name of the fixed asset	Balance at 1 January 2025	Additions	Disposals, transfers and other reductions	Balance as at 31 December 2025
Formation expenses	667	-	-	667
Intangible assets in progress	35,970	102,789	91	138,668
Other intangible assets	3,286,216	725,227	8,861	4,002,582
Total	3,322,854	828,016	8,952	4,141,918

Value adjustments (depreciation and adjustments for impairment or loss of value)

Name of fixed asset	Balance as at 1 January 2025	Depreciation expense	Write-downs or reversals	Balance as at 31 December 2025
Formation expenses	667	-	-	667
Other intangible assets	2,123,427	1,447,046	8,861	3,561,612
Total	2,124,094	1,447,046	8,861	3,562,279
Net book value	1,198,760			579,639

Intangible assets

Under the heading "Other intangible assets", in the increases column, the sum of RON 643,672 is included, representing the commissioning of new software developments for the management of the company's resources and operational processes, namely developments of the company's "NIMS" software platform, as well as the related operating licences, following the transfer of the balance of account 231 "Tangible assets under construction" to account 208 "Other intangible assets", in accordance with the requirements of OMFP 1802/2014.

Note 3. Fixed assets (continued)

3.2 Tangible fixed assets

Gross value

Name of fixed asset	Balance as at 1 January 2025	Increases	Transfers	Disposals	Balance as at 31 December 2025
Construction	509,952,239	29,974	22,640,766	-	532,622,999
Equipment, apparatus and installations for measurement, control and regulation, means of transport	2,169,363	269,506	-	60,209	2,378,660
Other fixtures and fittings, Furniture	22,029	133,238	-	-	155,267
Tangible assets in progress	12,836,702	11,045,642	(23,429,450)	-	452,914
Advances granted for tangible fixed assets	-	24,853	-	-	24,853
Total	524,980,333	11,503,213	(788,684)	60,209	535,634,693

Value adjustments (depreciation and adjustments for impairment or loss of value)

Name of fixed asset	Balance as at 1 January 2025	Depreciation	Write-downs or reversals	Balance as at 31 December 2025
Construction	103,532,634	12,243,165	-	115,775,799
Measuring, control and regulation equipment and installations	1,537,031	299,818	60,209	1,776,640
Other equipment and fixtures	21,233	5,320	-	26,553
Total	105,090,899	12,548,303	60,209	117,578,993
Net book value	419,889,434			418,055,700

Tangible fixed assets

The construction costs recorded by the company as at 31 December 2024 and 31 December 2025 represent capitalised costs relating to the construction of the Netcity network (Note 19.1).

During 2025, the Company capitalised interest and commission costs relating to the investment facility, totalling RON 5,422,938. In 2024, interest costs amounting to RON 5,245,138 were capitalised.

During 2025, the Company continued work on expanding the network, with the work carried out being recorded under assets under construction.

For the useful lives of fixed assets, see Note 2.8. b) Tangible fixed assets.

Encumbered/mortgaged assets

As at 31 December 2025, NETCITY Telecom had the following encumbered/mortgaged assets:

- A floating charge on the Netcity Network;
- Chattel mortgage on the credit balance of current accounts held with banks and the Treasury;
- Chattel mortgage on the shares;
- Assignment of receivables under contracts concluded with the company's customers;
- Assignment of receivables relating to collection rights arising from insurance policies.

Note 3. Fixed assets (continued)

Impairment of fixed assets

Following an analysis of the impairment of fixed assets, the Company considers that no impairment adjustments are necessary as at 31 December 2025 and 31 December 2024.

3.3 Financial assets

As at 31 December 2024 and 31 December 2025, the Company has no financial assets.

Note 4. Inventories

As at 31 December 2025, the Company records inventories (excluding advances for inventories) as follows:

Description	31 December 2024	31 December 2025
Raw materials, supplies and goods	363,173	284,467
Work in progress	-	-
Provisions for inventories	(117,973)	(117,973)
Total	245,200	166,494

In 2025, no impairment adjustments were recorded, nor were there any reversals of impairment losses from previous years.

Note 5. Receivables

Description	31 December 2024	31 December 2025	Maturity Less than 1 year	Over 1 year
Trade receivables				
Customers	7,290,644	7,637,105	7,637,105	-
Value adjustments for trade receivables	(1,701,565)	(2,293,853)	(2,293,853)	-
Trade receivables, net	5,589,079	5,343,253	5,343,253	
Advances to suppliers for services rendered and work carried out	2,157	7,035	7,035	-
Long-term receivables	-	-	-	-
Total trade receivables	5,591,236	5,350,287	5,350,287	-
Other receivables				
VAT not yet due	572,222	4,337	4,337	-
VAT to be recovered	-	-	-	-
Other receivables	75,317	102,711	102,711	-
Total other receivables	647,539	107,048	107,048	-
Total trade and other receivables, excluding amounts due from related parties	6,238,775	5,457,335	5,457,335	-

Trade receivables outstanding as at 31 December 2024 and 31 December 2025 have a maturity of less than one year and are due to be collected in the first quarter of the following year.

Trade receivables are non-interest-bearing and generally have a payment term of between 15 and 90 days.

Receivables from related parties are presented in Note 16.2.

Included within the amounts under the heading “Other receivables” is an amount of RON 100,999 (2024: RON 73,653) representing the entity’s contribution to the sick leave fund and other receivables from the state budget.

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Note 5. Receivables (continued)

As at 31 December 2025, doubtful trade receivables amounting to RON 2,293,853 (2024: RON 1,701,565) were adjusted for impairment. The movements in the impairment allowances for receivables were as follows:

Description	Balance at 31 December 2024	Balance at 31 December 2025
As at 1 January	1,701,565	1,701,565
Amounts charged to expenditure	-	592,288
Reversals during the year	-	-
As at 31 December	1,701,565	2,293,853

Note 6. Cash, bank balances and short-term investments

Description	31 December 2024	31 December 2025
Current accounts	8,072,151	13,230,147
Home	434	109
Total cash and bank accounts	8,072,585	13,230,256
Deposits	2,997,847	11,258,310
Total cash available	11,070,432	24,488,566

Note 7. Prepaid expenses

Prepaid expenses as at 31 December 2025 amounted to RON 16,900,255 (31 December 2024: RON 17,855,761) and consist mainly of bank charges, costs associated with obtaining the credit facility contracted in 2022, other prepayments for the network's civil liability insurance, rent paid in advance and software licences.

Note 8. Liabilities

Description	31 December 2024	31 December 2025	Maturity	
			Less than 1 year	Over 1 year
Trade payables – third-party suppliers	546,222	545,777	545,777	-
Amounts due to affiliated entities	131,083,727	143,493,951	525,984	142,967,967
Suppliers – outstanding invoices	63,772	152,672	152,672	-
Customers Creditors	38,388	54,782	54,782	-
Total trade payables	131,732,109	144,247,182	1,279,215	142,967,967
Bank loans in foreign currency	214,723,964	229,153,269	5,408,017	223,745,252
Amounts due to affiliated entities – performance bonds	11,061,274	5,478,190	5,397,553	80,637
Amounts due to third-party suppliers – performance bonds	305,175	14,911	-	14,911
Payables to staff	568,586	790,399	790,399	-
Payroll taxes	274,463	277,876	277,876	-
Other taxes to the state budget and local budgets	1,443,487	1,501,964	1,501,964	-
Other liabilities	12,786,616	13,699,509	13,699,509	-
Total other liabilities	241,163,565	250,916,118	27,075,318	223,840,800
Total liabilities	372,895,674	395,163,300	28,354,533	366,808,767

Note 8. Liabilities (continued)

The line item ‘Other liabilities’ is detailed in the following table:

	Balance as at 31 December 2024	Balance as at 31 December 2025
BUCHAREST MUNICIPALITY – royalty	7,735,721	8,248,074
Settlements with entities within the UTI group	4,974,100	5,098,500
Allianz Tiriac Asigurari SA	82,264	337,449
Other liabilities	(5,469)	15,486
Total Other liabilities	12,786,616	13,699,509

The amount of RON 8,248,074 (2023: RON 7,735,721) relates to the royalty payable to Bucharest City Hall.

The line item “Settlements with entities within the UTI group” includes the amount of RON 5,098,500 (2024: RON 4,974,100), representing the deferred payment to the UTI group in accordance with the sale and purchase agreement. In the context of the amendments proposed by ANCOM (Note 19.2), the Company’s management considers that these conditions have not been met, and has notified the UTI Group accordingly; the amount is currently the subject of ongoing litigation. The amount of RON 337,449 represents the outstanding amount payable to Allianz Tiriac Asigurari S.A. in connection with insurance policy 550353095 dated 18 July 2025.

Liabilities to related parties are presented in Note 16.3.

8.1. Bank loans

In February 2017, the Company entered into a refinancing facility, with an outstanding balance of EUR 3,204,238.09 as at 31 December 2017. On the same date, the Company had a second loan with a balance of EUR 16,833,861.52, acquired as a result of the merger with Direct One Infrastructure SRL, a loan used to finance the acquisition of Netcity Telcom SA by Direct One Infrastructure SRL.

In April 2018, the company took out a further credit facility of EUR 10,100,000 to continue investments in the development of the Netcity network.

In October 2021, the company took out a further credit facility of EUR 1,450,000 to continue investments in the development of the Netcity network, of which it had utilised EUR 604,188 (equivalent to RON 2,989,583 as at 31.12.2021), maturing on 31.03.2028.

The above facilities were refinanced in March 2022 through a new bank loan totalling EUR 55,000,000. This comprises three facilities:

- Facility A: refinancing of existing loans and bank fees related to the loan agreement, totalling EUR 25,000,000;
- Facility B: an investment facility of EUR 27,500,000 to continue development work on the Netcity network; and
- Facility C: the issuance of letters of guarantee, up to a limit of EUR 2,500,000.

On 8 July 2025, Netcity notified the lending banks that on 15 July 2025, Facility B, which remained available at that time in the amount of EUR 7,554,767, would be cancelled.

The facilities are due on 30 March 2040, with a four-year grace period (30 June 2026). The interest rate for the above facilities is calculated as the sum of the EURIBOR rate and the lending banks’ margin. Netcity has entered into swap agreements for 70% of Financing Facilities A and B.

The financial covenants relating to the financing facilities become applicable upon completion of the investment (*i.e.* 2027).

As at 31 December 2025, the outstanding balances of the three credit facilities were:

- Facility A: EUR 25,000,000 (equivalent to RON 127,462,500);
- Facility B: EUR 19,945,233 (equivalent to RON 101,690,769);
- Facility C: the amount used to issue letters of guarantee was EUR 389,668.

Note 8. Liabilities (continued)

To secure the payment obligations assumed under the credit agreement, the Company has provided the following guarantees in favour of the bank:

- A first-ranking security interest in the shares held by the two partners (see Note 11);
- First-ranking security interest in all assets owned by the company, as well as in assets constructed on public land forming part of the Netcity Network;
- First-ranking security interest in the funds held in all accounts in RON and foreign currency;
- Assignment by way of security, with first priority, of the Company's receivables.
- Assignment of rights to compensation arising from insurance policies taken out by the Company with insurers approved by the bank.

8.2. Loans from affiliated entities

During 2021, the Company received a loan of RON 2,500,000 from Direct One. Subsequently, pursuant to the provisions of the agreement for the sale of 49% of the shares held in Netcity Telecom concluded between Direct One and MERIDIAM EASTERN EUROPE IV A SAS ("Meridiam"), on 22 December 2021 the total receivables representing the two loans existing at that date granted by Direct One to Netcity, together with the dividends distributed to Direct One on 20 December 2021 (totalling RON 78,166,910) were converted into a loan granted to Netcity Telecom in the amount of 15,793,897 EUR, for a period of 21 years, repayable at the end of the loan term, and bearing an interest rate of 9%. Under the loan agreement, 49.00010581% of the loan amount (EUR 7,739,026) was assigned free of charge by Direct One to MERIDIAM EASTERN EUROPE IV A SAS.

On 12 April 2023, through Addendum No. 1 to the Junior Loan Agreement, Netcity obtained additional funding in the amount of EUR 2,760,000 from the shareholders (for network expansion in 2023). The funding was received in full by 31 December 2023.

On 9 February 2024, through Addendum No. 2 to the Junior Loan Agreement, Netcity obtained additional funding in the amount of EUR 1,567,000 from the shareholders (for network expansion in 2024). The funding was received in full by 31 December 2024.

On 23 October 2024, through Addendum No. 3 to the Junior Loan Agreement, Netcity obtained additional funding in the amount of EUR 460,000 from the shareholders (for network expansion in 2024). The funding was received in full by 31 December 2024.

As part of the share transfer transaction, pursuant to Addendum No. 4 of 27 January 2025 to the loan agreement, 31% of the loan amount and accrued interest (totalling EUR 7,902,096, of which EUR 6,380,089 was the principal amount) was assigned free of charge by Direct One to MERIDIAM EASTERN EUROPE IV A SAS.

On 26 March 2025, by way of Addendum No. 5 to the Junior Loan Agreement, Netcity obtained additional financing in the amount of EUR 761,560 from the shareholders (for the expansion of the network in 2025). Of this amount, EUR 152,311 was provided by Direct One and EUR 609,249 was provided by MERIDIAM EASTERN EUROPE IV A SAS. The funding was received in full by 31 December 2025.

Thus, as at 31 December 2025, the final structure of the outstanding balances of the loans granted by Direct One and Meridiam to Netcity and the related interest, totalling RON 142,967,967 (equivalent to EUR 28,041,182), is as follows:

Note 8. Liabilities (continued)

2025	Details	RON	EUR
Direct One	Main	21,762,733	4,268,458
Direct One	Interest	6,808,895	1,335,470
Meridiam	Principal	87,051,784	17,073,999
Meridiam	Interest	27,344,555	5,363,255
Total		142,967,967	28,041,182

The standing as at 31 December 2024 (in EUR and the equivalent in RON) was as follows:

2024	Details	RON	EUR
Direct One	Home	52,209,326	10,496,236
Direct One	Interest	12,107,258	2,434,060
Meridiam	Principal	50,162,114	10,084,661
Meridiam	Interest	11,739,481	2,360,122
Total		126,218,179	25,375,079

To secure the payment obligations assumed under the loan agreement entered into with Meridiam Eastern Europe IV A SAS, the Company has provided the following guarantees in favour of the lender:

- A second-ranking security interest in all assets owned by the Company, as well as in assets constructed on public land forming part of the Neticity Network;
- A security interest ranking second in priority over the balances in all accounts denominated in RON and foreign currency;
- Assignment by way of security, with second priority, over the Company’s receivables.
- Assignment by way of security, with a second priority ranking, over the rights to compensation arising from insurance policies taken out by the Company with insurers approved by the bank.
- Assignment by way of security, with second priority, over the income generated by the Company.

Note 9. Provisions for risks and expenses

As at 31 December 2025 and 31 December 2024, the Company had no provisions for risks and expenses recorded.

Note 10. Deferred income

As at 31 December 2025, the Company recorded deferred income of RON 1,118,332 (31 December 2023: RON 954,349), representing deferred income relating to long-term lease agreements.

Note 11. Capital and reserves

11.1 Equity

The statement of equity as at 31 December 2025 and 31 December 2024 is presented below:

Description	31 December 2024	31 December 2025
Share capital	5,103,540	5,103,540
Statutory reserves	2,304,572	2,304,572
Retained earnings	54,599,752	49,233,565
Profit for the year	21,781,403	13,404,682
Profit allocation	-	-
Total	83,789,267	70,046,359

As at 31 December 2025 and 31 December 2024, the Company's subscribed share capital of RON 5,103,540 corresponds to 510,354 shares. The shares are ordinary shares with a nominal value of RON 10 per share.

11.2 Shareholder structure

On 22 December 2021, Direct One entered into an agreement to sell 49% of the shares held in Netcity Telecom to MERIDIAM EASTERN EUROPE IV A SAS, a company based in France.

On 27 January 2025, Direct One SA transferred to MERIDIAM EASTERN EUROPE IV A SAS a 31% stake in Netcity Telecom SA. Following this transaction, Meridiam holds 80% of the share capital of Netcity Telecom SA. As part of this transaction, 31% of the loan amount and accrued interest (totalling EUR 7,902,096, of which EUR 6,380,089 was the loan amount) was transferred free of charge by Direct One to MERIDIAM EASTERN EUROPE IV A SAS.

The shareholding structure as at 31 December 2025 is as follows:

Shareholders	Shares	Percentage
Direct One SA	102,070	20.00%
MERIDIAM EASTERN EUROPE IV A SAS	408,284	80.00%
Total	510,354	100

The shareholding structure as at 31 December 2024 was as follows:

Shareholders	Shares	Percentage
Direct One SA	260,280	51.00%
MERIDIAM EASTERN EUROPE IV A SAS	250,074	49.00%
Total	510,354	100%

In accordance with the Articles of Incorporation, the Company is managed under a dual board system, by a Management Board (comprising 3 members) and a Supervisory Board (comprising a total of 6 members, of whom 5 are appointed by Meridiam and 1 is appointed by Direct One)

11.3 Profit for the financial year and profit distribution

During the 2025 financial year, from the retained earnings relating to previous financial years, the Company distributed dividends to shareholders in the amount of 27,147,590, pro rata to each shareholder's stake in the Company's share capital.

Note 11. Capital and reserves (continued)

At the date of preparation of the financial statements, the General Meeting of Shareholders had not taken a decision regarding the distribution of the profit for the year.

Description	Achieved in 2024	Achieved in 2025
Retained earnings to be distributed (from previous years)	54,599,752	49,233,565
Net profit to be distributed (from the current year), allocated as follows:	21,781,403	13,404,682
Retained earnings arising from the correction of accounting errors	-	-
- <i>statutory reserve</i>	-	-
- <i>dividend</i>	-	-
- <i>other reserves</i>	-	-
Retained earnings, undistributed profit carried forward at the end of the financial year	76,381,155	62,638,247

Note 12. Turnover

The Company's turnover for 2025, generated entirely within Romania, amounting to RON 73,167,058 (RON 69,552,284 in 2024), is broken down into the following business segments:

Business segment	2024	2025
Revenue from tube hire	31,376,595	33,395,651
Revenue from services rendered	2,890,019	2,579,945
Revenue from connection rentals	33,087,746	35,338,297
Revenue from miscellaneous activities	2,059,042	1,852,822
Revenue from the sale of goods	138,882	343
Total turnover	69,552,284	73,167,058

Note 13. Staff costs and information regarding employees, members of the administrative, management and supervisory bodies

13.1. Directors and managers

During 2025, expenses relating to directors' and executive management's remuneration amounted to RON 2,005,693, of which RON 1,961,558 was gross salary and RON 44,135 was social security contributions (2.25%) (2024: RON 1,745,945).

As at 31 December 2025, the executive management of the Company consisted of:

SURNAME AND FIRST NAME	POSITION
Adrian Vasile Racasan	Chief Executive Officer and Chairman of the Board
Cristian Mircea Osadczuk	Manager
Tiberius Ionut Popa	Manager

As at 31 December 2025, the Company had no obligations regarding the payment of pensions to former members of the Board of Directors and executive management and had no advances recorded for settlement to members of the Management Board and the Supervisory Board. Furthermore, there were no loans granted by the Company to directors, nor were there any guarantees or future obligations assumed by the Company on behalf of the directors or managers.

13.2. Employees

The average number of the Company's employees

- for the period 01.01.–31.12.2025: average number 32
- as at 31 December 2025: actual number 36 (31 FTE + 5 PTE)

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Note 13. Staff costs and information regarding employees, members of the administrative, management and supervisory bodies (continued)

The structure of the Company's employees is as follows:

Department	Average number of employees 31 December 2024	Average number of employees 31 December 2025
Operations and Maintenance Department	16	16
Sales Department	1	2
Planning & Design	6	5
Finance and Accounting Department	2	2
Other	5	7
Total	30	32

Expenditure on salaries paid to employees in 2025 amounted to RON 7,507,045 (RON 7,220,664 in 2024), with social security contributions and pension fund contributions included in this figure. In 2025, expenditure on employment insurance contributions amounted to RON 170,326 (2024: RON 176,246).

Note 14. Other operating expenses

The category 'other operating expenses' includes:

No.	Description	2024	2025
1.	Expenses relating to royalties and management leases	7,736,384	8,248,074
2.	Rental expenses	384,930	394,488
3.	Insurance premium expenses	284,664	306,664
4.	Entertainment, advertising and publicity expenses	33,165	31,027
5.	Postal and communication charges	62,353	57,843
6.	Other expenses for services provided by third parties	69,560,001	10,110,017
8.	Other expenses	1,479,469	1,043,894
8.	Staff training expenses	-	3,700
9. (rows 1–8)	Expenses relating to external services – total	79,540,966	20,195,707
10.	Expenses relating to other taxes, duties and similar payments	27,175	1,867,863
11.	Other expenses	28,336	1,092
12. (rows 9 – 11)	Total	79,596,477	22,064,661

The expenditure on royalties, management fees and rent includes the royalty payment under the concession agreement with Bucharest City Hall, amounting to RON 8,248,074 (RON 7,735,721 for 2024).

Other expenses relating to services provided by third parties are detailed below:

Description	2024	2025
Expenses for services rendered (capitalised), of which:	65,502,236	6,629,019
<i>Expenses for services rendered by related parties CAPEX (Note 16.5)</i>	<i>63,766,047</i>	<i>4,777,477</i>
Expenses for services provided by third parties	570,803	962,295
Service and maintenance work	337,562	385,971
Consultancy and audit	927,285	243,680
Access services	745,663	742,389
Other expenses, of which:	1,476,453	1,146,664
<i>Expenses for services provided by related parties</i>	<i>675,948</i>	<i>622,048</i>
Total	69,560,001	10,110,017

The audit of the Company in 2025 was carried out by Ernst & Young S.R.L. Fees are determined on the basis of the contract concluded between the two parties and are included in the category 'Consultancy and audit'.

Note 15. Financial income and expenses

15.1. Financial income

Description	2024	2025
Interest income	14,190	30,796
Income from exchange rate differences	620,778	1,926,695
Other financial income	0	0
Total	634,968	1,957,491

15.2. Financial expenses

	2024	2025
Interest expenses	20,270,377	21,094,357
Exchange rate differences	603,595	10,425,194
Other financial expenses	0	0
Total	20,873,972	31,519,551

Note 16. Information on dealings with affiliated entities and other related parties

16.1 Description of affiliated/related parties

From 15 February 2017 until December 2021, the Company was part of the Electrogrup Infrastructure SA group, with Direct One SA as its direct parent company. As of December 2021, the Company is jointly controlled by its two current shareholders (see Note 11). The Company conducts transactions with companies within the Electrogrup Infrastructure SA group, as well as with its new shareholder, Meridiam Eastern Europe IV A SAS.

Meridiam Eastern Europe IV A SAS, the majority shareholder as at 31 December 2025, does not prepare consolidated financial statements. The consolidated financial statements prepared by Electrogrup Infrastructure SA (the ultimate parent of Direct One SA), in accordance with International Financial Reporting Standards, present the investment in Netcity using the equity method.

During 2025, the Company carried out transactions with both affiliated companies within the Electrogrup Infrastructure Group and affiliated companies within the Meridiam Group, as follows:

- E-infra S.A. – re-invoicing of services;
- Issa Estate S.R.L – leasing of office space in an office building – affiliated party;
- Electrogrup SA – general contracting services; execution of network maintenance and logistics works – related party;
- Direct One SA – leasing of underground telecommunications infrastructure; loans received.
- Meridiam Eastern Europe IV A SAS – loans received
- Fulcrum Infrastructure Management Limited – software development

16.2. The Company's receivables in relation to related/affiliated parties

Receivables	31 December 2024	31 December 2025
ELECTROGRUP SA	1,169,243	693,141
Total receivables	1,169,243	693,141

16.3. The Company's liabilities to related parties/affiliates

Liabilities	31 December 2024	31 December 2025
ELECTROGRUP SA	15,835,852	5,858,863
DIRECT ONE SA	64,317,650	28,571,628
ISSA ESTATE S.R.L.	10,095	6,643
E-INFRA S.A.	43,838	-
NOVA POWER & GAS SRL	-	-
FULCRUM INFRASTRUCTURE MANAGEMENT LTD	35,971	138,668
MERIDIAM EASTERN EUROPE IV A SAS	61,901,595	114,396,339
Total liabilities	142,145,001	148,972,141

Note 16. Information on relations with affiliated entities and other related parties (continued)

The amounts due to Electrogrup SA consist of trade payables and performance bonds.

Of the amounts owed to Direct One, RON 28,571,628 represents the balance of loans granted to the company, together with interest accrued as at 31 December 2025 (further details in Note 8.2).

The amounts owed to Meridiam Eastern Europe IV A SAS represent the balance of loans granted to the company, together with interest accrued as at 31 December 2025 (further details in Note 8.2).

16.4. Sales of goods and services to related parties/affiliates

Sales	31 December 2024	31 December 2025
ELECTROGRUP S.A.	-	-
DIRECT ONE SA	189,940	192,232
Total sales	189,940	192,232

16.5. Purchases of goods and services from related parties / affiliates, including interest

Purchases	31 December 2024	31 December 2025
ELECTROGRUP S.A.	59,281,056	3,309,383
DIRECT ONE SA	4,592,164	2,176,727
ISSA ESTATE S.R.L.	101,798	93,664
NOVA POWER & GAS SRL	313,940	-
MERIDIAM EASTERN EUROPE IV A SAS	4,366,822	7,478,473
E-INFRA S.A.	434,144	279,641
FULCRUM INFRASTRUCTURE MANAGEMENT LTD	210,412	102,789
Total acquisitions	69,300,336	13,440,676

Purchases in 2025 mainly relate to:

- Electrogrup: capitalised services amounting to RON 4,777,477 and maintenance services amounting to RON 262,579. (2024: RON 63,766,047 and RON 239,057 respectively) (Note 14). Purchases in 2025 also reflect a reduction of RON 2,959,337 relating to outstanding supplier invoices at the beginning of the year (2024: RON 6,467,026).
- Direct One SA: interest on intercompany loan (see Note 8.2 – Loans from related parties)
Meridiam Eastern Europe IV A SAS: interest on intercompany loans (see Note 8.2 – Loans from related parties)

Note 17: Subsequent events

At the end of February 2026, a significant geopolitical event occurred in the Middle East, leading to heightened regional tensions and increased uncertainty.

As a result, there has been a significant increase in market volatility, as well as fluctuations in energy, oil and gas prices. Inflationary pressures are expected to intensify, along with disruptions to global supply chains and a slowdown in economic growth.

The Company has no direct exposure to significant affiliates and/or customers or suppliers in the affected region. However, the impact on the general economic situation in the country and in Europe may require a review of certain assumptions and estimates. This may lead, in the next financial year, to significant adjustments to the carrying amounts of certain assets and liabilities. The longer-term impact of the aforementioned events may affect business volumes, cash flows and profitability.

The Company considers these events to be post-balance sheet events that do not adjust the balance sheet, the quantitative effect of which cannot be estimated with sufficient certainty at the date of authorisation for the issue of these separate financial statements.

Note 17: Subsequent events (continued)

There are no other subsequent events that require disclosure in the financial statements or adjustment thereof.

Note 18: Correction of accounting errors

In the financial year ended 31 December 2025 and 31 December 2024, respectively, the Company did not correct any accounting errors against retained earnings.

Note 19. Contingent liabilities and commitments

19.1. Concession Agreement

During 2008, the Company entered into a concession agreement (“the Project”) with Bucharest City Hall, under which the Company has the right to build and operate the fibre-optic network of Bucharest for a period of 49 years. Under the concession agreement, the Company will pay Bucharest City Hall royalties amounting to 12% of the minimum annual revenues generated from the operation of the network (the concession agreement defines the minimum revenues).

The concession agreement sets out the circumstances under which the concession agreement may be terminated prior to its expiry. In this situation, the Company would be obliged to transfer the assets relating to the Project to the Bucharest City Council and, in return, would be entitled to receive corresponding financial compensation (the concession agreement defines this compensation as the “Recoverable Value”), and the Bucharest City Council will be required to assume the Company’s obligations to third-party lenders, pursuant to an agreement entered into between the City Council and those third-party lenders. Under the concession agreement, in certain situations, the Bucharest City Council may be entitled to claim penalties under certain conditions for the termination of the agreement.

At the beginning of 2009, the Company completed the pilot phase of the project, totalling approximately 12 km of main sewerage, and began concluding and implementing contracts with telecommunications operators.

By the end of 2012, the Company had continued the construction of the sewerage network, reaching a total of 908 km of main and secondary sewerage, thereby achieving the sewerage length target for Phase I as set out in the concession agreement.

The company resumed investment in the expansion of the sewerage network in 2017. Furthermore, on 26 July 2018, the Bucharest City Council approved the feasibility study for Phase II, thereby entering the second stage of implementation of the Nectcity Network following the completion of the closure procedures for the first stage. By the end of 2025, the total length of the sewerage network in operation had reached approximately 3,043 km (2024: 2,952 km).

19.2. Disputes

By Decision No. 108 of 6 March 2008, the General Council of Bucharest Municipality (hereinafter “CGMB”) approved the public works concession contract under a public-private partnership between Bucharest Municipality, as grantor, and Concesiune Telecom SRL (as successor following a demerger of UTI GRUP SA (hereinafter “UTI”) and Nectcity Telecom SA (hereinafter “Nectcity”), as concessionaire. The subject matter of the concession contract is “the exclusive concession by the grantor to the concessionaire of the works for the construction and administration of the Nectcity Network”.

On 2 June 2008, Public Works Concession Contract No. 4390 was concluded for the construction of the “Bucharest Metropolitan Fibre-Optic Network for Telecommunications – Nectcity” between the Municipality of Bucharest, through the Mayor, on the one hand, and UTI SYSTEM SA and Nectcity Telecom, on the other. Consequently, at the end of 2008, Nectcity began entering into contracts with providers of electronic communications services and networks with a view to introducing their cables into the completed backbone network, establishing connections to buildings and managing them.

Note 19. Contingent liabilities and commitments (continued)

In October 2012, Law No. 154/2012 on the regime governing electronic communications network infrastructure came into force. The provisions of this law establish the legal framework within which the installation, maintenance, replacement or relocation of electronic communications networks or the infrastructure elements necessary to support them will be carried out.

During 2012, Bucharest City Hall notified the National Authority for Communications Administration and Regulation (‘ANCOM’) that the Company may fall within the scope of Law No. 154/2012. As a result of this notification, ANCOM issued an Opinion in May 2013 regulating the methodology for determining the prices relating to the operation of the Netcity network.

Between June and July 2013, Netcity and the Municipality of Bucharest brought legal proceedings against ANCOM seeking the suspension and annulment of the ANCOM Opinion. All these claims were consolidated into a single case in which the court issued a judgment dismissing the claims, not because it had found the notice to be lawful, but because it considered that the ANCOM notice did not constitute an administrative act, representing merely a preliminary administrative step prior to the issuance of an administrative act, and therefore could not be the subject of judicial review of its legality. Since the court dismissed the main claim seeking the annulment of the ANCOM opinion, the alternative claim made by some operators was in turn dismissed as having become moot.

In July 2016, a new law (“Law 159/2016”) was adopted, replacing Law 154/2012 and regulating the regime governing the physical infrastructure of electronic communications networks, which establishes a series of measures to reduce the cost of installing electronic communications networks.

In December 2016, the Company received a communication from ANCOM, notifying it that the ANCOM opinion issued in 2013 had not been implemented within 90 days of the date of the new law’s enactment and that, pursuant to the provisions of Law 159/2016, the technical and economic conditions for access by electronic communications network providers to the physical infrastructure would be established and imposed.

Based on the provisions of the new law, ANCOM issued Decision No. 40 of 14 January 2019 (the ANCOM Decision) to establish and impose the technical and economic conditions under which access is granted to the physical infrastructure built by Netcity Telecom SA pursuant to Concession Agreement No. 4390 of 2 June 2008 concluded with the Municipality of Bucharest, which was communicated to Netcity on 15 January 2019. The Decision is applicable from 17 March 2019 and has no retroactive effect.

Annulment of administrative act ANCOM Decision No. 40/14 January 2019 (case No. 910/2/2019).

Netcity challenged the ANCOM Decision within the statutory time limit, on 15 February 2019, bringing an action for annulment against this decision, registered with the Bucharest Court of Appeal, in which it sought, in opposition to ANCOM, the annulment of this administrative act. Furthermore, on the same date, Netcity filed with the Bucharest Court of Appeal a application for the suspension of the enforcement of the ANCOM Decision, pending the final resolution of the application for the annulment of the administrative act.

The application for annulment filed by Netcity against ANCOM, in which a number of operators intervened (Prime Telecom S.R.L., RCS&RDS S.R.L., the National Association of Internet Service Providers in Romania – ANISP, the Interlan Association, the Association of Mobile Operators in Romania – AOMR, Interlan Internet Exchange S.R.L., Ines Group S.R.L., GTS Telecom S.R.L.) was dismissed by the court of first instance as unfounded. Furthermore, the main applications to intervene were dismissed as unfounded, whilst the ancillary applications to intervene in favour of ANCOM were granted. The court’s judgment may be appealed within 15 days of notification. The judgment was notified at the end of December 2025. Netcity lodged an appeal within the statutory time limit in January 2026. Ines lodged a cross-appeal in this case in March 2026. Netcity filed a response on 25 March 2026. The hearing date for the appeal was set for 23 September 2026.

Annulment of administrative act Decision No. 40/14 January 2019 and of the preliminary acts issued by ANCOM (case No. 913/2/2019). Separately, the Municipality of Bucharest, through the General City Hall, filed on 15 February 2019, individually, similar actions against the ANCOM Decision. The application by the Municipality of Bucharest seeking the annulment of Decision 40/2019 issued by ANCOM was joined to the application filed by Netcity having the same subject matter, namely the annulment of the decision issued by ANCOM.

Note 19. Contingent liabilities and commitments (continued)

Consequently, this application was also dismissed by the court of first instance as unfounded. The Municipality of Bucharest lodged an appeal following notification of the decision in December 2025 (see above for the status of the related case).

As regards the applications for suspension of the enforcement of the ANCOM Decision, pending the final resolution of the application for annulment of the administrative act, initially filed by both Netcity and the Municipality of Bucharest, these have been definitively dismissed by the High Court of Cassation and Justice.

In connection with the above, the Municipality of Bucharest and the Company are involved in several disputes arising from claims made by some of the Company's customers, seeking: i) the annulment of the initial decision by the General Council of the Municipality of Bucharest approving the Concession Agreement, and/or the Concession Agreement itself, ii) the amendment of the initial decision issued by the General Council of the Municipality of Bucharest approving the Concession Agreement or the amendment of the Concession Agreement by issuing an administrative act that includes the technical and economic conditions set out in the ANCOM Opinion, as well as iii) the cancellation of certain clauses in customer contracts that are not in accordance with the ANCOM Opinion, as well as the refund of the difference between the contractual tariffs and those provided for in the ANCOM Opinion for the period following the issuance of the ANCOM Opinion.

Of these, as at the date of these financial statements, two cases are still pending:

- (i) A claim for damages brought by Allnet Telecom (case no. 38523/3/2016), in which it sought damages from Bucharest City Hall as a result of the harm caused by the refusal to issue and implement the administrative act regulating the technical and economic conditions under which providers of electronic communications networks gain access to the metropolitan fibre-optic network infrastructure of Bucharest "Netcity". This case, initially suspended, in which Netcity Telecom is an intervener, was reinstated, with a hearing scheduled for 5 May 2022, at which the court dismissed the appeal against the suspension order; the case remains suspended until the resolution of the second dispute below.
- (ii) Action for a declaration of the nullity of certain contractual clauses, with the consequence of restoring the parties to their previous position, including the payment of damages representing sums deemed to have been unlawfully charged (case no. 2337/3/2017). In this case, Netcity Telecom is the defendant. The case was stayed at the appeal stage (the action having been dismissed at first instance) pending the resolution of the two cases seeking the annulment of the Competition Council's decision, namely case nos. 2741/2/2020 and 2041/2/2020. The court's decision in case no. 2741/2/2020 is final, the court having taken note of the claimant's (Ines) withdrawal of the claim. The court's decision to dismiss the action brought by the claimant (Interlan) became final on 5 December 2025, as no appeal was lodged in case no. 2041/2/2020. We intend to apply for the case to be reinstated in order to establish that the claim has lapsed.

Action for damages brought by Interlan against Netcity (Case No. 2520/3/2022). Interlan is seeking payment in RON of the sum of EUR 105,541.88, a provisionally estimated amount, representing an alleged loss suffered as a result of the abuse of a dominant position committed by Netcity and established by Decision No. 93 of 16 December 2019 of the Competition Council, and that Netcity Telecom be ordered to pay statutory penalty interest in the amount of RON 107,002.70 on the principal sum mentioned above, a provisionally estimated sum, calculated from the date the damage occurred until the date the claim was filed, and continuing until the full and effective recovery of the damage. In response to the claimant's claims, Netcity Telecom filed a defence. At the first hearing, Netcity Telecom filed a confidentiality application, which was granted in full by the court. Among the evidence admitted by the court in this case is an expert report whose main objective is to calculate the difference between the price paid by the claimant during the period 10 February 2011 and 11 April 2019 and the price that would have been payable had the abuse of a dominant position not occurred, as well as the calculation of the statutory interest on this debt.

Note 19. Contingent liabilities and commitments (continued)

The expert report prepared in this case was challenged by the claimant on the grounds that it had not taken into account all the issues raised, thereby concluding that no loss had been incurred. In view of the claimant's arguments, the court ordered a new expert report to be prepared.

The next hearing in this case, scheduled to appoint a new expert to prepare the expert report, was set for 22 May 2025. The new expert report was accepted by the court at the hearing on 5 March 2026. Netcity raised objections to this report.

At this hearing, the court reserved its judgment on the merits until 19.03.2026. Netcity submitted its written submissions on 17 March 2026. On 19.03.2026, the court adjourned the hearing until 2 April 2026. The court subsequently adjourned the hearing again, with the new date set for 21 May 2026.

In early 2023, Bucharest City Council requested Netcity Telecom to provide its views on the court's request to submit to the case file (initiated by a Netcity Telecom customer against Bucharest City Council) a series of documents such as the Concession Agreement in its entirety and the Phase II Feasibility Study carried out by KPMG for the Netcity project. Considering it to be in its own interest, in order to protect information deemed confidential, the Company deemed it appropriate to intervene in this case to have the opportunity to defend its position. Following Netcity Telecom's request, the documents were submitted to the court's classified information department, with the parties having no access to them. At the hearing scheduled for 23.03.2023, the court admitted in principle the application for intervention filed by Netcity Telecom. At the hearing on 11 May 2023, the court reserved its decision and, requiring time to deliberate, successively adjourned the pronouncement until 30.06.2023, when it dismissed the claim as unfounded and granted the application for incidental intervention filed by Netcity Telecom. The judgment was appealed by the claimant, who subsequently filed a request with the Bucharest Court of Appeal to withdraw the appeal. At the hearing on 31.10.2024, the court took note of the appellant's request to withdraw the appeal, and the case was definitively closed.

ANCOM's future actions following the enactment of Law No. 159/2016, as well as the outcomes of the disputes outlined above, cannot be predicted and may have a significant impact on the deadlines set out in the concession agreement.

At the end of 2019, UTI Netcity Investment BV and UTI Grup SA brought a claim against Netcity based on the provisions of the Contract for the sale of Netcity's shares (SPA), seeking an order requiring Netcity to pay the sum of EUR 1,000,000, equivalent in RON, representing the price difference, and the sum of EUR 45,699 representing penalty interest up to the date of filing the action and subsequently until the date of actual payment. This claim was upheld by the court of first instance, with Netcity being ordered to pay the sums claimed to the claimants. Netcity lodged an appeal against this judgment. On 22.04.2021, the court delivered its judgment upholding the appeal and amending the appealed civil judgment to the effect that it dismissed the claim as unfounded. It also ordered the respondent claimant, Uti Netcity Investment BV, to pay the appellant defendant the sum of RON 30,665.18 in respect of appeal costs and the sum of RON 2.82 in respect of appeal costs. On 20.01.2022, UTI Grup and UTI BV lodged an appeal. The appeal was served and Netcity filed a response to the appeal. On 3 May 2022, the court delivered the following judgment: it dismissed as unfounded the appeal lodged by the appellants-claimants UTI Grup S.A. and UTI Netcity Investment BV against Civil Decision No. 739A of 22 April 2021, delivered by the Bucharest Court of Appeal – Sixth Civil Division. It ordered the appellants-claimants jointly and severally to pay the respondent-defendant Netcity Telecom legal costs amounting to RON 7,683.92. The decision is final, which means that Netcity may withhold the deferred payment of EUR 1,000,000 until the final resolution of the case concerning the action brought by Netcity Telecom against Uti Grup S.A. and Uti Netcity Investment BV (No. 6892/3/2021).

In turn, Netcity Telecom has filed a claim against Uti Grup S.A. and Uti Netcity Investment BV (No. 6892/3/2021) seeking an order requiring the Defendants to pay Netcity the sum of EUR 2,386.492, representing the loss suffered during 2019 pursuant to clauses 7.2.5, 7.2.1(u) and 10.3 of the share purchase agreement dated 26 August 2016, plus legal costs. The defendants filed a statement of defence, which was served on Netcity for a reply. On 16 March 2022, the court stayed proceedings in the case pending the final resolution of the action for annulment brought by Netcity against ANCOM Decision

Note 19. Contingent liabilities and commitments (continued)

No. 40 of 14 January 2019 establishing and imposing the technical and economic conditions under which access to the physical infrastructure built by Netcity is provided. The case remains suspended.

Furthermore, the Company has initiated a series of proceedings to recover outstanding debts from certain customers; in this regard, one such dispute against one of these customers is currently pending.

The Company's management considers that it has taken and will continue to take all necessary steps to ensure the Company's continued operations and that, as at the date of the financial statements, the management has no intention and no indication regarding the termination of the Concession Agreement in the foreseeable future. Furthermore, the Company's management has no information to suggest that the aforementioned disputes will have a negative impact on the Company's future operations and business model in the foreseeable future.

These aforementioned disputes are ongoing as at the date of the financial statements. The Company's management considers that it is most likely that it will not have any future payment obligations as a result of the disputes mentioned above and, therefore, has not recognised provisions for risks and expenses in the financial statements.

19.3. Competition Council Investigation

In April 2016, following a complaint lodged by a customer (INES), which was initially rejected by the Competition Council but subsequently upheld by the court, the President of the Competition Council issued an Order to Commence a new investigation into the Company and the Bucharest City Hall. The investigation was launched with the aim of verifying the complaint received regarding a possible breach of the Competition Law as follows:

- (i) Netcity Telecom may hold a dominant position in the market and may be abusing that dominant position to the detriment of the market.
- (ii) The Municipality of Bucharest has not complied with ANCOM's decision.

The investigation was concluded on 16.10.2019, with the Competition Council's investigation team issuing its report on the investigation. Following discussions with the Competition Council and completion of the legal procedure, the Company agreed to the closure of the investigation through a procedure of acknowledgement regarding commercial practices that no longer existed at the time the investigation was finalised, as a result of which the fine imposed was reduced to RON 2,183,551.85 (4.62% of the turnover for 2018), payable within 30 days of the date of issuing the penalty decision. The decision was drafted by the Competition Council and communicated to Netcity on 14.04.2020. The company set aside a provision of RON 2,183,552 as at 31.12.2019 and, during 2020, obtained a 12-month payment plan for the fine. During 2021, the company paid the fine in full, in accordance with the agreed payment schedule.

During 2020, some of the company's clients filed applications seeking the annulment of the Competition Council's decision, in respect of which two cases were registered with the Bucharest Court of Appeal, in which the Company was also named as a party. In one of these cases, the claimant withdrew the claim and filed a motion to intervene in the other case, in which the court ruled on both the claims made and the defences raised by the parties. In this dispute, the court delivered its judgment, namely: dismissing the claim as inadmissible; admitting the application to intervene as a third party; and ordering the claimant to pay the costs of the proceedings in favour of Netcity Telecom. In this case, one of the appellants lodged an appeal, which was heard by the High Court of Cassation and Justice; the High Court upheld the appeal and referred the case back to the Bucharest Court of Appeal for retrial, which in turn dismissed the claim as unfounded. The judgment was communicated in writing on 13 November 2025 and became final by default on 5 December 2025.

On the date of approval of these financial statements, the Company is unable to estimate the outcome of the above-mentioned disputes or the occurrence of any other potential disputes, nor can it quantify the claims that might arise therefrom. The Company's management considers that it is most likely that it will not have any future payment obligations as a result of the disputes mentioned above and, therefore, has not recognised provisions for risks and expenses in the financial statements.

Note 19. Contingent liabilities and commitments (continued)

19.4. Taxation

All amounts due to the State for taxes and duties have been paid or recorded as at the balance sheet date. The tax system in Romania is currently being consolidated and is subject to constant change; there may be differing interpretations by the authorities regarding tax legislation, which may give rise to additional taxes, duties and penalties. Should the state authorities discover breaches of Romanian legal provisions, they may, as appropriate: confiscate the amounts in question, impose additional tax liabilities, apply fines, or apply late payment surcharges (applied to the actual outstanding amounts).

Consequently, tax penalties resulting from breaches of legal provisions may amount to significant sums payable to the State.

The Company considers that it has paid all taxes, duties, penalties and penalty interest in full and on time, where applicable.

In Romania, the tax year remains open for audit for a period of 5 years.

19.5. Transfer pricing

In accordance with the relevant tax legislation, the tax assessment of a transaction carried out with related parties is based on the concept of the arm's length price for that transaction. Based on this concept, transfer prices must be adjusted to reflect the market prices that would have been agreed between entities with no affiliation and acting independently, on the basis of 'arm's length conditions'.

It is likely that transfer pricing audits will be carried out in the future by the tax authorities to determine whether such prices comply with the 'arm's length' principle and that the Romanian taxpayer's tax base is not distorted. The Company cannot estimate the potential impact of such audits by the tax authorities.

19.6. Environmental matters

Romania is currently undergoing a period of rapid harmonisation of its environmental legislation with current European legislation. The Company does not consider future costs associated with environmental issues (pollution) to be significant and, as a result, has not recorded any provision for anticipated costs, including statutory and consultancy fees, studies, design and implementation of plans to remedy environmental issues.

19.7. Other information

The war in Ukraine and the related sanctions against the Russian Federation are having an ongoing impact on European and global economies. The entity has no significant direct exposure in Ukraine, Russia or Belarus. However, the impact on the general economic situation may require the periodic review of certain assumptions and estimates (energy costs, raw material costs, the general impact of inflation). As at 31 December 2025, based on the information available, the Company analysed the potential impact of changes in micro- and macroeconomic conditions on the Company's financial position and results of operations and concluded that there is no impact on the financial position as at 31 December 2025.

19.8 Financial risks

The main risks to which the Company is exposed and the policies applied are detailed below:

i) Market risk

The Romanian economy is still in transition, with potential uncertainty regarding the direction of policy and, in particular, future economic development. Management cannot predict the changes that will occur in Romania and their effects on the Company's financial position, operating results and cash flows.

Note 19. Contingent liabilities and commitments (continued)

ii) Interest rate risk

The Company’s exposure to interest rate risk relates primarily to the variable-rate long-term loans held by the Company. Netcity has also entered into swap agreements for 70% of Financing Facilities A and B. The Company’s management periodically reviews its interest rate position and continuously monitors potential risks.

iii) Liquidity risk

The Company’s policy is to maintain sufficient liquidity to meet its obligations as they fall due.

i) Credit risk

In the course of its business, the Company is exposed to credit risk, particularly in relation to trade receivables. Management closely monitors exposure to credit risk. Furthermore, receivables balances are monitored on an ongoing basis, resulting in an insignificant exposure to the risk of bad debts.

i) Foreign exchange risk

With the exception of the loans in EUR disclosed in Note 8, the Company does not enter into significant foreign currency transactions. Management does not consider foreign exchange risk to be significant but monitors exchange rate fluctuations to secure a favourable exchange rate for the Company.

19.9 Letters of guarantee granted to third parties

As at 31 December 2025, the status of letters issued by banks is as follows:

No.	Reference	Issuing Bank	Beneficiary	Currency	Amount	Issuance date	Maturity date
1	34GBE2017-2056	BRD	BUCHAREST MUNICIPALITY	EUR	303,586.03	12/12/2025	31/12/2026
2	34GBE2025-3976	BRD	PORR CONSTRUCT SRL	RON	84,740	18/07/2025	17/07/2026
3	34GBE2025-4842	BRD	BOG’ART SRL	RON	96,687	05/09/2025	04/09/2026
4	34GBE2025-5506	BRD	VASTINT ROMANIA SRL	EUR	31,523.62	08/10/2025	07/10/2026
5	G525577/876	BCR	FORTISSIMO HOLDING B.V. NIEUWEGEIN BUCHAREST BRANCH	EUR	18,974.66	28/08/2025	26/03/2027

The financial statements on pages 3 to 43 were signed on 19 May 2026 by:

Chief Executive Officer,
Adrian Vasile Racasan

Prepared by,
Cristian Osadczuk
Chief Financial Officer

Signature [illegible signature]
Company stamp

Signature [illegible signature]

[Logo EY]

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Nectcity Telecom SA

Report on the audit of the financial statements

Qualified Opinion

We have audited the accompanying financial statements of Nectcity Telecom SA ("the Company" or "Nectcity Telecom") with its registered office in 159 Plevnei Road, 1st floor, Business Garden Bucharest, Wing C, District 6, Bucharest, identified by the unique tax registration code 22902080, which comprise the balance sheet as at 31 December 2025, the profit and loss account, the statement of changes in equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Ministry of Public Finances no. 1802/2014, with subsequent amendments and clarifications and the accounting policies described in the financial statements.

Basis for Qualified Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are described in more detail in the section "The Auditor's Responsibilities for the Audit of Consolidated Financial Statements" of our report. We are independent towards the Company in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to the audit of financial statements in Romania and have fulfilled our ethical responsibilities in accordance with those requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Highlighting Certain Issues

We draw attention to Note 19.2 "Disputes" in these financial statements, which describes how a law was enacted in July 2016 ("Law 159/2016") and subsequently, in January 2019, a decision was published ("Decision 40/2019") regarding the regime governing the physical infrastructure of electronic telecommunications networks, access rights and regulations, the establishment of minimum quality indicators for infrastructure access services, as well as maximum tariffs that may be charged by the Company. Pursuant to the provisions of Law 159/2016, Decision No. 40/2019 of the President of the National Authority for Administration and Regulation in Communications ("ANCOM") imposed technical and economic conditions on Nectcity Telecom that Nectcity Telecom is obligated to comply with in its relations with communications providers, companies that lease electronic physical infrastructure from Nectcity Telecom, as well as changes to the methodology for determining Nectcity Telecom's network lease rates, which result in a decrease in the rates charged by the Company. The decision took effect and has been applied since 17 March 2019.

In 2019, Nectcity Telecom initiated specific legal proceedings against Decision 40/2019 issued by ANCOM, proceedings that are ongoing as of the date of this report.

Furthermore, Note 19.2 states that the Company is involved in a series of disputes resulting from complaints filed by some of its customers.

These disputes are currently pending. Management believes that it will have no future payment obligations as a result of the aforementioned disputes and, therefore, has not recorded a provision in the financial statements for the fiscal year ended 31 December 2025. Our opinion is not qualified in respect of these matters.

Other Information

Other information includes the management report but does not include the financial statements and our audit report on them. Management is responsible for the other information.

Our audit opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion on it.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, to consider whether it is materially inconsistent with the financial statements or our knowledge obtained from the audit, or whether it appears to contain material misstatements. If, based on our work, we conclude that there are material misstatements in this other information, we are required to report this. We have nothing to report in this regard.

Responsibilities of Management and Persons Charged with Governance for the Financial Statements

The management of the company is responsible for the preparation and fair presentation of the financial statements in accordance with Order of the Minister of Public Finance No. 1802/2014, as amended and clarified, and for such internal control as management deems necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and for disclosing, as applicable, matters related to going concern and the use of the going concern basis of accounting, unless management 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.

The Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to error or fraud, and to issue an audit report that includes our opinion. Reasonable assurance represents a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA standards will always detect a material misstatement, if one exists. Misstatements may be caused by either fraud or error and are considered material if it can reasonably be expected that they, either individually or in the aggregate, will influence the economic decisions of users made on the basis of these financial statements.

As part of an audit in accordance with ISA standards, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition:

- We identify and assess the risks of material misstatement of the 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 failing to detect a material misstatement caused by fraud is higher than that of failing to detect a material misstatement caused by error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the circumvention of internal controls.
- We understand the internal control relevant to the audit to determine the appropriate audit procedures in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern principle and determine, based on the audit evidence obtained, whether there is a material uncertainty regarding events or conditions that could cast significant doubt on the Company's ability to continue as a going concern. If we conclude that there is a material uncertainty, we must draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, we must modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease operations on a going concern basis.
- We evaluate the presentation, structure, and overall content of the financial statements, including the disclosures, and the extent to which the financial statements reflect the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned objectives and timing of the audit, as well as significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Reporting on Information Other Than the Financial Statements and Our Audit Report Thereon

In addition to our reporting responsibilities under ISAs and described in the "Other Information" section regarding the Management Report, we have read the Management Report and report the following:

- a) In the Management Report, we have not identified any information that is not consistent, in all material respects, with the information presented in the financial statements as at 31 December 2025, attached hereto;
- b) The Management Report identified above includes, in all material respects, the information required by Order of the Minister of Public Finance no. 1802/2014, as amended, paragraphs 489–492;

- c) Based on our knowledge and understanding obtained during the audit of the financial statements prepared as of 31 December 2025, regarding the Company and its environment, we have not identified any material misstatements in the Management Report.

On behalf of,
Ernst & Young Assurance Services SRL
15-17 Ion Mihalache Avenue, 21st floor,
Bucharest, Romania
Registered with the electronic Public
Register with no. FA77

*[Authority for Public Oversight of
Statutory Audit Activity (ASPAAS) //
Audit firm: ERNST & YOUNG
ASSURANCE SERVICES S.R.L //
Electronic Public Register: FA77]*

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Name of the Auditor/Partner: Verona
Cojocaru
Registered with the electronic Public
Register with no. AF1568

*[Authority for Public Oversight of
Statutory Audit Activity (ASPAAS) //
Financial Auditor: Cojocaru Iuliana
Verona // Electronic Public Register:
AF1568]*

Bucharest, Romania
19 May 2026

MANAGEMENT REPORT

On the activities of NETCITY TELECOM SA for the financial year ended 31 December 2025

1. Information about the company

NETCITY TELECOM SA, with its registered office in Bucharest, 159 Plevnei Road, Business Garden Bucharest, Building C, 1st Floor, District 6, having Unique Registration Code 22902080 and Trade Register number J2007023190402, is a company with fully private domestic and foreign capital and was established in 2007. Its principal business activity consists of telecommunications services via cable networks.

The financial statements have been prepared in accordance with Accounting Law No. 82/1991 and the provisions of Order of the Minister of Public Finance No. 1802/2014, as subsequently amended, for the approval of accounting regulations in line with European directives.

During 2025, the obligations set out in the Accounting Law No. 82/1991 and OMF No. 1802/2014 regarding the proper and up-to-date organisation and management of accounts were complied with. Furthermore, the principles of accounting (prudence, consistency of methods, going concern, the principle of valuation at acquisition cost or production cost, the immutability of the opening balance sheet, the separate valuation of assets and liabilities, non-offsetting, accrual basis accounting, the recognition and presentation of items in the financial statements taking into account the economic substance of the transaction or commitment in question, and the materiality threshold) were observed, as were the accounting rules and methods provided for by the regulations in force and the rules for the preparation of financial statements.

On 22 December 2021, Direct One entered into an agreement to sell 49% of the shares held in Netcity Telecom to MERIDIAM EASTERN EUROPE IV A SAS, a company based in France.

On 27 January 2025, Direct One SA transferred to MERIDIAM EASTERN EUROPE IV A SAS a 31% stake in Netcity Telecom SA. Following this transaction, Meridiam holds 80% of the share capital of Netcity Telecom SA. As part of this transaction, 31% of the loan amount and accrued interest (totalling EUR 7,902,096, of which EUR 6,380,089 was the loan amount) was transferred free of charge by Direct One to MERIDIAM EASTERN EUROPE IV A SAS.

The shareholding structure as at 31 December 2025 is as follows:

Shareholders	Shares	Percentage
Direct One SA	102,070	20.00%
MERIDIAM EASTERN EUROPE IV A SAS	408,284	80.00%
Total	510,354	100

The shareholding structure as at 31 December 2024 was as follows:

Shareholders	Shares	Percentage
Direct One SA	260,280	51.00%
MERIDIAM EASTERN EUROPE IV A SAS	250,074	49.00%
Total	510,354	100

During 2025, in accordance with the Resolution of the General Meeting of Shareholders dated 22 December 2021, the company is managed under a dualistic system, by a Management Board and a Supervisory Board. The Management Board consists of 3 directors, as follows:

SURNAME AND FIRST NAME	POSITION
Adrian Vasile Racasan	Chief Executive Officer and Chairman of the Management Board
Cristian Mircea Osadczuk	Manager
Tiberius Ionut Popa	Manager

2. Company Performance

The annual financial statements have been prepared on the basis of the trial balance of the summary accounts, reconciled with the analytical accounts.

Operating revenue for 2025 amounted to RON 88,436,136 (RON 143,214,910 in 2024), derived mainly from revenue from sales of production, amounting to RON 73,166,715 (RON 69,413,402 in 2024). Turnover in 2025 is RON 73,167,058 (RON 69,552,284 in 2024).

The company generates revenue from the leasing of the Netcity Network, based on the length of the transmission pipeline and the number of leased connections.

The expenses associated with this revenue total RON 44,882,376 (RON 98,918,976 in 2024), and consist of:

Expense items	2024	2025
Costs of raw materials and supplies	413,868	656,308
Other material expenses	52,492	28,519
Costs relating to goods	49,844	233
Utility expenses	34,119	37,972
Salaries and social security contributions	7,220,664	7,507,045
Depreciation	11,551,512	13,995,349
Adjustments to current assets and risk provisions	0	592,288
Other operating expenses	79,596,477	22,064,662

The operating result was positive, with a profit of RON 43,553,760 (RON 44,295,934 in 2024).

Financial income amounted to RON 1,957,491 (634,968 in 2024), whilst financial expenses totalled RON 31,519,551 (RON 20,873,972 in 2024). Consequently, financial activities resulted in a loss of RON 29,562,060 (RON 20,239,004 in 2024).

The gross profit for the financial year as at 31 December 2025 was RON 13,991,700 (RON 24,056,930 in 2024), which was derived as follows:

- Operating profit : RON 43,553,760 (RON 44,295,934 in 2024)
- Loss from financial activities : RON 29,562,060 (RON 20,239,004 in 2024)

Income tax for the year 2025 was RON 587,018 (RON 2,275,527 in 2024).

The main balance sheet items are:

Balance sheet items – RON	31 December 2024	31 December 2025
Fixed assets	421,088,254	418,635,339
Inventories	245,200	166,494
Receivables	7,408,018	6,150,476
Cash and bank balances	11,070,432	24,488,566
Prepaid expenses	17,855,760	16,900,254
Liabilities due within one year	30,663,125	28,354,533
Liabilities due in more than one year	342,232,549	366,808,767
Paid-up subscribed capital	5,103,540	5,103,540
Statutory reserves	2,304,572	2,304,572
Retained earnings	54,599,752	49,233,565
Profit for the year	21,781,403	13,404,682

Fixed assets include the value of the Netcity Infrastructure, representing the underground fibre-optic network of Bucharest Municipality, built, managed and operated to meet users' needs to establish electronic communications networks, and which may be utilised by any interested user.

Its development has been gradual, with the city divided into areas comprising streets and/or boulevards, along which sections of ducting have been laid. All the sections belonging to a given area have been designated as functional loops. Within the functional loops, Netcity leases ducts to operators, in which they install their fibre-optic cables.

Initially, efforts focused on constructing sections along the main boulevards and streets, the pace being dictated by the obligations arising from the partnership with Bucharest City Hall, with the aim of subsequently extending into the interior of the existing loops, on secondary streets, by creating fibre optic distribution and access networks, known as FTTB Areas, in certain areas deemed to be of interest.

In the FTTB (Fibre To The Building) Areas, both fibre-optic cable and conduit are provided up to the building where the telecommunications operators' end-users are located. Currently, the network has a total length of approximately 3,043 km, enabling connections to be provided to over 60,000 buildings.

Once the construction of a loop is completed, the loop becomes active and can be used by telecommunications operators upon the signing of a Handover Report between Netcity and Bucharest City Hall.

The following items are included in the receivables category:

Name	31 December 2024	31 December 2025	Maturity	
			Less than 1 year	Over 1 year
Trade receivables				
Customers	7,290,644	7,637,105	7,637,105	-
Value adjustments for trade receivables	(1,701,565)	(2,293,853)	(2,293,853)	-
Trade receivables, net	5,589,079	5,343,252	5,343,252	-
Advances to suppliers for services rendered and work carried out	2,157	7,035	7,035	-
Total trade receivables	5,591,236	5,350,287	5,350,287	-
Other receivables				
VAT not yet due	572,222	4,337	4,337	-
Other receivables	75,317	102,711	102,711	-
Total other receivables	647,539	107,048	107,048	-
Total trade and other receivables	6,238,775	5,457,335	5,457,335	-

The Liabilities category includes the following items:

Description	Maturity			
	31 December 2024	31 December 2025	Less than 1 year	Over 1 year
Trade payables – third-party suppliers	546,222	545,777	545,777	-
Amounts due to affiliated entities	131,083,727	143,493,951	525,984	142,967,967
Suppliers – outstanding invoices	63,772	152,672	152,672	-
Customers Creditors	38,388	54,782	54,782	-
Total trade payables	131,732,109	144,247,182	1,279,215	142,967,967
Bank loans in foreign currency	214,723,964	229,153,269	5,408,017	223,745,252
Amounts due to affiliated entities – performance bonds	11,061,274	5,478,190	5,397,553	80,637
Amounts due to third-party suppliers – performance bonds	305,175	14,911	-	14,911
Payables to staff	568,586	790,399	790,399	-
Payroll taxes	274,463	277,876	277,876	-
Other taxes to the state budget and local budgets	1,443,487	1,501,964	1,501,964	-
Other liabilities	12,786,616	13,699,509	13,699,509	-
Total other liabilities	241,163,565	250,916,118	27,075,318	223,840,800
Total	372,895,674	395,163,300	28,354,533	366,808,767

The share capital recorded as at 31 December 2025 is RON 5,103,540 (RON 31 December 2024: 5,103,540) and is fully paid up. In 2025, the company made a profit of RON 13,404,682 (RON 21,781,403 in 2024).

Income tax, VAT, duties, taxes, contributions and special funds relating to salaries were calculated and paid in accordance with the tax legislation in force. All tax, duty and contribution returns were submitted to the state authorities within the statutory deadlines.

3. Key financial performance indicators, environmental and personnel matters

Presentation of economic and financial indicators:

	2024	2025
I Liquidity indicators		
Current liquidity ratio		
Current assets (A)	18,723,650	30,805,536
Current liabilities (B)	30,663,125	28,354,533
A/B – number of times	0.61	1.09
Quick ratio (acid test)		
Current assets (A)	18,723,650	30,805,536
Inventories (B)	245,200	166,494
Current liabilities (C)	30,663,125	28,354,533
(A-B)/C – in times	0.60	1.08
II Activity ratios		
Customer receivables turnover		
Average customer balance (A)	5,403,334	5,470,534
Turnover (B)	69,552,284	73,167,058
(A)/(B) x 365 in number of days	28	27
Supplier credit turnover		

Average trade(A)	849,474	654,223
Turnover (B)	69,552,284	73,167,058
(A)/(B) x 365 in number of days	4	3

Fixed asset turnover		
Turnover (A)	69,552,284	73,167,058
Fixed assets (B)	421,088,254	418,635,339
(A)/(B) in number of times	0.17	0.17

Total asset turnover		
Turnover (A)	69,552,284	73,167,058
Total assets (B)	457,667,664	466,341,129
(A)/(B) in number of times	0.15	0.16

Debt ratio		
Borrowed capital (A)	317,095,404	337,967,787
Equity (B)	83,789,267	70,046,359
A/B * 100	378.44	482.49

Interest coverage ratio		
Profit before interest and income tax (A)	44,327,307	35,086,057
Interest expense (B)	20,270,377	21,094,357
A/B – number of times	2.19	1.66

IV Profitability ratios

Return on capital employed		
Profit before interest and income tax (A)	44,327,307	35,086,057
Total assets minus current liabilities (B)	426,910,322	437,893,629
A/B	0.10	0.08

Gross profit margin		
Gross profit on sales (A)	44,295,934	43,553,760
Net turnover (B)	69,552,284	73,167,058
A/B	0.64	0.60

Earnings per share		
Profit for the financial (A)	21,781,403	13,404,682
Number of shares (B)	510,354	510,354
A/B	42.68	26.27

Environmental issues

Romania is currently undergoing a period of rapid harmonisation of environmental legislation with current European legislation. The Company does not consider future costs associated with environmental issues (pollution) to be significant and, as a result, has not recorded any provision for anticipated costs, including statutory and consultancy fees, studies, design and implementation of plans to remedy environmental issues.

Staff-related matters

As at 31 December 2025, the Company had no obligation to pay pensions to former members of the Board of Directors and executive management, and had not recorded any advances payable to members of the management board and the

supervisory board'. Furthermore, there were no loans granted by the Company to directors, nor were there any guarantees or future obligations assumed by the Company on behalf of the directors or managers.

The average number of the Company's employees for 2025 was 32 (for 2024, the average number of employees was 30), and the actual number at the end of 2025 was 36 (35 at the end of 2024). The structure of the Company's workforce at the end of 2025 is as follows:

Department	Average number of employees	Average number of employees
	31 December 2024	31 December 2025
Operations and Maintenance Department	16	16
Sales department	1	2
Planning & Design	6	5
Finance and Accounting Department	2	2
Other	5	7
Total	30	32

Expenditure on salaries paid to employees in 2025 amounted to RON 7,507,045 (RON 7,220,664 in 2024), with social security contributions and pension fund contributions included in this figure. In 2025, expenditure on social security contributions amounted to RON 170,326 (2024: RON 176,246).

4. Forecast development of the Company

The financial statements as at 31 December 2025 have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future. To assess the applicability of this assumption, management analyses forecasts of future cash inflows. Based on these analyses, management considers that the Company will be able to continue as a going concern in the foreseeable future and, therefore, the application of the going concern principle in the preparation of the financial statements is justified.

The nature of the Company's business may result in unpredictable fluctuations in future cash inflows.

As at 31 December 2025, the Company recorded a profit of RON 13,404,682 (RON 21,781,403 as at 31 December 2024). Furthermore, as at 31 December 2025, the Company had current liabilities of RON 28,354,533 (RON 30,663,125 as at 31 December 2024) and current assets amount to RON 30,805,536 (RON 18,723,650 as at 31 December 2024). This is mainly due to significant investments in the Netcity network, which were financed both through loans and from the Company's own resources. Also included in current liabilities as at 31 December 2025 is the amount owed to UTI Group. In February 2019, the company's management sent a notice to UTI regarding the failure to meet the conditions of the Sale and Purchase Agreement, which resulted in the payment of this deferred amount.

The company's management considers that there are no risks regarding the Company's ability to continue as a going concern, risks that could arise from the disputes concerning the ANCOM Notice (see the 'Litigation' section below) or the Competition Council's investigation (see the 'Litigation' section below). Furthermore, the company's management believes that its operating activities will generate sufficient cash to enable it to cover its current liabilities as they fall due.

For 2026, Netcity Telecom SA's objectives are to continue developing the metropolitan network in accordance with the concession agreement, with the aim of increasing the network's length by approximately 0.5%, maximising revenue and improving operational efficiency, thereby positively impacting financial indicators.

Our short- and medium-term strategic objectives include:

- Acquiring new customers from the public sector and small business segment
- Identifying new sources of revenue (value-added services, market segmentation) and developing new products
- Increasing the organisation's capacity in the areas of operational processes, reporting and control
- Increasing the Netcity brand's visibility.

Litigation

By Decision No. 108 of 6 March 2008, the General Council of Bucharest Municipality (hereinafter “CGMB”) approved the public works concession contract under a public-private partnership between Bucharest Municipality, as grantor, and Concesiune Telecom SRL (as successor following a demerger of UTI GRUP SA (hereinafter “UTI”) and Netcity Telecom SA (hereinafter “Netcity”), as concessionaire. The subject matter of the concession contract is “the exclusive concession by the grantor to the concessionaire of the works for the construction and administration of the Netcity Network”.

On 2 June 2008, Public Works Concession Contract No. 4390 was concluded for the construction of the “Bucharest Metropolitan Fibre-Optic Network for Telecommunications – Netcity” between the Municipality of Bucharest, through the Mayor, on the one hand, and UTI SYSTEM SA and Netcity Telecom, on the other. Consequently, at the end of 2008, Netcity began entering into contracts with providers of electronic communications services and networks with a view to introducing their cables into the completed backbone network, establishing connections to buildings and managing them.

In October 2012, Law No. 154/2012 on the regime governing electronic communications network infrastructure came into force. The provisions of this law establish the legal framework within which the installation, maintenance, replacement or relocation of electronic communications networks or the infrastructure elements necessary to support them will be carried out.

During 2012, Bucharest City Hall notified the National Authority for Communications Administration and Regulation (‘ANCOM’) that the Company may fall within the scope of Law No. 154/2012. As a result of this notification, ANCOM issued an Opinion in May 2013 regulating the methodology for determining the prices relating to the operation of the Netcity network.

Between June and July 2013, Netcity and the Municipality of Bucharest brought legal proceedings against ANCOM seeking the suspension and annulment of ANCOM’s opinion. All these claims were consolidated into a single case, in which the court issued a judgment dismissing the claims, not because it had found the notice to be lawful, but because it considered that the ANCOM notice did not constitute an administrative act, representing merely a preliminary administrative step prior to the issuance of an administrative act, and therefore could not be the subject of judicial review of its legality. Since the court dismissed the main claim seeking the annulment of the ANCOM opinion, the alternative claim made by some operators was in turn dismissed as having become moot.

In July 2016, a new law (“Law 159/2016”) was adopted, replacing Law 154/2012 and regulating the regime governing the physical infrastructure of electronic communications networks, which establishes a series of measures to reduce the cost of installing electronic communications networks.

In December 2016, the Company received a communication from ANCOM, notifying it that the ANCOM opinion issued in 2013 had not been implemented within 90 days of the date of the new law’s enactment and that, pursuant to the provisions of Law 159/2016, the technical and economic conditions for access by electronic communications network providers to the physical infrastructure would be established and imposed.

Based on the provisions of the new law, ANCOM issued Decision No. 40 of 14 January 2019 (ANCOM Decision) to establish and impose the technical and economic conditions under which access is granted to the physical infrastructure built by Netcity Telecom SA under Concession Agreement No. 4390 of 2 June 2008 concluded with the Municipality of Bucharest, which was communicated to Netcity on 15 January 2019. The decision is applicable from 17 March 2019 and has no retroactive effect.

Annulment of administrative act ANCOM Decision No. 40/14 January 2019 (case No. 910/2/2019). Netcity challenged the ANCOM Decision within the statutory time limit, on 15 February 2019, bringing an action for annulment against this decision, registered with the Bucharest Court of Appeal, in which it sought, in opposition to ANCOM, the annulment of this administrative act. Furthermore, on the same date (), Netcity filed an application with the Bucharest Court of Appeal

for a stay of execution of the ANCOM Decision, pending the final resolution of the application for the annulment of the administrative act.

The application for annulment filed by Netcity against ANCOM, in which a number of operators intervened (Prime Telecom S.R.L., RCS&RDS S.R.L., the National Association of Internet Service Providers in Romania – ANISP, the Interlan Association, the Association of Mobile Operators in Romania – AOMR, Interlan Internet Exchange S.R.L., Ines Group S.R.L., GTS Telecom S.R.L.) was dismissed by the court of first instance as unfounded. Furthermore, the main applications to intervene were dismissed as unfounded, whilst the ancillary applications to intervene in favour of ANCOM were granted. The court's judgment may be appealed within 15 days of notification. The judgment was notified at the end of December 2025. Netcity lodged an appeal within the statutory time limit in January 2026. Ines lodged a cross-appeal in this case in March 2026. Netcity filed a response on 25 March 2026. The hearing date for the appeal was set for 23 September 2026.

Annulment of administrative act Decision No. 40/14 January 2019 and of the preliminary acts issued by ANCOM (case No. 913/2/2019). Separately, the Municipality of Bucharest, through the General City Hall, filed on 15 February 2019, individually, similar actions against the ANCOM Decision. The application by the Municipality of Bucharest seeking the annulment of Decision 40/2019 issued by ANCOM was joined to the application filed by Netcity, which had the same subject matter, namely the annulment of the decision issued by ANCOM.

Consequently, this application was also dismissed by the court of first instance as unfounded. The Municipality of Bucharest lodged an appeal following the notification of the decision in December 2025 (see above for the status of the joined case).

With regard to the applications for suspension of the enforcement of the ANCOM Decision, pending the final resolution of the application for the annulment of the administrative act, initially filed by both Netcity and the Municipality of Bucharest, these have been definitively dismissed by the High Court of Cassation and Justice.

In connection with the above, the Municipality of Bucharest and the Company are involved in several disputes arising from claims made by some of the Company's customers, seeking: i) the annulment of the initial decision by the General Council of the Municipality of Bucharest approving the Concession Agreement, and/or the Concession Agreement itself, ii) the amendment of the initial decision issued by the General Council of the Municipality of Bucharest approving the Concession Agreement or the amendment of the Concession Agreement through the issuance of an administrative act incorporating the technical and economic conditions set out in the ANCOM Opinion, as well as iii) the cancellation of certain clauses in customer contracts that are not in accordance with the ANCOM Opinion, as well as the refund of the difference between the contractual tariffs and those provided for in the ANCOM Opinion for the period following the issuance of the ANCOM Opinion.

Of these, as at the date of these financial statements, two cases are still pending:

- (i) A claim for damages brought by Allnet Telecom (case no. 38523/3/2016), in which it sought damages from Bucharest City Hall as a result of the harm caused by the refusal to issue and implement the administrative act regulating the technical and economic conditions under which providers of electronic communications networks gain access to the metropolitan fibre-optic network infrastructure of Bucharest "Netcity". This case, initially suspended, in which Netcity Telecom is an intervener, was reinstated, with a hearing scheduled for 5 May 2022, at which the court dismissed the appeal against the suspension order; the case remains suspended until the resolution of the second dispute below.
- (ii) Action for a declaration of the nullity of certain contractual clauses, with the consequence of restoring the parties to their previous position, including the payment of damages representing sums deemed to have been unlawfully charged (case no. 2337/3/2017). In this case, Netcity Telecom is the defendant. The case was stayed at the appeal stage (the action having been dismissed at first instance) pending the resolution of the two cases seeking the annulment of the Competition Council's decision, namely case nos. 2741/2/2020 and 2041/2/2020. The court's decision in case no. 2741/2/2020 is final, the court having taken note of the claimant's (Ines) withdrawal of the claim. The court's decision to dismiss the action brought by the claimant (Interlan) became final on 5 December

2025, as no appeal was lodged in cases and 2041/2/2020. We intend to apply for the reinstatement of this case in order to establish that it has lapsed.

Action for damages brought by Interlan against Netcity (Case No. 2520/3/2022). Interlan is seeking payment in RON of the sum of EUR 105,541.88, a provisionally estimated amount, representing an alleged loss suffered as a result of the abuse of a dominant position committed by Netcity and established by Decision No. 93 of 16 December 2019 of the Competition Council, and that Netcity Telecom be ordered to pay statutory penalty interest in the amount of RON 107,002.70 on the principal sum mentioned above, a provisionally estimated sum, calculated from the date the damage occurred until the date the claim was filed, and continuing until the full and effective recovery of the damage. In response to the claimant's claims, Netcity Telecom filed a defence. At the first hearing, Netcity Telecom filed a confidentiality application, which was granted in full by the court. Among the evidence admitted by the court in this case is an expert report whose main objective is to calculate the difference between the price paid by the claimant during the period 10.02.2011 – 11.04.2019 and the price that would have been payable had the abuse of a dominant position not occurred, as well as the calculation of the statutory interest on this debt.

The expert report in this case was challenged by the claimant on the grounds that it had not taken into account all the issues raised, concluding that no loss had been incurred. In view of the claimant's arguments, the court ordered a new expert report to be carried out.

The next hearing in this case, scheduled for the appointment of a new expert to prepare the expert report, was set for 22.05.2025. The new expert report was admitted by the court at the hearing on 5 March 2026. Netcity raised objections to this report.

At this hearing, the court reserved its judgment on the merits until 19 March 2026. Netcity submitted its written submissions on 17 March 2026. On 19 March 2026, the court adjourned the hearing until 2 April 2026. The court subsequently adjourned the hearing again, with the new date set for 21 May 2026.

In early 2023, Bucharest City Council requested Netcity Telecom to provide its views on the court's request to submit to the case file (initiated by a Netcity Telecom customer against Bucharest City Council) a series of documents such as the Concession Agreement in its entirety and the Phase II Feasibility Study carried out by KPMG for the Netcity project. Considering it to be in its own interest, in order to protect information deemed confidential, the Company deemed it appropriate to intervene in this case to have the opportunity to defend its position. Following Netcity Telecom's request, the documents were submitted to the court's classified information department, with the parties having no access to them. At the hearing scheduled for 23 March 2023, the court admitted in principle the application for intervention filed by Netcity Telecom. At the hearing on 11 May 2023, the court reserved its decision and, requiring time to deliberate, successively adjourned the pronouncement until 30 June 2023, when it dismissed the claim as unfounded and granted the application for incidental intervention filed by Netcity Telecom. The judgment was appealed by the claimant, who subsequently filed a request with the Bucharest Court of Appeal to withdraw the appeal. At the hearing on 31 October 2024, the court took note of the appellant's request to withdraw the appeal, and the case was definitively closed.

ANCOM's future actions following the enactment of Law No. 159/2016, as well as the outcomes of the disputes outlined above, cannot be predicted and may have a significant impact on the deadlines set out in the concession agreement.

At the end of 2019, UTI Netcity Investment BV and UTI Grup SA brought an action against Netcity based on the provisions of the provisions of the contract for the sale-purchase of Netcity shares (SPA), seeking an order requiring Netcity to pay the sum of EUR 1,000,000 (equivalent in RON), representing the price difference, and the sum of EUR 45,699, representing penalty interest up to the date the action was brought and subsequently until the date of actual payment. This claim was upheld by the court of first instance, with Netcity being ordered to pay the sums claimed to the plaintiffs. Netcity lodged an appeal against this judgment. On 22 April 2021, the court delivered its judgment upholding the appeal and amending the appealed civil judgment to the effect that it dismissed the claim as unfounded. It also ordered the respondent claimant, Uti Netcity Investment BV, to pay the appellant defendant the sum of RON 30,665.18 in respect of appeal costs and the sum of RON 2.82 in respect of appeal costs. On 20 January 2022, UTI Grup, and UTI BV lodged an appeal. The

appeal was served and Netcity filed a response to the appeal. On 3 May 2022, the court delivered the following judgment: it dismissed as unfounded the appeal lodged by the appellants-claimants UTI Grup S.A. and UTI Netcity Investment BV against Civil Decision No. 739A of 22 April 2021, delivered by the Bucharest Court of Appeal – Sixth Civil Division. It ordered the appellants-claimants jointly and severally to pay the respondent-defendant Netcity Telecom legal costs amounting to RON 7,683.92. The decision is final, which means that Netcity may withhold the deferred payment of EUR 1,000,000 until the final resolution of the case concerning the action brought by Netcity Telecom against Uti Grup S.A. and Uti Netcity Investment BV (No. 6892/3/2021).

In turn, Netcity Telecom has filed a claim against Uti Grup S.A. and Uti Netcity Investment BV (No. 6892/3/2021) seeking an order requiring the Defendants to pay Netcity the sum of EUR 2,386.492, representing the loss incurred during 2019 pursuant to clauses 7.2.5, 7.2.1(u) and 10.3 of the share purchase agreement dated 26 August 2016, plus legal costs. The defendants filed a statement of defence, which was served on Netcity for a reply. On 16 March 2022, the court stayed proceedings in the case pending the final resolution of the action for annulment brought by Netcity against ANCOM Decision No. 40 of 14 January 2019 establishing and imposing the technical and economic conditions under which access to the physical infrastructure built by Netcity is provided. The case remains suspended.

Furthermore, the Company has initiated a series of proceedings to recover outstanding debts owed by certain customers; in this regard, one such dispute against one of these customers is currently pending.

The Company's management considers that it has taken and will continue to take all necessary steps to ensure the Company's continued operations and that, as at the date of the financial statements, the management has no intention and no indication regarding the termination of the Concession Agreement in the foreseeable future. Furthermore, the Company's management has no information to suggest that the aforementioned disputes will have a negative impact on the Company's future operations and business model in the foreseeable future.

These aforementioned disputes are ongoing as at the date of the financial statements. The Company's management considers that it is most likely that it will not have any future payment obligations as a result of the disputes mentioned above and, therefore, has not recognised provisions for risks and expenses in the financial statements.

Competition Council Investigation

In April 2016, following a complaint lodged by a customer (INES), which was initially rejected by the Competition Council but subsequently upheld by the court, the President of the Competition Council issued an Order to Commence a new investigation into the Company and the Bucharest City Hall. The investigation was launched with the aim of verifying the complaint received regarding a possible breach of the Competition Law as follows:

- (i) Netcity Telecom has a possible dominant position in the market and may be abusing that dominant position to the detriment of the market.
- (ii) The Bucharest City Council has not implemented the ANCOM Opinion.

The investigation was concluded on 16 October 2019, with the Competition Council's investigation team issuing its report on the investigation. Following discussions with the Competition Council and completion of the legal procedure, the Company agreed to the closure of the investigation through a procedure of acknowledgement regarding commercial practices that no longer existed at the time of the investigation's completion, as a result of which the fine imposed was reduced to RON 2,183,551.85 (4.62% of the turnover for 2018), payable within 30 days of the date of issue of the penalty decision. The decision was drafted by the Competition Council and communicated to Netcity on 14 April 2020. The company set aside a provision of RON 2,183,552 as at 31 December 2019 and, during 2020, obtained a 12-month payment plan for the fine. During 2021, the company paid the fine in full, in accordance with the agreed payment schedule.

During 2020, some of the company's clients filed applications seeking the annulment of the Competition Council's decision, in respect of which two cases were registered with the Bucharest Court of Appeal, in which the Company was also named as a party. In one of these cases, the claimant withdrew the claim, filing a motion to intervene in the other

case, in which the court ruled both on the claims made and on the defences raised by the parties. In this dispute, the court delivered its judgment, namely: dismissing the claim as inadmissible; admitting the application to intervene as a third party; and ordering the claimant to pay the costs of the proceedings in favour of Netcity Telecom. In this case, one of the appellants lodged an appeal, which was heard by the High Court of Cassation and Justice; the High Court upheld the appeal and referred the case back to the Bucharest Court of Appeal for retrial, which in turn dismissed the claim as unfounded. The judgment was communicated in writing on 13.11.2025 and became final by default on 05.12.2025.

At the date of approval of these financial statements, the Company is unable to estimate the outcome of the above-mentioned disputes or the occurrence of any other potential disputes, nor can it quantify the claims that might arise therefrom. The Company's management considers that it is most likely that it will have no future payment obligations arising from the disputes mentioned above and, therefore, has not recognised provisions for risks and expenses in the financial statements.

5. Risks and uncertainties

The main risks to which the Company is exposed and the policies applied are detailed below.

Market risk

The Romanian economy is still in transition, and there is potential uncertainty regarding the direction of policy and, in particular, future economic development. Management cannot predict the changes that will occur in Romania and their effects on the Company's financial position, operating results and cash flows.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to the variable-rate long-term loans it has taken out. The Company's management periodically reviews its interest payable position and continuously monitors potential risks.

Liquidity risk

The Company's policy is to maintain sufficient liquidity to meet its obligations as they fall due.

Credit risk

In the course of its business, the Company is exposed to credit risk, particularly due to trade receivables. Management closely monitors exposure to credit risk. Furthermore, receivable balances are monitored on an ongoing basis, resulting in an insignificant exposure to the risk of bad debts.

Foreign exchange risk

With the exception of loans in EUR included in the 'Bank loans in foreign currency' category presented above, the Company does not carry out significant transactions in foreign currency. Management does not consider foreign exchange risk to be significant but monitors exchange rate fluctuations to secure a favourable exchange rate for the Company.

Internal Control

During the financial year ended, the company paid particular attention to the entity's internal control in order to ensure:

- monitoring the implementation of decisions taken by the entity's management, through regular management meetings to assess the degree of implementation of previously adopted measures
- compliance with current legislation, through the development of internal procedures and the involvement of all specialist departments – financial, legal and operational – in the analysis preceding strategic decision-making
- the smooth running and streamlining of internal processes, through the implementation of a new integrated software system capable of improving the planning, execution, monitoring and reporting of the company's processes

Internal control applies throughout the entity's operations, as follows:

- prior to the execution of operations, during the budget preparation process, which subsequently enables budget monitoring and control;

- during operations, to determine the percentage of physical completion of work in progress and to base future decisions regarding operational activity on the determined level;
- after the completion of operations, in which case the verification is intended, for example, to analyse the profitability of operations and to establish compliance or identify any anomalies that need to be corrected. This aspect is monitored by the company on a monthly basis through specialised departments.

Internal control is based on:

- a clear definition of interdepartmental responsibilities, adequate resources and procedures, reporting methods and systems, and appropriate tools and practices;
- the internal dissemination of relevant, reliable information, knowledge of which enables everyone to fulfil their responsibilities;
- appropriate control activities for each process, designed to mitigate risks likely to affect the achievement of the entity's objectives;

Subsequent events

At the end of February 2026, a significant geopolitical event took place in the Middle East, leading to heightened regional tensions and increased uncertainty.

As a result, there was a significant increase in market volatility, as well as fluctuations in energy, oil and gas prices. Inflationary pressures are expected to intensify, along with disruptions to global supply chains and a slowdown in economic growth.

The Company has no direct exposure to significant affiliates and/or customers or suppliers in the affected region. However, the impact on the general economic situation in the country and in Europe may require a review of certain assumptions and estimates. This may lead, in the next financial year, to significant adjustments to the carrying amounts of certain assets and liabilities. The longer-term impact of the aforementioned events may affect business volumes, cash flows and profitability.

The Company considers these events to be post-balance sheet events that do not require an adjustment to the balance sheet, the quantitative effect of which cannot be estimated with sufficient certainty at the date of authorisation for the issue of these separate financial statements.

There are no other subsequent events that require disclosure in the financial statements or an adjustment to them.

Chief Executive Officer/Chairman of the Board

Racasan Vasile Adrian [illegible signature]

Chief Financial Officer

Cristian Osadczuk [illegible signature]

Manager

Cristian Osadczuk [illegible signature]

Manager

Tiberius Popa [illegible signature]

The undersigned, Carmen-Maria Mateescu, sworn interpreter and translator for the English and German languages by virtue of license no. 4678 from 18 June 2001 issued by the Ministry of Justice from Romania, certify the accuracy of the translation performed from the Romanian language into the English language, that the presented text was fully translated with no omissions and that by the translation was not distorted the content and meaning of the deed.

SWORN TRANSLATOR AND INTERPRETER

