gen-i ANNUAL REPORT **2023**

ANNUAL REPORT OF THE GEN-I GROUP
AND GEN-I, D.O.O.

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ABBREVIATIONS

AIB	Association of Issuing Bodies
AML/CFT	Anti-money laundering/combating the financing of terrorism
ARRS	Slovenian Research Agency
ARSO	Slovenian Environment Agency
B2B	Business-to-business
B2C	Business-to-customer
B2G	Business-to-government
CBAM	Carbon Border Adjustment Mechanism
CCS	Carbon capture and storage
CEE	Central and Eastern Europe
CO_2	Carbon dioxide
CSEE	Central and Southeastern Europe
CSRD	Corporate Sustainability Reporting Directive
CWE	Central and Western Europe
VAT	Value added tax
DPIA	Data Protection Impact Assessment
EECS	European Energy Certificate System
SES	Slovenian electricity system
EFET	European Federation of Energy Traders
FTE	Full-time equivalent
ESG	Environment, Social, Governance
ETRM	Energy trading and risk management
EU	European Union
FED	Federal Reserve (American central bank)
GDPR	General Data Protection Regulation
GIC	Green Investment Committee
GRI	Global Reporting Initiative
GS	Global standards
GWP	Global warming potential
IJS-CEU	Jožef Stefan Institute, Centre for Energy Efficiency
IPCC	Intergovernmental Panel on Climate Change
IRO	Impacts, risks, opportunities
ISDA	International Swaps and Derivatives Association
ISO	International Organization for Standardization
JRC	Joint Research Centre
CPC	Commission for the Prevention of Corruption
KYC	Know Your Customer
MEDT	Ministry of Economic Development and Technology
MtM	Market-to-market
NOAA	National Oceanic and Atmospheric Administration
NECP	National Energy and Climate Plan
NFRD	Non-Financial Reporting Directive
NPS	Net Promoter Score
NGO	Non-governmental organisation
IMF	International Monetary Fund
OKR	Objectives and key results
RES	Renewable (energy) sources
PDCA	Plan – Do – Check – Act
PDPZ	Voluntary additional pension insurance
PEP	Politically exposed person
GOI	Guarantee of origin
PPA	Power purchase agreement
SALS	Sales runner
SDG	Sustainable Development Goals
SDH	Slovenian Sovereign Holding (Slovenski državni holding)
SEPA	Single Euro Payments Area
SONDSEE	System operating instructions for the electricity distribution system
CHP	Cogeneration of heat and power
SURS	Statistical Office of the Republic of Slovenia
SVDEE	Department for Queries from Electricity Suppliers
GHG	Greenhouse gases
UPPD	Office for Money Laundering Prevention
PDP	Personal data protection
USA	United States of America
ZGD-1J	Companies Act (Zakon o gospodarskih družbah)
ZJN-3	Public Procurement Act (Zakon o javnem naročanju)
ZOEE	Electricity Supply Act (Zakon o oskrbi z električno energijo)
ZPPDFT-2	Prevention of Money Laundering and Terrorist Financing Act (Zakon o preprečevanju pranja denarja in financiranja terorizma)
ZUNPEOV	Introduction of Installations for the Generation of Electricity from Renewable Energy Sources Act (Zakon o uvajanju naprav za proizvodnjo električne energije iz obnovljivih virov energije)

HIGHLIGHTS OF GEN-I GROUP OPERATIONS

	UNIT	2023	2022	INDEX 2023/2022
ITEMS OF STATEMENT OF PROFIT OR LOSS				
Sales revenue	EUR	2,883,476,545	4,076,128,595	70.7
Change in value of inventories	EUR	–4,054,517	7,009,807	–57.8
Historical cost of goods sold	EUR	–2,712,300,956	–4,071,494,367	66.6
Other recurring operating income and expenses	EUR	–69,488,060	130,581,139	–53.2
Gross operating profit[1]	EUR	97,633,011	142,225,174	68.6
Earnings before interest, taxes, depreciation and amortisation (EBITDA)[2]	EUR	36,902,738	53,087,582	69.5
Earnings before interest and taxes (EBIT)	EUR	30,269,473	40,658,278	74.4
Net operating profit after tax (NOPAT)[3]	EUR	25,885,802	31,745,832	82.4
Net profit or loss	EUR	24,776,838	29,773,273	84.1
ITEMS OF STATEMENT OF FINANCIAL POSITION				
Total assets	EUR	556,963,707	603,085,620	92.4
Equity	EUR	209,156,906	192,381,891	108.9
Inventories	EUR	24,878,634	31,400,575	79.2
Current receivables	EUR	299,804,968	417,376,333	71.9
Current liabilities	EUR	255,167,375	294,502,310	86.6
Cash and cash equivalents	EUR	123,922,752	69,320,323	178.8
Working capital (inventories + current receivables - current liabilities)	EUR	69,516,227	154,274,599	45.2
Non-current financial liabilities	EUR	4,817,323	7,142,335	67.4
Current financial liabilities	EUR	54,261,346	106,720,101	50.8
Financial debt	EUR	59,078,669	113,862,436	51.9
Net financial debt	EUR	–64,844,083	44,542,113	–145.6
DEBT, LEVERAGE AND COVERAGE INDICATORS				
Equity/(financial debt + equity)	%	78.0	62.8	124.2
Equity/total assets	%	37.6	31.9	117.8
EBITDA/interest expense		10.3	22.9	45.1
Net financial debt/EBITDA[4]		–1.8	0.8	–209.4
PROFITABILITY INDICATORS				
Gross margin[5]	%	3.39	3.49	97.0
EBITDA margin	%	1.28	1.30	98.3
EBIT margin	%	1.05	1.00	105.2
ROA (net profit/average total assets)	%	4.27	5.51	78.3
ROE (net profit/average equity)	%	12.34	16.38	76.1

1. Gross operating profit = difference between sales revenue and sales expenses.
2. EBITDA = earnings before interest, taxes, depreciation and amortisation.
3. NOPAT = earnings before interest and taxes x (1 - effective tax rate).
4. Net financial debt/EBITDA = (non-current and current financial liabilities - cash and cash equivalents)/EBITDA.
5. Difference between sales revenues and expenses/sales revenues.

LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD

Dear partners, owners and employees,

The GEN-I Group's successful performance in 2023 was the result of the application of our values to our day-to-day business, and of the professionalism and dedication of every member of staff. All of these factors enabled us to overcome highly demanding conditions on energy markets. Although the global energy crisis lessened somewhat in comparison with 2022, last year still saw unpredictable conditions brought about by geopolitical developments, events on global energy markets, regulatory developments and general expectations regarding economic trends.

There were therefore fewer movements in energy prices in 2023, with electricity prices falling in the wake of a reduction in natural gas prices. Nevertheless, the consequences of some crisis measures on wholesale markets, which are having an adverse impact on trade, particularly on the markets of Southeastern Europe, can still be strongly felt. We are therefore proud that the GEN-I Group has been able to maintain its status as the leading electricity trader on these markets – a status that we are gradually complementing with the status of global player. Therefore, despite the general downward trend in trading volumes on energy exchanges as a result of the market shocks of 2022, the GEN-I Group managed to sell 88.3 TWh of energy products on wholesale markets in 2023, at the same time expanding its operations to newly established exchanges in the Western Balkans, putting trading infrastructure in place on new Western European markets, strengthening trade with guarantees of origin, and placing power purchase agreements to the fore.

We focused heavily, as always, on our end-consumers. Despite the easing of energy price pressures in 2023, prices remained above the average for the last ten years. We are therefore particularly proud of continuing the "Z manj do več" (Less is More) campaign in 2023 to raise households' awareness of how they might reduce their energy consumption, and show them, using various rewards for reduced consumption in the form of lower costs, that we can foster positive changes in energy consumption through common effort, and that everyone can contribute their share to strategically important global efforts to reduce energy consumption and ease the pressure on the environment in these difficult times.

For many people, circumstances were unimaginably difficult in 2023. Following the catastrophic floods and landslides in Slovenia in August 2023, we supplied electricity to those customers who suffered the most damage at the symbolic price of 0.1 cents per kWh. More widely, customers' well-being was also boosted last year with the continuing regulation of retail electricity and natural gas prices. As it is not possible in these circumstances to be competitive with one's offer to consumers, we were particularly pleased to be able to increase the GEN-I Group's share in the household consumption segment by a further 5%. We believe that this is chiefly the result of our reliability, which in turn comes from the resilience of our business.

Last year was also marked by a change of leadership at GEN-I, d.o.o. On 16 February, the two shareholders appointed new senior management for a five-year term of office. This new Management Board then set about drafting a reorganisation plan to further bolster those areas key to the stable and sustainable development of the company and of the GEN-I Group as a whole. As the business environment gradually stabilised in the course of the year, the new Management Board's vision enabled us to go full steam ahead with efforts towards even greater sustainable development at the GEN-I Group.

With the aim of helping to generate a green transition and boost our sustainable development, we continued to supply exclusively carbon-free electricity, paying particularly close attention to the development and introduction of sustainable energy technologies and services, particularly those connected with energy storage systems and communities. In 2023 we also installed 3,229 small solar power plants, our largest

number to date, which helped GEN-I SONCE d.o.o. to consolidate its 18% market share, the highest in Slovenia. Last year was also the first full year of operation of our largest solar power plant, which is located in North Macedonia and has a power output of 17 MW.

However, we did not address sustainable development, which has been an important part of GEN-I's business policy and strategy for many years, in environmental terms alone. Last year we enthusiastically embarked on an extensive and in-depth implementation of all sustainability (ESG) aspects, and refreshed and upgraded our sustainable business processes. We involved dedicated multidisciplinary working groups containing large numbers of professionals from all departments in the implementation process itself, proceeding from firmly established foundations that reflect our longstanding tradition of sustainable business. All this certainly had an important impact on the GEN-I Group's business results. Net sales revenue totalled EUR 2.88 billion in 2023, yielding a net profit of EUR 24.8 million. This is further confirmation of the fact that, in an unpredictable environment, we are able to operate in a stable way, with resilience and in line with expectations, all by carefully managing risks and committing ourselves to business excellence at every turn.

We can sum up the operations of the GEN-I Group last year with one word: resilience. We are convinced that our ability to respond swiftly to changes, control risks and stabilise operations, all of which are the result of this resilience, present an excellent basis for our future development.

I believe that you will also perceive that spirit of resilience and our vision of long-term sustainable development as you read through this annual report.

Maks Helbl
President of the Management Board

IN MEMORIAM

ANDREJA ZUPAN

It is with deepest regrets and profound sadness that we announce the passing away of Andreja Zupan, our dear colleague and first female member of the GEN-I, d.o.o. Management Board, in February 2024 following a serious illness. Andreja was part of GEN-I from the very beginning, in 2008. During this time she made a major contribution to the development of the GEN-I Group, particularly in the area of international trading, where she was trading director for several years. She was a member of the senior management of GEN-I, d.o.o. from 17 February 2023.

It was a privilege to know Andreja and an honour to be able to work with her and build GEN-I together. We will always treasure her professionalism, her endless and always inspirational positive energy, her exceptional proactivity and the high levels of performance she brought to her work. She will for all times represent one of the foundations of GEN-I.

We will miss her forever.

GEN-I Management Board and employees

BUSINESS REPORT **2023**

BUSINESS REPORT OF THE GEN-I GROUP AND GEN-I, D.O.O.

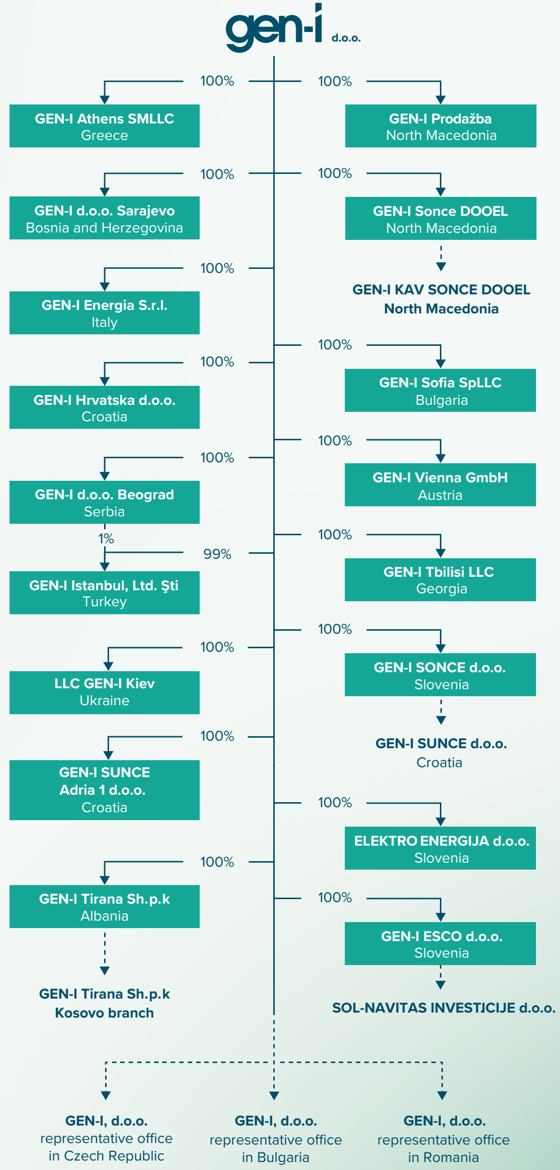
1 BUSINESS REPORT

1.1 About the Group

The GEN-I Group, which comprises GEN-I, d.o.o., its 17 subsidiaries and their subsidiaries, is one of the fastest-growing and most innovative players on the European energy market.

The Group operates in over 20 European markets, from France in the west to Turkey in the east. International activities are managed from Slovenia, from where we provide our subsidiaries with all necessary infrastructure needed to participate on local and international energy markets.

The GEN-I Group's two core activities are the wholesale and retail purchase and supply of electricity and natural gas on the market. It complements these activities by selling, supplying and installing solar power plants and other products designed to increase energy efficiency. We are keen to show that a green transformation achieved through the maximum possible use of renewable energy sources, smart and flexible networks and empowered, active consumers is not only essential, but also the best choice for a common energy future with a decarbonised energy system. As a socially responsible company, we will remain committed to seeking out solutions to climate, environmental and social challenges, thereby continuing our successful sustainability and sustainable development efforts.



1.

ANNUAL REPORT OF THE GEN-I GROUP AND GEN-I, D.O.O. 2023

Business Report

The core activities of the GEN-I Group are:

- supplying end-consumers with electricity and natural gas;
- trading in electricity and natural gas;
- purchasing electricity from large, RES and CHP producers;
- providing services of self-supply and energy efficiency for individuals and legal entities;
- providing advanced services to business partners and consumers;
- providing innovative products and services on the energy markets of Southeastern Europe.

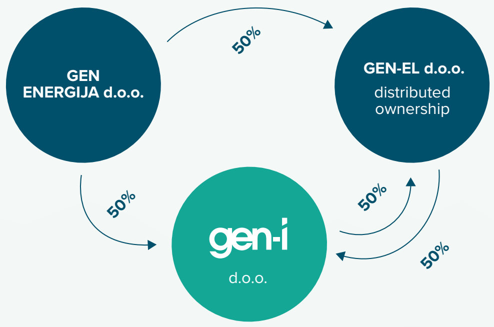
The GEN-I Group is maintaining its leading role as regional energy market trader, as well as that of leading supplier and promoter of the green transformation in Slovenia.

In the Slovenian market, our “Elektro energija” brand reinforces our tradition of supplying high-quality electricity.

1.1.1 OWNERSHIP OF THE PARENT COMPANY

GEN-I, d.o.o. has two shareholders: GEN energija d.o.o. and GEN-EL naložbe d.o.o., each of them holding a 50% participating interest.

GEN energija d.o.o. is 100% owned by the Slovenian state. There was a change to the ownership structure of GEN-EL naložbe d.o.o. in 2023, with ELEKTRO LJUBLJANA d.d. withdrawing from ownership of GEN-EL naložbe d.o.o. in June 2023 following the conclusion of a settlement between it and GEN energija d.o.o. Ownership of GEN-EL naložbe d.o.o. is therefore shared by GEN energija d.o.o. and GEN-I, d.o.o., with each holding a 50% share.



About GEN-I, trgovanje in prodaja električne energije, d.o.o.

REGISTERED OFFICE:
Vrbina 17, 8270 Krško, Slovenia

ABBREVIATED COMPANY NAME:
GEN-I, d.o.o.

TELEPHONE:
+386 7 488 18 40

EMAIL:
info@gen-i.si

WEBSITE:
www.gen-i.si

SIZE OF COMPANY:
Large company

CORE ACTIVITY:
Trading in electricity, and supplying end-consumers with electricity and natural gas

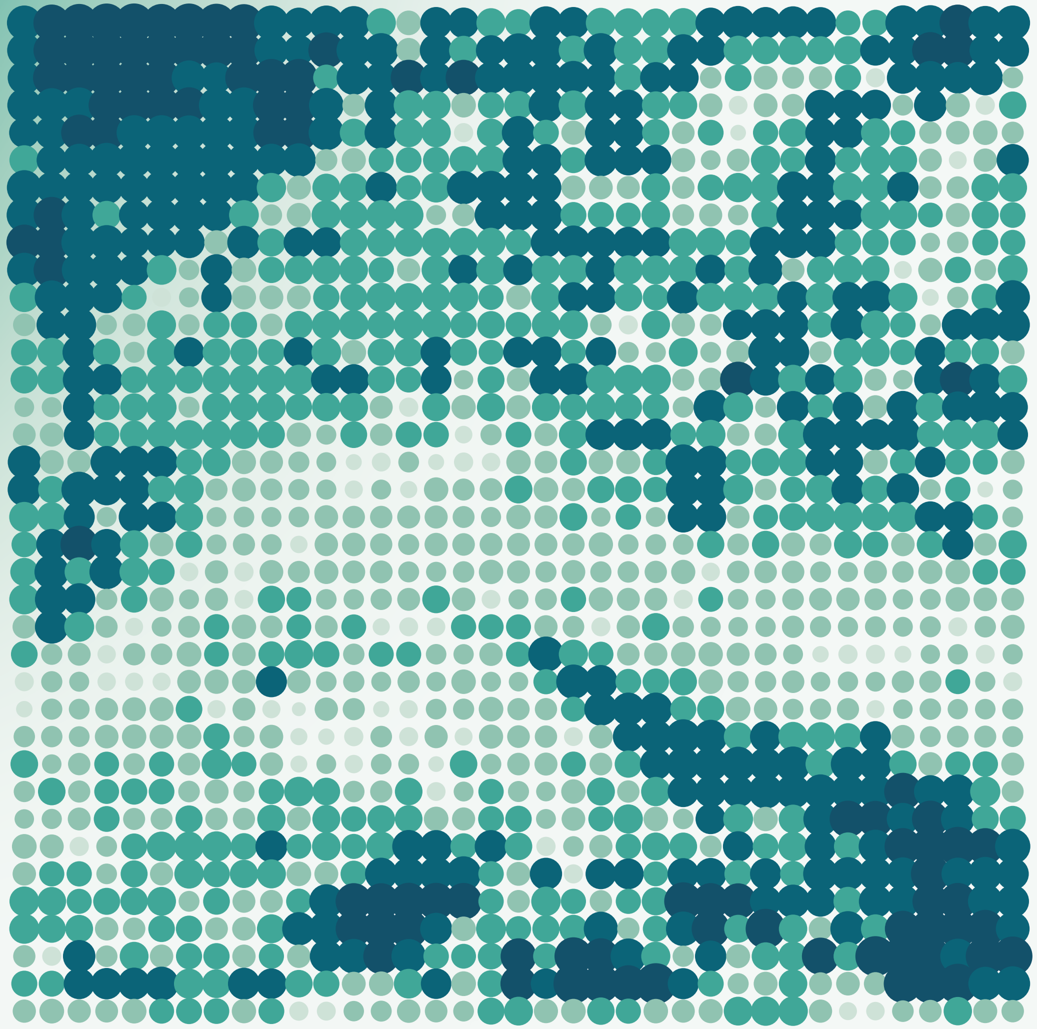
YEAR OF ESTABLISHMENT:
2001

REGISTRY ENTRY:
1/04524/00; registered with Krško District Court; date of last entry in the court register: 14 December 2016

VAT ID NO.:
SI71345442

COMPANY REGISTRATION NO:
1587714000

SHARE CAPITAL:
EUR 19,877,610.00



STABLE INTERNATIONAL BUSINESS

The GEN-I Group is the leading electricity trader on the markets of Southeastern Europe. We sold 88.3 TWh of energy on the wholesale market in 2023.

1.1.2 BUSINESS ENVIRONMENT IN 2023

Last year's business environment, global as well as local, continued to be subject to the extreme volatility, unpredictability and historic price highs of the ongoing energy crisis. However, despite the intensification of the global geopolitical crisis, commodity and fuel prices fell markedly from the peaks of 2022, although this was also partly the result of lower demand and expectations of recession. This led to reduced pressure for regulatory interventions in EU markets, reflected also in the withdrawal of the main crisis measures and the development of electricity market reforms towards the accelerated (re-)integration and green transformation of the EU. This reform is even more important in the light of the ever-more frequent extreme weather events, in 2023 as well, in Europe generally and in Slovenia in particular. These events have shaped price levels significantly, particularly in the electricity sector. There was a continuation of the focus on protecting end-consumers. In Slovenia this came in the form of a continuation of retail price caps for electricity and natural gas; this was because, despite the easing of energy price pressures in comparison with 2022, prices remained high above the ten-year average. Additional pressure on consumers arrived with high inflation, which was one of the main consequences of the price shocks of 2022, and which the global economy and the central banks tackled by raising interest rates.

Geopolitical conditions and global energy supply

The continuing war in Ukraine had a major impact on the price dynamics of global energy products, particularly oil and natural gas, but also coal. Despite Europe's efforts to limit revenues by means of sanctions, Russia managed to reroute its exports to other markets. Alongside this, fluctuations in economic growth levels in Asia in the first and second halves of 2023, as well as periodic production cuts by OPEC+, had a considerable effect on price dynamics. New geopolitical conflicts, such as the war between Israel and Hamas and the attacks on Red Sea shipping by Houthi rebels, have increased instability and led to (temporary) price rises. That said, there has been a clear downward trend in the prices of key commodities at the annual level: oil was traded at between USD 72 and 96 a barrel in 2023, ending the year at USD 77, while API2 coal for supply in 2024 was traded at USD 175.2 a tonne at the beginning of 2023, falling by 44% to USD 97.6 by the end of the year.

Alongside the general downward trend in prices and the stabilisation of price levels, the increasingly more interconnected global market in natural gas, particularly liquefied petroleum gas (LPG), was also subject to periodic upheavals as a result of the greater sensitivity of global price movements and supply chain issues to expressly local events. Such events included the strikes at French LPG import terminals in March, the protracted maintenance operations on Norwegian infrastructure in June, and the strikes at Australian LPG export terminals in September. Of course, the attacks on Israel that began in October have also had an impact that extends far beyond local or even regional frameworks.

Global impacts on Europe

Since the beginning of the war in Ukraine, the European natural gas market has undergone irreversible structural changes as a result of the diversification of supply chains away from a longstanding dependence on Russia. As a result, dependence on imports of liquefied gas from around the world has increased, as has the sensitivity of prices to global and local events.

Fluctuation in energy prices for supply in 2022 and 2023 (in EUR/MWh, USD/tonne, EUR/tonne) Source: Internal data

Import of natural gas from Russia to Europe by pipeline (GWh/day) Source: ENTSOG

The fall in global prices was also reflected in lower prices in Europe. The price of natural gas for supply in 2024 fell from EUR 76.9/MWh at the beginning of the year to EUR 32.9/MWh, which was a fall of 49%. Lower prices, the relatively warm 2022/2023 winter and the decline in the consumption of natural gas by industry all contributed to the extremely swift fulfilment of regulatory requirements for the filling of gas storage facilities (the 90% filling level required by 1 November had already been achieved by 16 August).[1]

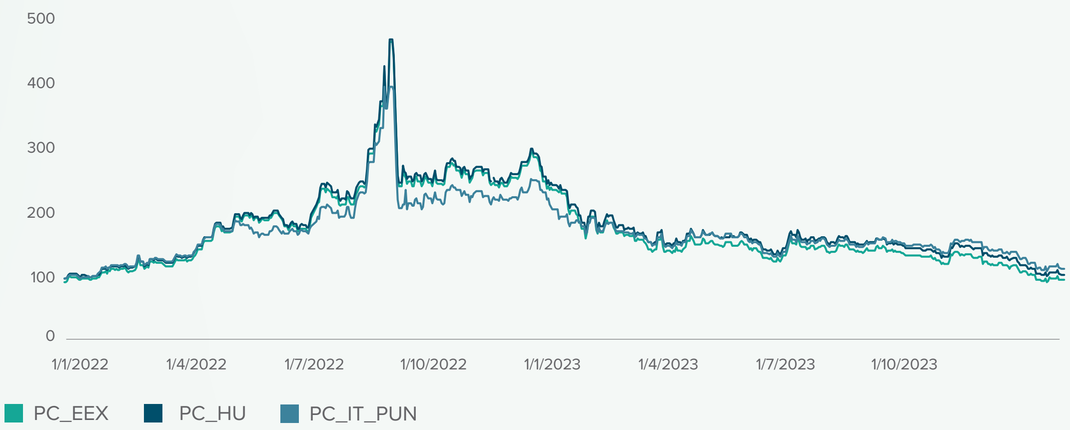
Natural gas had a significant impact on the rise in electricity prices in 2021 and 2022 as a result of geopolitical conditions; conversely, the fall in gas prices led to a gradual fall in electricity prices in the course of 2023, although a measure of volatility remained at the day-to-day level. "Demand destruction", which is the permanent reduction of consumption, also played its part, with the biggest fall in weather-normalised consumption in the EU coming in the summer months (8% in comparison with the average for the previous years). Electricity consumption fell by an annual average of 9.3% in CWE and CEE, 5.3% in Italy and 6.8% in SEE.[2] The demand for green transformation through an increase in installed solar power plants also contributed to the reduction in consumption and lower prices, particularly in the summer months.

1. Regulation (EU) 2022/1032 of the European Parliament and of the Council of 29 June 2022 amending Regulations (EU) 2017/1938 and (EC) No 715/2009 with regard to gas storage (OJ L 173, 30.6.2022, pp. 17–33).
2. Effect of temperature excluded.

At the end of 2022, baseload electricity for delivery in 2023 traded at EUR 215/MWh for Germany, EUR 238.9/MWh for Hungary and EUR 218.6/MWh for Italy. The prices of these same products were considerably lower at the end of 2023 (at EUR 95.18/MWh for Germany, EUR 106.82/MWh for Hungary and EUR 127.24/MWh for Italy), while forward contracts for supply in 2024 ended the year at slightly lower levels: at EUR 90/MWh for Germany, EUR 99/MWh for Hungary and EUR 108.45/MWh for Italy. The price trends of emission allowances had an additional impact on the lowering of electricity prices, with the EUA Dec-23 product reaching a record level of EUR 100/tonne of CO_2 at the beginning of the year before falling to EUR 69/tonne of CO_2 by the end. The course and development of regulatory efforts in the EU to combat the climate crisis, such as the gradual adoption of key instruments from the “Fit For 55” package, also had an effect on this lowering of prices.

It was the stabilisation of prices that enabled the political and regulatory levels of the EU to turn their attention away from crisis interventions to long-term and ambitious efforts to reduce negative environmental impact. The main EU-level intervention legislation for electricity,[3] which had enabled a cap to be placed on the surplus revenues of inframarginal generators, expired at the end of June 2023, after the European Commission adjudged that there were no compelling reasons to extend it. Despite this, several European countries (e.g. Romania, Bulgaria and Poland) continued to intervene in wholesale operations or even extended the measures, while the unpredictable nature of the regulatory environment in the region continued to have a markedly negative effect in 2023 on liquidity in the region and on trading volumes. The EU nevertheless continued to enhance its climate ambitions through the “REPowerEU” plan, as part of its efforts to move towards the final adoption of the “Fit For 55” package. One of the key instruments was the new Renewable Energy Directive,[4] adopted in October 2023, which increased the EU’s 2030 renewable energy target from 32% to 42.5%. European efforts to achieve energy self-sufficiency have led to the accelerated construction of new solar and wind plants, which have environmental advantages and are cheaper to run. The shift towards cleaner energy sources across the whole of the EU has boosted efforts to reduce carbon emissions and combat climate change, the need for which is becoming ever more acute given that extreme weather, an increasingly common occurrence, is a major factor in price upheavals. Electricity market reform, first presented in March 2023, whose ultimate objective is to aid the continuing integration of a single, liberalised European market, is focused on accelerating the green transformation.

Fluctuation in the prices of annual baseload electricity products for 2022 and 2023 (EUR/MWh) Source: Internal data



Climate change and extreme weather

The climate crisis intensified in 2023 with a number of extremely volatile weather events, including a mild winter, the hottest summer ever recorded in the EU, floods and fires. The warming of the North Atlantic, whose temperature in July was measured at 24.9 degrees Celsius, caused very strong ocean storms that affected European weather patterns and brought uncertainty to short-term weather forecasts. There were also more than five heatwaves. Occasional strong storms led to high water levels – indeed, the water levels of most European rivers have either been at or above the average since the beginning of 2023. The most extreme event in Slovenia occurred on 3 and 4 August, when 258 mm of rain fell in only two days. This beat the record of 190 mm over two days, which had stood for 16 years. It is regarded as the most severe natural catastrophe in Slovenia’s history, and caused damage in excess of a billion euros.

Central Greece, Bulgaria and Libya were also hit by flooding. Greece received twice its annual rainfall in only two days, and also saw a number of intense fires (there were also fires in Italy, Spain, Portugal, Croatia and France). Europe’s hottest ever summer was recorded, an extreme that was also reflected across the world. A temperature of 48.2 degrees Celsius was recorded in Italy, and June was declared by the NOAA to have been the hottest ever month on Earth. The unseasonably warm weather also continued into the autumn. Snow cover was slightly above the average in February, which led to increased inflows into reservoirs in Switzerland, Serbia, Albania and Romania. The large quantities of rainfall throughout the year had a positive impact on reservoir stocks, leading to above-average levels in Serbia, Romania and Greece by the end of the year.

3. Council Regulation (EU) 2022/1854 of 6 October 2022 on an emergency intervention to address high energy prices (OJ L 261I, 7.10.2022, pp. 1–21), which was adopted in October 2022.

4. Directive (EU) 2023/2413 of the European Parliament and of the Council of 18 October 2023 amending Directive (EU) 2018/2001, Regulation (EU) 2018/1999 and Directive 98/70/EC as regards the promotion of energy from renewable sources, and repealing Council Directive (EU) 2015/652 (OJ L 2023/2413, 31.10.2023).

Lower consumption and consumer protection

Like the EU, Slovenia saw a fall in demand, and a more marked one than the EU in the summer (21% in August). Normalised consumption in December was 5.3% down in comparison with the average for previous years.

The growing number of solar power plants installed within the distribution network also contributed to this fall. Despite the lower prices on wholesale markets, for electricity and natural gas alike, they remained at levels higher than those seen prior to the energy crisis; consequently, the retail prices of both energy products were regulated in Slovenia throughout the whole of 2023, with the aim of shielding household consumers in particular. There was a similar trend across Europe, also in response to the marked rise in inflation.

Inflation and higher interest rates

Inflation was one of the most far-reaching consequences of the energy crisis encountered in 2023. The annual inflation rate within the EU was 2.9%, and in Germany and Slovenia 3.6% (the highest annual rate, 6.6%, was recorded in Slovakia). Interest rates were raised globally in an attempt to bring inflation rates down and combat their negative effects on the economy and households. The European Central Bank (ECB) raised its key interest rate from 1.5% in September 2022 to 4.75% at the end of 2023. The US Federal Reserve acted similarly, raising rates from 2.5% to 5.5% in the same period. The ECB's efforts to ease inflationary pressures had a strong impact on the industrial sector in particular. As the Purchasing Managers' Index (PMI) shows, industrial production has contracted in all major European economies in the last 12 months.

1.1.3 FOUNDATIONS OF BUSINESS SUCCESS

One of the reasons for the GEN-I Group's success in such a demanding business environment is its careful investment in staff and development. Innovative business solutions and the close cooperation of multidisciplinary teams have enabled us to achieve the objectives we have set for ourselves, even in the face of the unpredictable situation on energy markets. In recent years we have been successful in our efforts to tackle the effects of the energy crisis, and in our response to price regulation and to the many regulatory changes that have characterised our business environment.

Investments in human resources

We attribute most of the GEN-I Group's success to our employees. Our awareness of the importance of employees to a successful business is reflected in the many and various staff development activities we undertake. At GEN-I we are committed to providing employees with the most stimulating work environment – one in which everyone is able to express their professionalism and talents to the fullest extent. We offer a variety of programmes to aid employees' professional and personal development, including onboarding and mentoring programmes, provide the space for numerous professional education and training programmes and the chance for employees to strengthen their leadership skills, and have developed an in-house "Superforecasting" app that enables employees to develop the ability to forecast the results of issues of importance to GEN-I and beyond. The "Culture of Strengths" programme helps employees understand their own talents, which in turn enables us to achieve the most ambitious business targets together. The works council also promotes open communication between management and employees.

Investments in development

Over the last year we have continued our strategic policy of investing in the digital transformation of business processes, advanced analytics and a robust data infrastructure, the last of which focused on cloud-based solutions. We employ over 220 domestic and foreign experts in the field of strategic development, IT and analytics. This enables us to develop our own digital platforms and therefore react more swiftly to changes in the external environment. Last year we completed the overhaul of the ETRM trading system, developed a new in-house system for supporting the calculation of complex products and price regulation, and began developing a dedicated portal for our large business customers. Increased investments in research and development into green energy services provide us with technological and methodological synergies, making us the leading promoter of the green transformation in Slovenia.

Importance of data to (business) decisions

In recent years, GEN-I has followed up on one of its strategic decisions by phasing in the use of data-driven decision-making in all areas and at all levels. Large quantities of data and the search for patterns within them, alongside the application of sophisticated analytical methods, provide us with a better understanding of events and of the operations of energy markets. Our business decisions are therefore better, which leads to better business performance overall. The growth in data quantities and in the need for scalable and elastic computing power means that we have, in the last year, increased our use of cloud-based services for data collection itself as well as for data transformation and the use of advanced machine-learning methods.

International dimensions of the GEN-I Group's work

Our international presence across an extensive network of branches and agencies throughout Europe enables us to actively participate in national and international debates on regulatory changes in the field of energy. Our multidisciplinary teams of traders, legal experts, analysts and other staff regularly analyse international impacts on the GEN-I Group, which enables us to adapt our operations to the unpredictable business environment in good time.

1.2 Corporate governance statement with statement of compliance with the Code

Statement of compliance with the Corporate Governance Code

In its governance procedures, GEN-I, d.o.o. takes into account the recommendations of the Corporate Governance Code for Non-Public Companies, which was issued in May 2016 by the Slovenian Chamber of Commerce, the Ministry of Economic Development and Technology, and the Slovenian Directors' Association, and is published on their websites. This is in addition to the applicable statutory provisions, the provisions of the articles of association and the company's bylaws, and generally accepted good business practice.

GEN-I, d.o.o. consistently adheres to the core principles of the Code, complying predominantly with the advanced level of recommendations set out in the Code (although the basic level of recommendations is achieved in some areas). Deviations from the Code, which are mainly the result of the fact that GEN-I, d.o.o. is a limited liability company with stable yet undispersed ownership by only two shareholders, are set out below.

While the articles of association include all the necessary substantive specifications and mechanisms to enable successful governance of the company, they do not follow the principle of dividing voting rights into two equal shares. Ownership is divided among two shareholders only, with each holding 50% of the share capital.

The articles of association of GEN-I, d.o.o. are only published at www.ajpes.si, in the collection of business register documents, while the internal rules of procedure of the company's management body are only published internally.

While the management body has not adopted any particular governance policy, individual substantive parts of governance policy have been defined and reported by the company in other corporate documents, and implemented within the framework of the company's General Assembly.

Since it is a limited liability company, which means that its shareholders are more interconnected, a shareholder is only permitted to dispose of its share with the prior consent of the other shareholder.

The General Assembly does not require the certified company auditor to be present when it is being briefed on and is adopting the annual financial statements.

Even though the articles of association clearly lay out the structure of responsibilities of the two shareholders and of the management bodies, no special supervisory body has been established. Effective control of the company's business operations has been conferred on the GEN-I, d.o.o. General Assembly, which operates within the boundaries of its remit and pursuant to the applicable legislation and the articles of association.

Through a dispersed system of controls and of clearly defined responsibilities on the part of individual offices and departments, the company implements and ensures control over the organisation and economic operation of the company in line with the regulations and bylaws, without a separate internal audit body having been appointed.

Description of the main characteristics of the internal control and risk management systems at the company as they relate to the financial reporting process

In order to ensure that the accounting records are accurate, reliable and complete, that the financial reporting process is true and fair, that the business performs effectively and complies with the applicable laws and other regulations, the Group carries out internal controls at all levels.

Accounting controls are based on a suitable control environment comprising a management system, an organisational structure, powers, responsibilities and ethical values, as well as control activities such as the granting of approval for business events, the division of tasks and responsibilities, clear work instructions, the reconciliation of balances, and controls. Reliable financial reporting is also guaranteed by a well-functioning information system that ensures that data is captured and processed completely and accurately, as well as by employee education and training. Risks relating to the financial reporting process within the GEN-I Group are also managed through the central coordination and control of the accounting function at all subsidiaries, and through the auditing of the annual financial statements of important companies within the Group. Risk management and control mechanisms relating to the evaluation of individual risks are detailed in Section 1.8 (Risk management).

Composition and operation of the General Assembly

Under the Companies Act (ZGD-1),[5] the General Assembly of shareholders is the highest body of a company. It is through the General Assembly that the shareholders GEN energija d.o.o. and GEN-EL naložbe d.o.o. exercise their rights and decide on matters determined by the legislation or the articles of association, including the nomination and replacement of members of the management bodies, and changes to the articles of association. the General Assembly of shareholders is convened by the company's Management Board, in a process that is determined by the articles of association and complies with the applicable legislation. In addition to the agenda, an invitation to the General Assembly must contain all the proposed resolutions, accompanied by appropriate explanations of those resolutions. The General Assembly must convene at least once a year or more often, if necessary. It is also responsible for evaluating the success of the management body in line with the applicable legislation.

The General Assembly is deemed to be quorate if the entirety of the share capital of the company is represented at the meeting. Decisions must be unanimous in order to be valid.

At the three General Assembly that took place in 2023, the two shareholders decided on matters within their remit, paying due regard at all times to the provisions of the articles of association.

5. Companies Act (Official Gazette of RS, Nos 65/09 [official consolidated text], 33/11, 91/11, 32/12, 57/12, 44/13 [Constitutional Court decision], 82/13, 55/15, 15/17, 22/19 [ZPosS], 158/20 [ZIntPK-C], 18/21, 18/23 [ZDU-1O] and 75/23).

Composition of management and supervisory bodies

The Management Board of GEN-I, d.o.o. was appointed at the General Assembly of shareholders on 16 February 2023, in line with the provisions of the articles of association, for a period of five years. Maks Helbl, previously head of legal affairs at GEN-I, d.o.o., was appointed president of the Management Board, while Andreja Zupan, previously head of trading, and Sandi Kavalič, previously head of risk management, became members of the Management Board. Primož Stropnik remained a member of the Management Board. All three newly appointed members of the Management Board have been employed at GEN-I, d.o.o. for over ten years, and have been active in helping to shape the company, its business processes and its market performance. As the driving forces of development in their individual areas of activity, they make an important contribution to ensuring that the company continues to be successful, post excellent business results and build its reputation at home and abroad. Their specific areas of knowledge and expertise complement each other, enabling the company to meet the needs and challenges of the months and years to come.

At the beginning of 2023, before the new Management Board was appointed, GEN-I, d.o.o. was managed by a Management Board comprising Igor Koprivnikar, PhD, as president, and Andrej Šajn and Primož Stropnik as members; this board had been appointed by decision of Krško District Court on 16 February 2022 (the term of office of Dr Dejan Paravan, who had also been appointed member of the Management Board by the court, came to an end on 31 October 2022 when he tendered his resignation).

The Management Board has full powers within GEN-I, d.o.o. to manage the business operations of the company at its own discretion, whereby the members represent the company in pairs according to the principle of cross-representation (the details of which are explained below).

Although the company currently does not have a supervisory board or an audit committee, plans are in place to establish them.

Even though company's acts do not specifically provide for the appointment of special boards and committees, there are in fact a number of boards and committees alongside and appointed by the Management Board, and operating within the parent company GEN-I, d.o.o. These include committees for HR, projects, analytics, digital transformation, IT security, reporting on personal data protection breaches, green investments and market risk management, and the credit risk committee. Members of the Management Board also sit on these committees. These boards and committees are responsible for ensuring that topics from their respective areas of work are dealt with professionally and in detail, that suitable professional bases are formulated for Management Board decisions that need to be adopted in respect of these topics (or decisions about certain topics are directly adopted, if responsibility for so doing has been passed to a board or committee), and that proposals for decisions and the implementation of those decisions are drawn up.

The company also has in place a set of directors for particular areas. They do not have executive powers or general powers to represent the company, but work as experts in their respective fields, and are answerable to the Management Board. When selecting and appointing these directors, the Management Board pays particular regard to their professionalism, competencies, knowledge and experience, at the same time placing special emphasis on gender and age diversity.

Process of appointing members of management bodies

Members of the GEN-I, d.o.o. Management Board are appointed by the General Assembly with the unanimous agreement of both shareholders, as follows:

- the shareholder GEN energija d.o.o. nominates the president and one member of the Management Board;
- the shareholder GEN-EL naložbe d.o.o. nominates two members of the Management Board.

In line with the provisions of the articles of association, the members of the Management Board are appointed for terms of office of five years, and may be reappointed. They represent the company under the principle of cross-representation. In order to strike a balance between the interests of the two shareholders, each pair of representatives comprises two members of the Management Board appointed by different shareholders.

There are no special rules within the company's acts that lay down a coordination process for candidates and criteria for the selection and appointment of members of the Management Board. However, when selecting candidates the shareholders endeavour to follow established standards for personnel recruitment, particularly in relation to the professionalism, competencies and suitability of the candidates, the diversity and complementarity of their experiences, and the knowledge and competencies necessary to ensure prudent management and governance of the company, the pursuit of strategic goals and the resulting increase in value for the owners.

Given the balanced structure of the company, the consent of both shareholders is necessary for any appointment to the Management Board. Since the articles of association do not provide for a particular mechanism for resolving disputes between shareholders, and since the shareholders failed to reach an agreement on the nomination of the new Management Board, GEN-I, d.o.o. was led by a court-appointed Management Board between 18 March 2022 and 16 February 2023. Since 17 February 2023, the company has been led by a Management Board appointed with the mutual consent of both shareholders for a five-year period.

Operation of the management body

Management Board is responsible for directing the business of and representing the company in accordance with the provisions of the law and with due regard to the powers and restrictions set out in the articles of association and the rules of procedure of Management Board. Management Board adopts its decisions at Management Board meetings, which are, as per the rules of procedure, convened by the president. Every member has one vote, with decisions considered to have been validly adopted if the majority of the members of senior management present vote for it. The president of the Management Board does not have the casting vote.

The Management Board's decision-making method, how the company is represented, and the powers of and restrictions on the Management Board are set out in detail by the articles of association and by the Management Board's rules of procedure, which were adopted by the General Assembly on 13 December 2016 and which also define in detail those decisions for which the Management Board is required to obtain the consent of the General Assembly.

The Management Board held 47 ordinary, two extraordinary and four correspondence meetings in 2023, covering issues within its field of competence.

As part of the powers invested in it to manage the business of the company, senior management lays the foundations of business policy and the measures for its implementation, prepare and put forward the business plan, and decide on all other issues relating to business operations and internal relations. These processes are characterised by independence of decision-making, and by efforts to consolidate the enterprise culture of the company, continue its development and increase the competitiveness of business operations, thereby increasing value for the owners. These are part of the Management Board's efforts to achieve benefits for all key stakeholders: owners, customers, financial institutions and employees.

In 2021, in line with its commitment to sustainable development and its awareness of the environmental impacts of the energy industry, the statutory requirements for decarbonisation and the business opportunities they provide, the Management Board adopted the GEN-I Group Strategic Development Plan 2022–2030. It set out a strategy for the long-term development of the company, in pursuit of the goals of the green transformation and the transition to a carbon-free society. A GEN Group Strategic Development Plan was also adopted in 2023, setting out the strategic objectives to be achieved by the Group by 2030. It addresses the challenges connected with the decarbonisation of the electricity system through, among other things, objectives relating to investments in renewable energy sources, flexibility and state-of-the-art services. The Management Board realise the strategic policies of both documents through annual business plans that are approved by unanimous consent of the shareholders at the company's General Assemblys. Despite the demanding conditions on energy markets in 2023, the Management Board, in cooperation with the directors of each specific area, managed to ensure that the development plans and objectives set out in the adopted business plan for 2023 were realised.

Each strategic and development policy has a designated director and steering committee in charge of monitoring and directing the work. At quarterly workshops, the Management Board examine the work performed up to that point, provide new guidance, and familiarise themselves with and act on the critical concerns of the area directors. The GEN-I Group is therefore steering innovation processes towards its own strategic areas. The strategic development policies enable us to focus on strategic areas and close the gaps that currently separate us from our strategic objectives. Within these strategic policies, we are also creating ground-breaking business opportunities by developing new products and services for household and business customers.

The Management Board ensures ongoing sustainable development, of which sustainability reporting is also a part, by adopting measures for the implementation of the company's fundamental business policies.

In order to respond promptly to recognised risks and address their impact on GEN-I Group operations, senior managers regularly monitor risks, strategically address the challenges, and develop support environments that help the Group produce excellent business results.

The Management Board's powers include adopting measures to ensure that the company operates efficiently and in accordance with the law. Issues relating to the principles of ethics and integrity and to the rules of conduct for managers and employees are also addressed. Mainly through their own example and the incorporation of good practices into the management of the company, senior management promotes a culture based on ethical conduct, at the same time encouraging employees to respect the core values of the company: respect, responsibility, dedication, inclusivity and flexibility. Management Board this year formally confirmed these values by adopting the Code of Ethics of GEN-I, d.o.o. and the GEN-I Group, which bring these fundamental values into contact with the principles of business ethics.

Management Board apprises employees of the importance of respecting values, ensuring business compliance and guaranteeing corporate integrity, raising their awareness via onboarding and mentoring programmes, as well as via the internal rules for employees published on the intranet. This is part of the Management Board's efforts to increase the ethical culture of the GEN-I Group, safeguard its good reputation and reinforce the trust of all major stakeholders in the company's business operations.

Composition of the management body

Since 17 February 2023, GEN-I, d.o.o. has been led by a Management Board comprising:

Maks Helbl
President of the Management Board

An expert with many years of experience in the legal field, Maks Helbl already indicated the direction his career would take in the thesis he wrote to complete his undergraduate studies at the Faculty of Law in Maribor. Titled "Liberalisations of natural monopolies in the European Union, with an emphasis on the liberalisation of electricity markets", it received an award for the best thesis on the topic of the European Union and Slovenia's accession. Civil and commercial law accounted for the bulk of his work at the Faculty of Law in Maribor and at Maribor High Court. In 2007 he began working at GEN-I, d.o.o. as a lawyer specialising in electricity trading and sale. He took over the running of the GEN-I, d.o.o. legal affairs office that same year, and became head of legal affairs in 2017 overseeing two separate offices: the legal office and the regulation and business compliance office.

As head and later director of one of the most important areas for GEN-I, d.o.o.'s operations on the market, Maks Helbl took responsibility from the very beginning for developing the legal side of the company and for the corporate governance of the GEN-I Group. Under his leadership, key strategic policies were carried out in the fields of legal affairs, regulation and business compliance in all segments of operation of the GEN-I Group and in all regulatory fields in the domestic and international environments. He is responsible for establishing the necessary legal infrastructure for GEN-I Group operations in no fewer than 22 foreign markets. His professionalism and huge experience in the legal field continue to make a highly visible contribution to the company's success. As he possesses considerable legal expertise in the field of electricity market operations and corporate governance, as president of the Management Board he has been given responsibility for the legal affairs of the GEN-I Group, corporate communications, finance, controlling and HR. His professionalism and huge experience in the legal field continue to make a highly visible contribution to the company's success. His expertise in the fields of corporate governance and management, law and finance led to the shareholders unanimously appointing him president of the Management Board.

Andreja Zupan
Member of the Management Board

The first woman to serve on the GEN-I, d.o.o. Management Board, Andreja Zupan began a career in banking (international lending) after graduating in International Economics at the University of Ljubljana's Faculty of Economics. One year later she was recruited as an electricity trader at GEN-I, d.o.o., where her managerial, organisational and coordination skills were soon recognised. She immediately began occupying prominent roles in several offices within the energy trading pillar. In 2019 she became director of trading, taking over the management of all offices within the trading department. Throughout her time at GEN-I she actively took part in developing international trading and related processes at the Group. As manager she coordinated development activities in the field of international trading, as well as processes between the sales and sales portfolio management departments, and was responsible for implementation of the trading pillar strategy. Her main responsibilities also included making sure that the planned results were achieved. From 2017 she served as chair of the members of BSP Southpool, the Slovenian energy exchange. At the company she was responsible for key business areas such as trading, sales, retail, strategic portfolio management and operations, and her role on the Management Board was characterised by a strategic development vision and a determination to achieve the best possible business results. In addition to the long list of functions and achievements outlined above, she also served as the managing director of seven subsidiaries: GEN-I Athens SMLLC, Greece; GEN-I Sofia – Electricity Trading and Sales SpLLC, Bulgaria; GEN-I Istanbul Wholesale Electricity Limited Company, Turkey; GEN-I Kiev LLC, Ukraine; GEN-I Tbilisi LLC, Georgia; GEN-I Vienna GmbH, Austria; and GEN-I Hrvatska d.o.o., Croatia). Andreja Zupan died on 27 February 2024 after a long illness.

Sandi Kavalič
Member of the Management Board

In addition to his expert knowledge, Sandi Kavalič is also highly skilled in connecting seemingly the most contradictory ideas. He was recruited by GEN-I, d.o.o. as soon as he completed his degree in electrical engineering. After a year working as an analyst, he pivoted towards the field of market risks, which he began to manage in 2016. His appetite for change and high levels of motivation have helped him gain huge amounts of technical expertise, which he complements in his work with a wide array of management, mentoring and negotiating skills. As head of the risk management office at GEN-I, d.o.o., he is responsible for managing the risks of the Group and related business strategies; he also plays a key role in creating innovative business models connected with green transformation. He is chair of the credit risk committee and the market risks management committee, and a member of the green investment committee. He is also an energy consultant for the European Commission and a member of the Investors Dialogue on Energy Services working group (selected by PwC). As a member of the Management Board, Sandi Kavalič is responsible for the departments of risk management, strategic innovation and initiatives, advanced analytics and algorithmic trading, and IT technology. He is also the statutory representative of 11 subsidiaries: GEN-I ESCO d.o.o., Slovenia and its subsidiary SOL NAVITAS INVESTICIJE d.o.o.; GEN-I Vienna GmbH, Austria; GEN-I Energia S.r.l., Italy; GEN-I Sonce DOOEL Skopje, North Macedonia; GEN-I Sofia – Electricity Trading and Sales SpLLC, Bulgaria; GEN-I Tbilisi LLC, Georgia; GEN-I Istanbul Wholesale Electricity Limited Company, Turkey; GEN-I Hrvatska d.o.o., Croatia; GEN-I SUNCE Adria 1, Croatia; and GEN-I KAV SONCE DOOEL Skopje, North Macedonia.

Primož Stropnik
Member of the Management Board

For more than 15 years, Primož Stropnik has been responsible, as head of product portfolio management at the GEN Group, for overseeing the development of system service sales and electricity sales on the wholesale market, and for optimising the portfolio. He began his career at the thermal power plant Termoelektrarna Brestanica d.o.o. after completing a degree in economics. His 2002 undergraduate thesis, “Business effects of the liberalisation of the electricity market”, gave an early indication of the path he wished to take. In addition to membership of the supervisory boards of various production companies within the GEN Group, he has gained a wealth of professional experience as a member of a range of different working groups dealing with the decommissioning programme at Krško nuclear power plant and analysing the long-term operation of the plant. On the investor side he has helped produce investment documentation for individual hydroelectric power plant units on the Lower Sava and the replacement of gas turbines 1 to 3 at Brestanica thermal power station. He became a court-appointed member of the GEN-I, d.o.o. Management Board at the beginning of 2022, continuing in that capacity on the board whose five-year term of office began on 17 February 2023. Under the articles of association and in his position as member of the GEN-I, d.o.o. Management Board, Primož Stropnik is responsible for overseeing the performance of the framework Agreement on the Purchase and Sale of Electricity concluded between GEN-I, d.o.o. and GEN energija d.o.o.

Diversity policy

The GEN-I Group provides equal opportunities to its employees irrespective of gender, race, skin colour, age, health status or disability, religious, political or other beliefs, national or social origin, family status, financial standing, sexual orientation or any other personal circumstance. We currently do not have in place a specific targeted policy that would further regulate the structure of the companies’ management bodies in terms of gender, age, education or other personal circumstances.

Management of companies within the GEN-I Group

In line with the principle of central strategic management in place at the GEN-I Group, management functions at the majority of subsidiaries were performed by Management Board members Sandi Kavalič and Andreja Zupan in 2023. In 2023 the statutory representatives of the companies within the GEN-I Group were:

- Andreja Zupan, managing director of GEN-I Athens SMLLC, Greece, GEN-I Sofia SpLLC, Bulgaria, GEN-I Istanbul, Ltd. Şti, Turkey, LLC GEN-I Kiev, Ukraine, GEN-I Tbilisi LLC, Georgia, GEN-I Vienna GmbH, Austria and GEN-I Hrvatska d.o.o., Croatia;

- Sandi Kavalič, managing director of GEN-I ESCO d.o.o., Slovenia and its subsidiary SOL NAVITAS INVESTICIJE d.o.o., GEN-I Vienna GmbH, Austria, GEN-I Energia S.r.l., Italy, GEN-I SONCE DOOEL, North Macedonia, GEN-I Hrvatska d.o.o., Croatia, GEN-I Sofia SpLLC, Bulgaria, GEN-I Tbilisi LLC, Georgia, GEN-I Istanbul, Ltd. Şti, Turkey, GEN-I SUNCE Adria 1 d.o.o., Croatia, and GEN-I KAV SONCE DOOEL, North Macedonia;

- Predrag Savić, managing director of GEN-I d.o.o. Beograd, Serbia, GEN-I Prodažba, North Macedonia, GEN-I Tirana Sh.p.k., Albania, and GEN-I d.o.o. Sarajevo, Bosnia and Herzegovina;

- Samo Žolger, managing director of ELEKTRO ENERGIJA d.o.o., Slovenia;

- Lidia Glavina, managing director of GEN-I Energia S.r.l., Italy;

- Gregor Hudohmet, managing director of GEN-I SONCE d.o.o., Slovenia and GEN-I SUNCE d.o.o., Croatia.

At the beginning of 2023, in line with the principle of central strategic management in place at the GEN-I Group, management functions at the majority of subsidiaries were also performed by the court-appointed Management Board members Igor Koprivnikar, PhD, (Management Board president) and Andrej Šajn (member), as follows:

- Igor Koprivnikar, PhD,, managing director of GEN-I d.o.o. Beograd, Serbia, GEN-I Prodažba and GEN-I SONCE DOOEL, North Macedonia, GEN-I Tirana Sh.p.k., Albania, GEN-I d.o.o. Sarajevo, Bosnia and Herzegovina, GEN-I Athens SMLLC, Greece, GEN-I Sofia SpLLC, Bulgaria, GEN-I Istanbul Ltd. Şti, Turkey, LLC GEN-I Kiev, Ukraine, GEN-I Tbilisi LLC, Georgia, and GEN-I Hrvatska d.o.o., Croatia;

- Andrej Šajn, managing director of ELEKTRO ENERGIJA d.o.o., Slovenia, GEN-I ESCO d.o.o., Slovenia and its subsidiary SOL NAVITAS INVESTICIJE d.o.o., GEN-I Vienna GmbH, Austria, GEN-I Energia S.r.l., Italy, and GEN-I SUNCE Adria 1 d.o.o., Croatia.

1.

ANNUAL REPORT OF THE GEN-I GROUP AND GEN-I, D.O.O. 2023

Business Report

FAST REACTIONS IN THE MARKET

We have reduced the internal reaction time on the market by at least 40%, which adds reliability, efficiency and stability to the algorithmic trading system.

1.3 Activities by operating segment

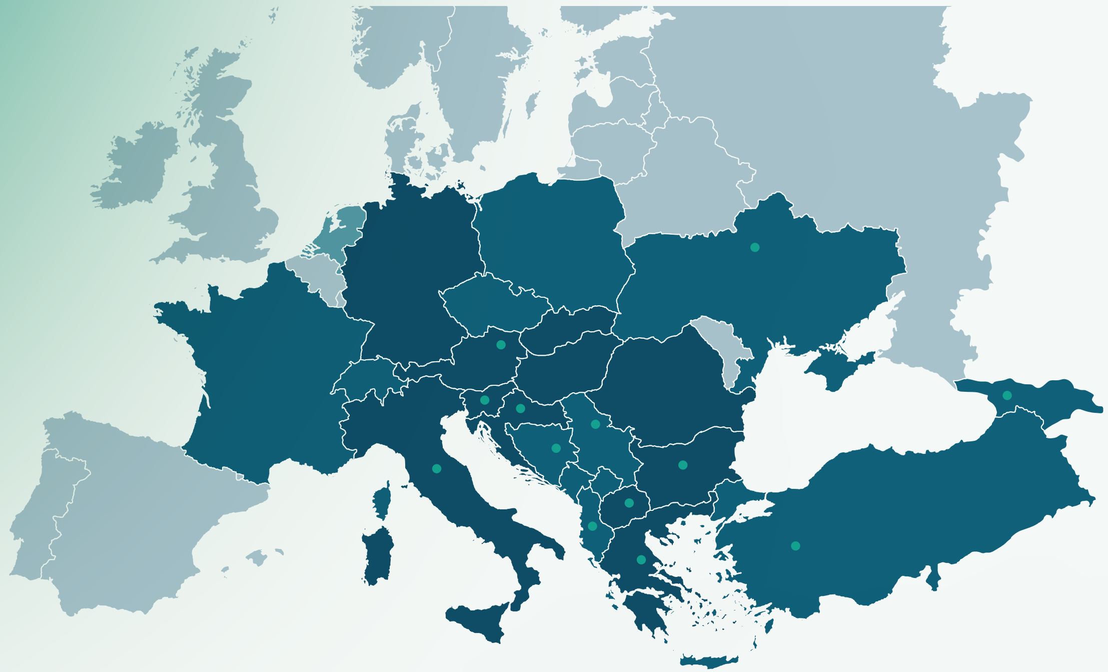
1.3.1 TRADING AND SUPPLY

Trading

In addition to trading energy products on developed and high-liquidity exchanges in Western Europe, the GEN-I Group has for some years been the leading electricity trader on the markets of Southeastern Europe. Our activities in that geographical region are highly developed, which enables us to operate with stability, enhance our offer with renewable energy sources, and provide advanced trading services. In 2023 we finished setting up electricity trading infrastructure on the Montenegrin market, became one of the first market participants on the newly established regional exchanges (APEX Sh.a., MEMO Ltd., MEPX Ltd.), and expanded our natural gas trading activities in Italy, Greece and Bulgaria (GME, HENEX and Balkan Gas Hub). At the end of the year we also began putting infrastructure in place for entry onto the Belgian and Dutch electricity markets; we will continue these activities in 2024, in parallel with expansion to other global markets.

In addition to geographical expansion, we also added to our portfolio with expanded infrastructure for trading with electricity Guarantees of Origin (GoO), both bilateral as well as on key European platforms. This has helped us increase our presence on European environmental product markets. One of our more important achievements in the trading segment is the considerable increase in the volume of options trading, which enables us to manage our global portfolio more efficiently.

By expanding our geographical presence and our interconnected energy-related activities, particularly in relation to services and flexible trading in energy products (which increases the optionality of the global portfolio), the GEN-I Group's activities are being adapted to market conditions swiftly and effectively. This helps us overcome the challenges that have piled up in recent years in the energy trading field. GEN-I's business resilience is a key competitive advantage and a major factor in the company's success.



20+ European energy exchanges

- Subsidiaries
- Electricity
- Electricity and natural gas
- Natural gas

More than 45% of our intraday trade transactions are now completely automated.

List of exchanges on which GEN-I Group companies are present:

- BSP Regionalna Energetska Borza d.o.o.;
- CROPEX d.o.o.;
- EPEX Spot;
- Enerji Piyasaları İşletme A.Ş. (EPIAS);
- EXAA Abwicklungsstelle für Energieprodukte;
- Gestore dei Mercati Energetici S.p.A.;
- HELLENIC ENERGY EXCHANGE S.A. (HENEX);
- HUPX Zrt.;
- IBEX EAD;
- OKTE; a.s.;
- OPCOM S.A.;
- OTE; a.s.;
- State Company Market Operator (UA);
- SEEPEX A.D.;
- BIST Borsa Istanbul A.S.;
- EEX European Energy Exchange AG;
- Power Exchange Central Europe; a.s.;
- Central European Gas Hub AG;
- Powernext SA;
- HUDEX Zrt.;
- Intercontinental Exchange ICE;
- MEPX (Montenegrin Power Exchange);
- BRM (Romanian Commodities Exchange);
- TGE (Polish Exchange);
- Balkan Gas Hub;
- CEEGEX (Central Eastern European Gas Exchange);
- ALPEX (Albanian Power Exchange);
- MEMO LTD SKOPJE..

1.

ANNUAL REPORT OF THE GEN-I GROUP AND GEN-I, D.O.O. 2023

Business Report

Exceptional business performance in an unpredictable business environment

The energy crisis, accompanied by uncertain geopolitical conditions as a key boundary condition of the business environment in 2023, remains a global concern and one that is reflected, in the trading field at least, in the fact that energy is heavily subject to growing market challenges and price fluctuations. This puts trading and the behaviour of market participants to the test in a considerable and sustained way.

The conditions on global markets outlined above mean that 2023 will be remembered for its tight inter-market price spreads, which never provide the most fertile ground for trading. For this reason, among others, and with the aim of controlling risks, we have recently reduced our trading strategy in the main to short-term and ultra short-term trading, with the expectation of further strong fluctuations in the short-term markets as a result of the increasing share being taken by renewables.

Alongside this and in parallel with falling energy prices, we also reduced the organisation's financial and credit risk in 2023. The extremely high prices of 2022 fell in the first quarter of 2023, which improved the GEN-I Group's position in terms of maintaining its financial and physical positions for current trading. The optimisation of portfolio management and the forecasting of these positions had additional positive impacts on the GEN-I Group's performance last year, mainly in terms of liquidity stability and improvements in the credit risk from our partners.

Thanks to its in-depth knowledge of markets and constant progress in optimising analytical support, the GEN-I Group was able to respond effectively to the new conditions on energy markets. The synergies of our globally diversified portfolio, diverse product range and expansion of the range of energy products in our portfolio also boosted our performance. This is also extremely important from the point of view of dispersing and minimising business risks for the purpose of protecting our portfolio, particularly during periods of market volatility.

Trading analytics reached a number of important milestones in 2023. In the first half of the year we successfully implemented a tool, developed in-house, for producing future price trajectories for electricity and natural gas. This enhanced the robustness and stability of the process considerably; it also sped up and optimised it. We took a major step forward in the advanced forecasting of FBMC parameters in different conditions with the help of artificial intelligence, which provided us with a more precise and reliable understanding of the electricity system in Europe. Another achievement worth mentioning is the development of a pan-European electricity price forecasting model using internal FBMC parameter forecasts, which enables us to simulate market scenarios for multi-year periods. At the same time we established a new database for storing information on market events, and developed tools that provide traders with valuable information to aid their everyday decision-making. This created a firm basis for the further development and improvement of our analytical platform.

Algorithmic trading

We have incorporated the latest technological tools into our algorithmic trading activities; these enable us to carry out our trading strategies more quickly and efficiently. We have expanded the scope of our use of artificial intelligence and machine learning to optimise the algorithms, which has allowed us to adapt more readily to changeable conditions on the market. We have expanded algorithmic trading to intraday trading and the optimisation of renewable energy sources under management. More than 45% of our intraday trade transactions are now completely automated, while roughly 20% of our transactions on the forward and futures product market are fully automated.

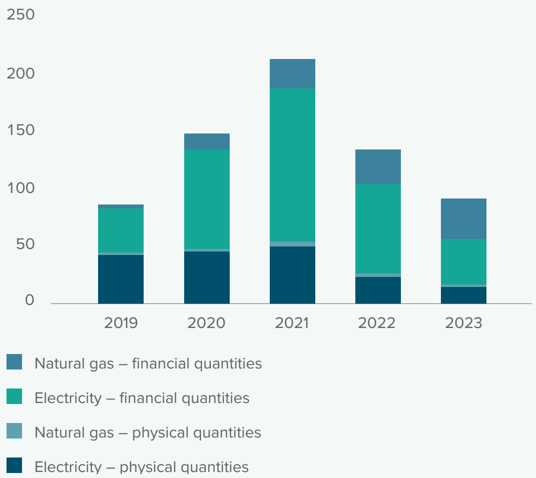
In 2023 we added a link to intraday trading on the Serbian SEEPEX exchange on the infrastructure side of the algorithmic trading system, and provided support to the intraday capacity purchasing system. We have reduced the internal reaction time on the market by at least 40%, which adds reliability, efficiency and stability to the algorithmic trading system.

Quantities sold

The GEN-I Group sold 88.3 TWh of energy on the wholesale market in 2023: 51.3 TWh of electricity and 37 TWh of natural gas.

In recent years there has been a noticeable shift in the structure of the energy market; this is the result of a changing business environment, and is reflected in the changing volumes of energy consumption.

Quantities of electricity and natural gas sold – physical and financial contracts (TWh), by year

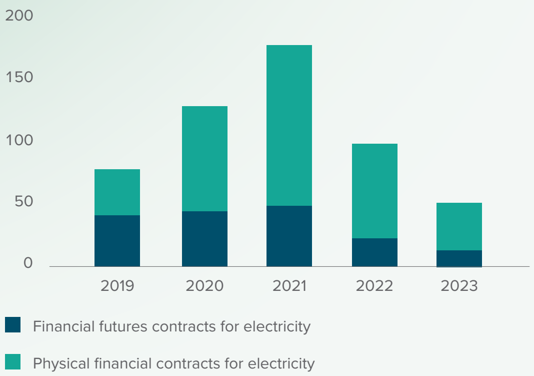


Purchase of energy from renewable sources

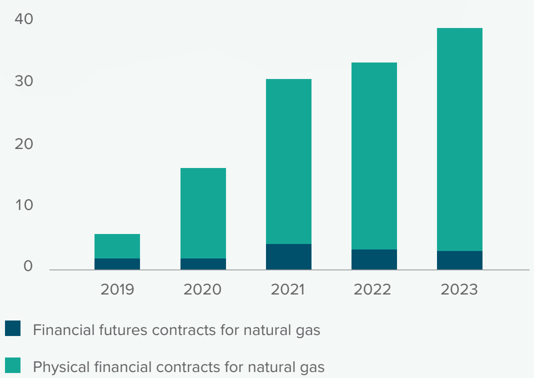
While market trends are emerging in the form of the continuing development of renewable sources, full integration will not be possible in the near future because of strains on the grid and price pressures (low, unprofitable electricity prices, particularly from solar power plants). Investments in batteries are among the most crucial elements when it comes to renewables, which is why we are trying hard to meet market needs when it comes to the objectives of optimising the energy environment. Proceeding from the market needs associated with investments in renewables, as well as our own sustainable development values, we are focusing in particular on developing the purchase of electricity from energy units that use renewables and are not necessarily owned by the "classic" energy companies.

Year 2023 was an extremely successful one for the purchase of electricity from renewable sources using Power Purchase Agreements (PPA), since we were able to reach the most competitive markets in the region with eight PPA projects (mainly consumption with related services for solar and wind renewables): Croatia, Serbia, North Macedonia and Bosnia and Herzegovina (total installed power of 350 MW). We demonstrated that we are among the leading traders in the SEE region, fully versed in the management of this type of production unit. Despite the unpredictable and volatile market, we continued to successfully manage and optimise generation from renewable sources using wind farms and solar power plants.

Quantities of electricity sold – physical and financial contracts (TWh), by year



Quantities of natural gas sold – physical and financial contracts (TWh), by year



Many power plants operated on the basis of our PPAs, not only in Slovenia but also in other regional markets in which we have traded for a number of years.

In 2023 we focused our services on the forecasting of production from renewable sources, intraday balancing, coverage of the costs of deviations and PPA contractual relationship management services (which make a stable contribution to the portfolio and create added value with limited market risk).

Natural gas trading

While market tensions eased considerably in 2023, and business and household demand for natural gas was low throughout the year, prices remained volatile, reflecting the fragile balance on global gas markets and conditioning the entire business environment during the year. There are numerous risk factors that could easily lead to renewed market tensions.

Despite the natural gas price caps that were also introduced for end-consumers in Slovenia, we managed to maintain the positive value of our portfolio by purchasing sufficient quantities in good time. The crisis group continued its work to ensure secure supply to end-users in Slovenia, even in conditions of disrupted supply. By complying with the European regulation on measures to safeguard the security of gas supply and taking a careful approach to optimising the process of filling gas storage facilities, we achieved a high filling level. Despite this, an increasing number of countries opted to increase gas transit tariffs, which means that additional payments are charged on the quantity of gas carried (alongside the payments made to lease cross-border capacities). In this way some countries aim to retain their gas, while for other market stakeholders these are high additional costs that make portfolio optimisation more difficult.

Portfolio expansion

In order to protect its portfolio, the GEN-I Group employs a cross-commodity strategy when it comes o energy trading.

In 2023 we strengthened our trading infrastructure for environmental products. In addition to emission allowance trading via forward and futures contracts and taking part in emission allowance auctions, we were more aggressive in our guarantees of origin trading activities. We also increased the volume of trading in options, which are an excellent portfolio hedging instrument. Our extremely well-developed trading infrastructure and thorough knowledge of markets are key elements of our business resilience, and helped us finish a demanding and difficult year with success.

STRATEGIC GROWTH

We increased the GEN-I Group's share in the household consumption segment by a further 5%. The GEN-I Group has a 25.6% share of the entire retail market, which means that we cover a quarter of the Slovenian market – a market on which 22 suppliers operate.

Supply

The GEN-I Group focuses primarily on providing energy to a wide circle of consumers, which include households, small businesses, industry and public institutions. We are therefore able to supply the whole of the retail market, which enables us to manage risks effectively and maintain a well-rounded portfolio. In the last few years we have devoted considerable effort to restructuring our portfolio, moving away from predominantly supplying business customers to having a more balanced portfolio of households, SMEs and large companies.

Electricity

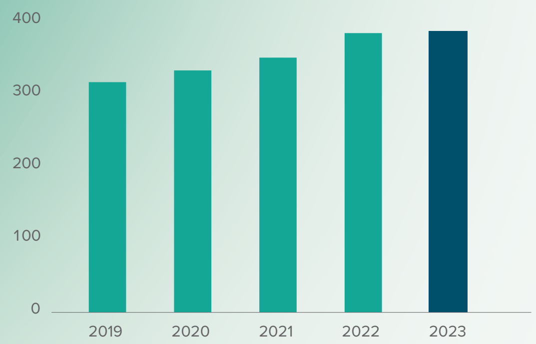
We continued to supply exclusively carbon-free electricity from solar, hydro and nuclear energy, backed by guarantees of origin, in 2023. More details can be found in the Reliable and affordable energy supply section. The Ministry of the Environment, Climate and Energy published figures on electricity suppliers' market shares for 2022 in April 2023. The GEN-I Group enjoyed the highest share of all suppliers in the household consumption segment in 2022; this further increased in 2023, from 42% to 47.1%. If we add business consumption to this, the GEN-I Group has a 25.6% share of the entire retail market, which means that we cover a quarter of the Slovenian market – a market on which 22 suppliers operate. As at the end of 2023, the GEN-I Group serviced 388,380 household electricity consumers.

1.

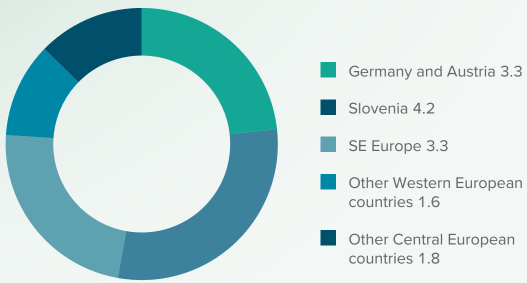
ANNUAL REPORT OF THE GEN-I GROUP AND GEN-I, D.O.O. 2023

Business Report

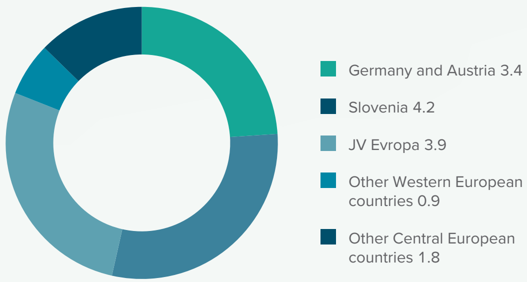
Fluctuation in the number of household consumers of electricity in the GEN-I Group in Slovenia, by year (in thousands)



Quantities of electricity sold, by market (TWh) in 2023



Quantities of electricity purchased, by market (TWh) in 2023



Purchase of production from RES and CHP (GWh)

The high purchase prices of 2022 led producers to expect prices to remain high for the following few years. When formulating electricity purchase price models, there is an increasingly high penetration of renewable energy sources into the market; consequently, the profiles of generation from renewable sources are changing strongly from those of previous years.

In 2023 we transferred the successful business model for electricity supply to the purchase of electricity from producers, thereby enabling greater flexibility to deviate from forecast production on volatile and unpredictable markets.

We purchased 209 GWh of electricity from 986 domestic producers of electricity from renewable sources and CHP and from 1,354 measurement points in 2023.

Natural gas

In December 2023 the GEN-I Group supplied 30,185 households and 2,062 small businesses with natural gas.

In 2023 we supplied our customers with 833.6 GWh of natural gas, a roughly similar figure to the year before (884.2 GWh).

Regulatory measures to protect consumers

Last year was marked by energy price regulation, with the Slovenian government passing several decrees to protect consumers by capping the retail price of both electricity and natural gas. The electricity price cap has been extended into 2024 for households, with the capped price applying to 90% of actual use and the market price to the remaining 10%. The price cap measure was also extended until 30 April 2024 for natural gas.

To relieve financial pressure from those most affected by the summer storms and flooding, the GEN-I Group took part in an initiative to charge electricity supplied between August and December 2023 at EUR 0.001/kWh for all those households affected by the flooding.

As at the end of 2023, the GEN-I Group serviced 388,380 household electricity consumers.

1.3.2 SALE OF ENERGY TECHNOLOGIES

GEN-I SONCE's range of solar power plants for household self-supply was very popular in 2023, which helped the company remain in top spot in Slovenia with the largest market share (18%). This range offers a comprehensive and unique service of solar power plant installation, construction, maintenance, insurance and financing.

The very strong growth in interest in technologies and services connected with the construction of solar power plants in 2023 was also strongly conditioned by regulatory changes and financial incentives affecting all aspects of product sale.

Self-supply for households

By the end of 2023 we provided nearly 8,100 Slovenian households with the opportunity to "go green" by harnessing the power of the sun, connected 3,229 new solar power plants to the grid in the course of the year, and increased the number of small solar power plants installed by 85% in comparison with 2022.

Self-supply for business users

Last year we continued to expand on the market of self-supply for business consumers keen to reduce their carbon footprint and follow sustainable trends by installing their own solar power plants.

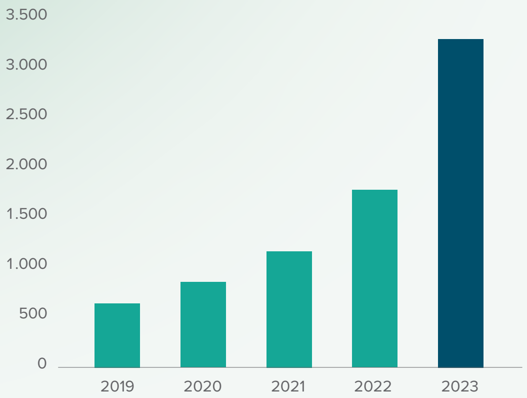
In the course of the year we connected 74 solar power plants with a total installed power of 22,720 kW. These were installed on the roofs of companies, hotels, shopping centres and other large electricity consumers. One of these plants represented a special milestone, being the first GEN-I SONCE d.o.o. plant to be installed at ground level.

1.3.3 SALE OF ENERGY SERVICES

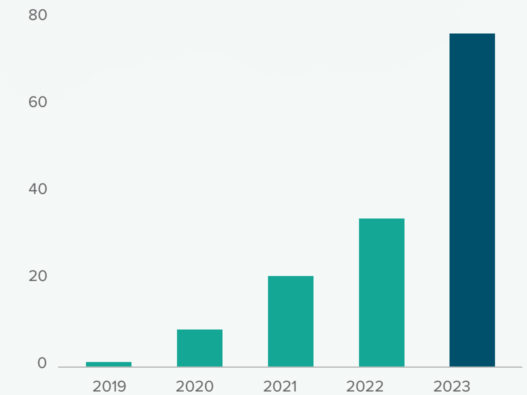
Energy performance contracting

Energy performance contracting, which has a positive impact for all stakeholders, is another of our energy services designed to aid the green transformation. This service enables companies to contain the challenges presented by energy market volatility, and achieve their long-term financial and environmental objectives as quickly as possible and without the need to make their own investment. It also enables the public sector to make a swifter transition to green sources of energy.

Number of small solar power plants handed over, by year



Number of solar power plants handed over to business users, by year



We offer the financing, construction and maintenance of solar power plants within an agreed time period, during which time the customer pays off the investment with the energy savings they make. The investment then becomes their property at the end of the contractual period.

Community self-supply

In order to provide those who, for whatever reason, would not normally be able to generate electricity from their own power plant with the chance to do so, the GEN-I Group places considerable emphasis on community self-supply – that is, the self-supply of multi-apartment buildings and community self-supply with energy from renewable sources. The Group is also keen to involve solar communities in this process in the future.

Self-supply of multi-apartment buildings

The possibility of installing solar power plants for self-supply purposes on multi-apartment buildings has existed in Slovenia since 2019. GEN-I SONCE d.o.o. was the first company to make use of this possibility by setting up the first self-supply solar power plant on the roof of a multi-apartment building in Jesenice at the beginning of 2019.

Since projects of this type require a tailored approach, they are carried out at a smaller scale, on a one-to-one basis with customers or individual investors. By the end of 2023, GEN-I SONCE d.o.o. had installed three solar power plants of this type, generating 187 MWh of green electricity and reducing CO_2 emissions by 91 tonnes.

Solar communities

The GEN-I Group is in the process of developing solar communities that connect households that wish to become energy self-sufficient but are unable, for whatever reason, to install their own solar power plant. With the installation of solar power plants, which the GEN-I Group will construct across the country, members of the GEN-I Solar Community will be able to make joint use of solar panels with other members. In 2023 we installed five solar power plants for this purpose on five public buildings in the Municipality of Ajdovščina. This started the Ajdovščina Solar Community, providing more than 180 households with joint use of solar panels. You can read more about solar communities in the Community empowerment section.

E-mobility

Our e-mobility service aims to simplify the green transition for our customers in the field of mobility. We have developed the service as a response to the complex user experience of registering and paying for e-vehicle charging sessions at public charging stations. At the end of 2022 we joined the Europe-wide charging infrastructure network, thereby providing our users with access to more than 100,000 stations across the continent. In 2023, 2,264 users of this service engaged in 15,500 e-vehicle charging sessions, with the number of users up on the previous year. A total of 171,487 kWh of energy was used to charge these vehicles.

As the GEN-I Group is aware of the importance of e-mobility and keen to consolidate its activities in this area, it continued to focus in 2023 on the development of a new product that will address the challenges of private charging with the aim of further simplifying e-mobility for its customers and bringing it closer to them.

Aggregator and active consumers

The GEN-I Group's flexible consumption service makes it possible for our business clients to take on the role of active energy operators, with a positive impact on the local economy. Due to our widespread network, knowledge and infrastructure, we are fast becoming the leading aggregator of active consumers; and, as the operator of a virtual power plant, we are in the business of connecting our clients' energy solutions with dynamic energy markets.

In 2023 we met all our objectives and increased our presence on the system services market as a reserve power aggregator. In addition to our presence in Slovenia and Austria, last year we received permission to provide aggregation services on the Croatian system services market as well. In Austria we have been providing reliable (commercial) negative and positive tertiary reserves for nine years.

Flexible consumption and diversified production for the purpose of guaranteeing secondary and tertiary power reserves have sparked the largest number of innovations within the GEN-I Group in the last few years in areas promoted by Directive (EU) 2019/944 of the European Parliament and of the Council on common rules for the internal market for electricity and amending

Directive 2012/27/EU, and the Slovenian Electricity Supply Act (ZOEE).[6]

We are planning to continue to expand on the secondary regulation market in Austria and Slovenia, and increase our capacities with the aim of participating even more actively in the commercial tertiary reserve market in neighbouring countries, where the provision of system services is possible through active demand response.

Innovations and activities in international R&D projects

The development of services based on lean innovation principles and networking aimed at upgrading knowledge and sharing financial investments have become driving forces of progress within the GEN-I Group. They have made it possible for us to achieve the desired results more quickly and with greater success. The innovation activities of GEN-I, d.o.o. have been recognised by and received awards from local chambers of commerce and industry.

The following innovations received silver awards in 2023:

- The FIN CF Dashboard for monitoring and managing the movement of funds from financial instruments received a silver award from the Chamber of Commerce and Industry of the Central Slovenia region.
- The “GO-TO” map, designed to aid the installation of large solar power plants in Slovenia, received a silver award from the Chamber of Commerce and Industry of the Central Slovenia region.
- The Hydro OCR API innovation (machine reading of hydrological data) received a silver award from the Posavje Chamber of Commerce and Industry.

The following innovations received bronze awards in 2023:

- The DCRM B2C – Sales Runner innovation for overhauling sales processes received a bronze award from the North Primorska Chamber of Commerce and Industry.
- The Efficient Energy Use project received a bronze award from the North Primorska Chamber of Commerce and Industry.
- The “Superforecasting” innovation received a bronze award from the Posavje Chamber of Commerce and Industry.

At the Inovacija Energetike 2023 conference, the GEN-I Virtual Power Plant (Increasing the Value of Production Resources) was chosen as the best innovation.

When it comes to strategic projects, we connect with international and domestic research organisations and business partners. We partner with them on calls for applications within the Horizon 2020 scheme, as well as in national calls, which are often co-financed with EU funds. Strategically we choose projects that enable us to develop new products and solutions for customers, and help us remain one step ahead of the competition at all times. For this purpose we have also registered a research organisation, incorporating a dedicated research group, in the SICRIS database.

Green Transformation Consortium

On 16 September 2019 we signed a consortium agreement with ELES d.o.o. to accelerate the green transformation of the Slovenian energy sector with the help of smart networks.

As part of the Green Transformation Consortium, we continued last year with the pilot provision of flexibility services in the distribution network to reduce the load on transformer stations. We also carried out the DN-FLEX research project, which was co-financed by the Slovenian Research Agency (ARRS).

Co-financed projects currently under way

At the GEN-I Group we are convinced that participation in R&D projects help us follow the latest scientific trends and results. By setting up demonstration environments and developing products and solutions, we are becoming one of the leading companies in the development of carbon-free technologies. Projects such as these are also an excellent training ground for employee development, and a way of opening up new job positions for highly qualified staff. The benefits of R&D projects are clear, which is why we continued to implement them in 2023. Activities took place within the planned scope and by the planned deadlines.

We acted as partner in two international projects within the Horizon 2020 scheme in 2023. The EV4EU (Electric Vehicles Management for Carbon Neutrality in Europe) project brings together 22 partners from four countries with the aim of clearing a path for the mass introduction of electric vehicles using V2X technologies. GEN-I’s role is to manage and implement a demonstration project in Slovenia to present and analyse the benefits of V2X technology in business and private buildings, and to lead innovation management activities. The OneNet (One Network for Europe) project focuses on identifying solutions for the coordinated cross-border operation of electricity transmission and distribution system operators with the establishment of new flexibility markets.

We are currently involved in a further two flexibility-related projects: “Local flexibility service for the green transition”, an R&D project financed by the EU within the NextGenerationEU recovery instrument, and DN-FLEX, an applied ARRS research project. We are using both projects to develop platforms for local flexibility and local flexibility services, and contributing to the development of a local flexibility market.

1.3.4 PRODUCTION AND STORAGE

Large solar power plants

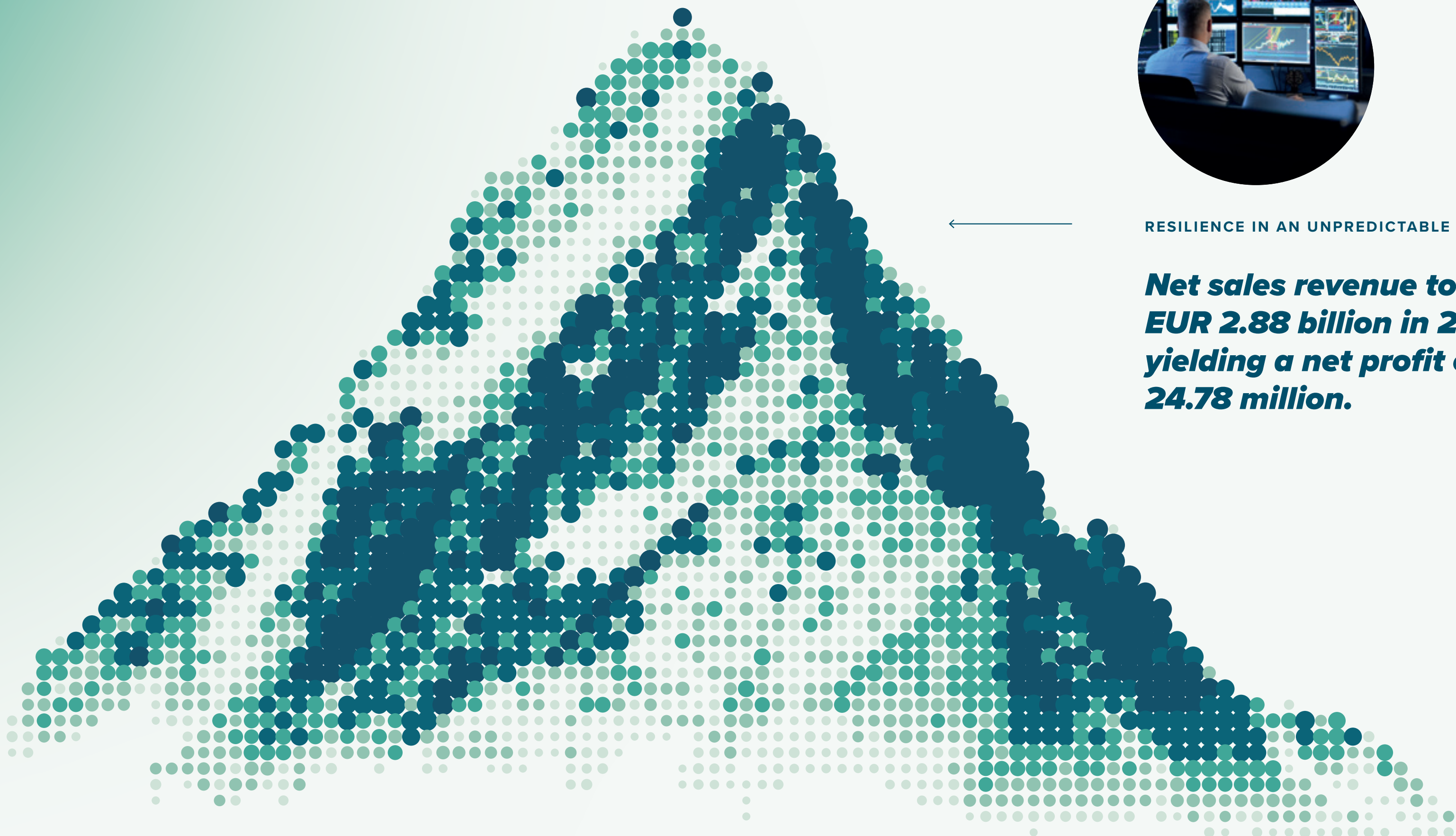
In 2023 the GEN-I Group purchased land in the Kavadarci region of North Macedonia. All the paperwork is in order, and there is a connection available for the construction of a solar power plant with a power output of 11.8 MW and planned electricity generation of 17,000 MWh a year.

The plant is expected to start operating in 2024, and is part of the GEN-I Group’s further expansion towards the implementation of large-scale solar power plant projects and the generation of carbon-free electricity.

The first large-scale solar power plant, which was built in the second half of 2022 in the Amzabegovo area, operated fully for the whole year for the first time in 2023, generating 24.7 GWh of electricity.

A start has been made on organising the process of locating potential large-scale solar power plant projects in Slovenia, Croatia and Serbia, where we are negotiating the establishment of potential large-scale solar power plant projects with a total power output of 100 MW. We also use ESG criteria as an integral part of any assessment of suitability when examining the potential of solar power plant projects.

6. Electricity Supply Act (Official Gazette of RS, No 172/21).



RESILIENCE IN AN UNPREDICTABLE ENVIRONMENT

Net sales revenue totalled EUR 2.88 billion in 2023, yielding a net profit of EUR 24.78 million.

Battery energy storage systems

With the aim of expanding the set of energy services that support the green and digital transformation of the energy sector, we began last year to intensify the development of battery energy storage systems for businesses and households. At our office building in Kromberk, we successfully connected and started our first such storage system for business units with a power output of 120 kW. In the small storage system segment, we upgraded seven households' existing self-supply solar power plants with remote-controlled home storage units. We intend to use the invaluable experience gained through these pilot projects to design commercial products and bring them to market.

1.4 Analysis of the business performance of the GEN-I Group in 2023

In spite of the unpredictable conditions on energy markets, the GEN-I Group closed 2023 with an excellent set of business results, thanks to strategic direction and careful management.

Operating income

The GEN-I Group generated net sales revenue of EUR 2.9 billion in 2023, which was a fall of 29% on the previous year. This fall in net sales revenue was the result of lower electricity and natural gas prices on international markets and, in part, the lower volume of trading occasioned by the regulatory restrictions in place on certain SEE markets.

The GEN-I Group's main source of income remains GEN-I, d.o.o., which, in line with its business model and single global portfolio, has established subsidiaries in various countries, where this is required, in order to guarantee the presence of the Group in local markets.

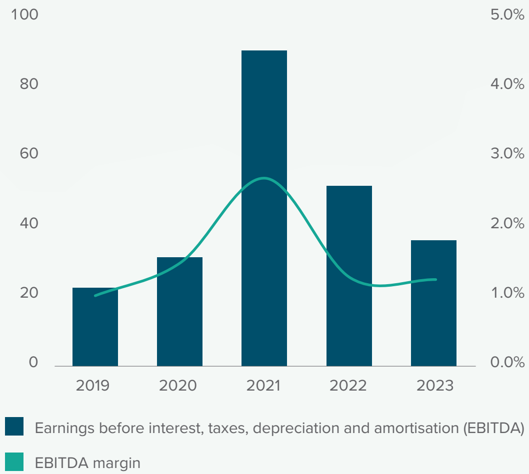
Gross operating profit, EBITDA, EBIT, and net profit or loss

In 2023 the gross margin was 3.39% and the gross operating profit EUR 97.6 million. This represents a fall of 31.4% compared to the previous year. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR 36.9 million in 2023, which was a fall of 30.5% compared to 2022. Earnings before interest and taxes (EBIT) stood at EUR 30.3 million in 2023, down from EUR 40.7 million in 2022.

The EBITDA margin was 1.28% in 2023, which was comparable to the previous year's figure of 1.3%.

Gross profit or loss (in EUR million), gross margin

Earnings before interest, taxes, depreciation and amortisation (in EUR million)



In 2023 the GEN-I Group continued investing in intangible assets and in property, plant and equipment.

Investments in property, plant and equipment at the GEN-I Group totalled EUR 5.3 million in 2023. These investments related to the acquisition of land along with an investment in an enterprise in North Macedonia (EUR 2.3 million) and other investments in computer equipment, the purchase of office furniture and other equipment, and investments in leased foreign fixed assets.

The majority of investments are oriented towards development, which will enable the GEN-I Group to carry out an even more incisive digital transformation process and state-of-the-art analytics, and continue to provide a working environment with a high value added. Property, plant and equipment have not been pledged.

In 2023 investments in intangible assets totalled EUR 1.7 million; these related to software designed to provide IT support to joint offices and trading, the support to the sale of electricity to end-consumers, and server support.

The depreciation value increased to EUR 5.9 million.

Additional impairments were created in 2023 as a result of potential credit losses arising from the reduced credit ratings of business consumers affected by the energy crisis. The costs of impairments, write-offs and expected credit losses fell to EUR 0.7 million compared to the previous year.

With the rise in interest rates came a slight rise in interest expenses compared to the year before (EUR 3.6 million in 2023). Profit or loss from financing activities, which represents the difference between finance income and finance costs, improved in comparison with 2022, amounting to -EUR 2.2 million. Despite the difficult conditions on the market, the GEN-I Group achieved a net profit of EUR 24.8 million, although this figure was 16.8% down on the previous year's. Nevertheless, the net profit achieved did exceed the planned net profit for 2023 by 31.8%.

Capital structure and total assets

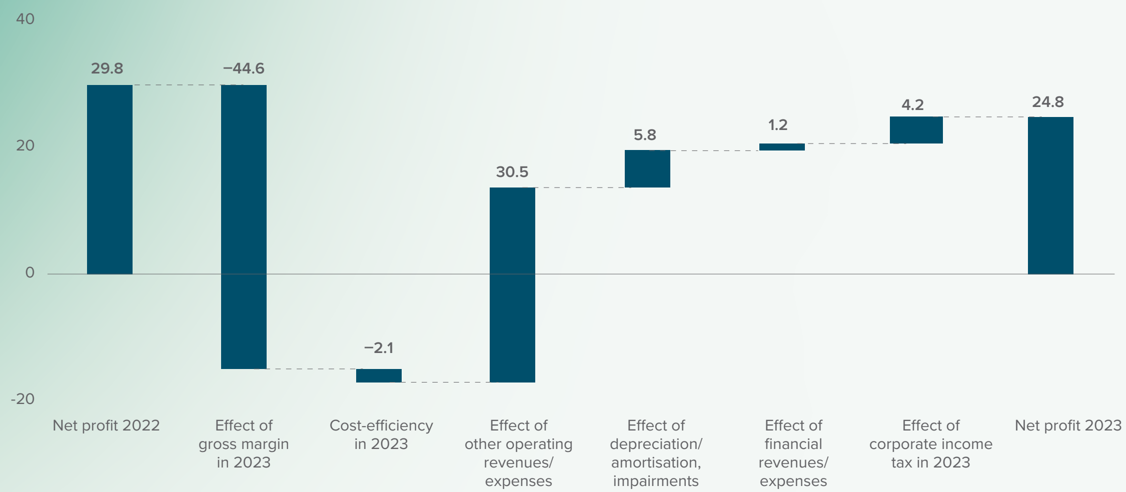
The GEN-I Group's equity reached a new record high in 2023 of EUR 209.2 million (figure as at 31 December 2023). Compared to the value achieved at the end of the previous year, this was an increase of EUR 16.8 million (or 8.7%). The two main reasons for this increase were the net gains realised by the Group and the conservative dividend policy.

Capital adequacy, measured as the ratio between equity and total assets, rose again in comparison with the end of 2022, standing at 37.6% at the end of 2023. This represents a rise of 5.7 percentage points compared to the figure posted at the end of the previous year. Along with the increase in equity, the lower total assets, which stood at EUR 557 million (a fall of 7.6%), were also responsible for the rise in capital adequacy. The main culprit for the fall on the asset side can be found in the current derivatives item, where the majority of the value came from the fair value of commodity contracts for the 2023 financial year. The maturity of these contracts also had a fairly positive liquidity effect, which is shown on the liability side in the reduction in current financial liabilities, or a considerable improvement in the net financial debt in comparison with the end of 2022.

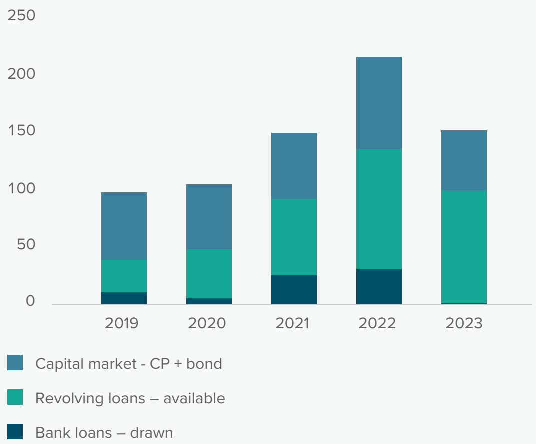
The equity to debt ratio improved slightly in 2023, which can be attributed to the net gains made by the GEN-I Group in 2023. The good business result achieved and the fact that our net financial debt remained at a suitable level are also reflected in the fact that we managed to maintain low leverage, which is measured as the net financial debt to EBITDA ratio. Owing to an increase in cash and a reduction in financial debt, the indicator is once again negative, at -1.8 (0.8 in 2022). This improvement brings the indicator well below the internally set limit of 3.7.

The financial stability of the GEN-I Group continues to be reflected in its high interest coverage, i.e. coverage of interest expenses. Despite the reduction in EBITDA on the one hand and the increase in interest expenses on the other, the indicator was still at an acceptable 10.3

Elements of net profit or loss (in EUR million)



Financial debt by source of financing as at 31 December (in EUR million)



Debt and net debt

The financing of the GEN-I Group remains centralised, which means that GEN-I, d.o.o. is responsible for acquiring sources of financing on both the banking and capital markets. Financing remains dispersed among various banks and investors, which allows us to maintain a low degree of refinancing risk.

Towards the end of the year, the balance between financing on the banking market and financing on the capital markets tipped in favour of the former; this was the result, above all, of the continued provision of a sufficient secondary liquidity reserve in the form of undrawn credit lines. Moreover, banks also make an additional liquidity reserve available in the form of cash in bank accounts (EUR 124 million) and unused credit lines (EUR 104 million).

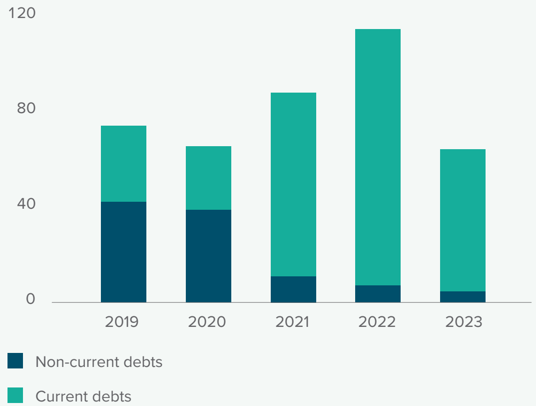
The trust of financial investors remains high, with the parent company GEN-I, d.o.o. once again successfully issuing a new money market instrument (commercial paper) on the capital market, this time for EUR 50 million. The commercial paper was placed on the regulated market of Ljubljana Stock Exchange. The issue was once again very well received by investors, with interest exceeding the borrowing amount announced.

The GEN-I Group continued to maintain good business relations with financial institutions in 2023, and also maintained its fairly diversified portfolio of domestic and foreign banks. We successfully renewed all the necessary credit and guarantee lines, thereby providing our business operations with additional financial stability.

The ratio of short-term to long-term financing fell in 2023, which was the result of the positive liquidity effect of the maturity of commodity contracts and, because of this, less use of credit lines.

The existing financing structure still allows for financial security and the coverage of sustainable working capital.

Financial debt by maturity as at 31 December (in EUR million)



1.5 Overview of main events in 2023

January

Becoming part of the EV4EU project
In its final form, EV4EU will enable data to be exchanged between a vehicle and its environment, and the exchange of energy within and from the grid.

February

New GEN-I Management Board
A new GEN-I, d.o.o. Management Board was appointed, comprising the director of the legal affairs office Maks Helbl as president, and the director of trading Andreja Zupan and the head of the risk management office Sandi Kavalič as members. GEN energija's representative on the Management Board, Primož Stropnik, remained in place.

Energy savings lead to the announcement of reductions to customers' bills
The GEN-I Group's household customers enjoyed their first discount on their electricity and natural gas bills as a result of energy savings made in the fourth quarter of 2022, when electricity and gas consumption fell by 3% (or 22% in comparison with the same period in 2021).

March

New GEN-I SONCE website
The refurbished website of GEN-I SONCE d.o.o., which features a refreshed corporate image for the subsidiary, enriched content and an automated online indicative offer application form aligned with the GEN-I Group's overall corporate image, came online.

Golden Thread award back in the trophy cabinet
As part of its "Zlata Nit" (Golden Thread) research project, the media company Dnevnik gave out its 16th annual awards to those companies most aware of the vital contribution that high-quality relations between employees make to business excellence. Once again, we were named among the country's best employers.

Record achievements by GEN-I SONCE
Two records were broken in an extremely successful month for the company. We completed 414 connections, beating the previous monthly record of 245, and completed a high number of full installations (313), plus an additional 198 partial installations – the highest monthly numbers in the history of GEN-I SONCE.

April

After the Golden Thread award, one of Slovenia's most respected employers
Since 2018 we have been used to being in the company of a select band of Slovenia's most respected employers. We are proud to once again be voted one of the Top 10 employers. For the second year in a row we took top spot as the most respected employer in the IT category, and were also ahead of the competition in our branch of the energy sector.

May

Second set of energy savings recognised
The GEN-I Group's household customers together reduced their natural gas consumption by 13% and their electricity consumption by 1% in the first three months of 2023 compared to the same period the year before. This meant that they were entitled, for the second time this year, to discounts of EUR 26 on their gas bill and EUR 1 on their electricity bill.

Appointment of the first ESG coordinator at the GEN-I Group
Sustainable development has been an important part of the GEN-I Group's strategic direction for many years. With the aim of accelerating the green transformation still further, the first GEN-I ESG coordinator was appointed in May; a start was made at the same time on consolidating the sustainability efforts of the GEN-I Group through a series of multidisciplinary working groups.

June

Six innovative projects receive awards
We placed six of our innovations in the 2023 call for innovations published by regional chambers of commerce and industry, winning awards for all them (three silver and three bronze).

Two records were broken in March. We completed 414 connections, beating the previous monthly record of 245, and completed a high number of full installations (313), plus an additional 198 partial installations – the highest monthly numbers in the history of GEN-I SONCE.

July

New recognition from the Energy Risk Commodity Rankings
GEN-I again climbed up the prestigious Energy Risk Commodity Rankings, which is the most extensive such survey of energy markets, with all the big names in trading, brokerage and service provision vying for top spot in a number of categories. We were ranked first in the Research in European Power category.

August

Help to household customers following the catastrophic floods
Our customers are always our number one priority, which is why we were only too happy to join the Ministry of the Environment, Climate and Energy initiative to help households who suffered such extensive damage during the floods of August 2023. They were charged a nominal rate of 0.1 cents per kWh of electricity between August and December 2023.

Energy savings for the second quarter of 2023
The GEN-I Group's household customers together reduced their natural gas consumption by 17% and their electricity consumption by 1% in the second quarter of 2023 compared to the same period the year before. This meant, once again, that they were entitled to a discount on their monthly bills.

September

Solar power plants with battery energy storage systems
GEN-I SONCE expanded its range of products and services to include the installation of solar power plants in combination with electricity storage systems (turnkey project).

HR&M Project of the Year finalist 2023
This year's HR&M Conference, which went under the slogan "Experience the Possible", saw us selected as one of the finalists for the Project of the Year 2023 award in the large enterprise category. This was on account of our Trading Challenge programme, which we first tested internally before taking it out into the wider world.

October

GEN-I wins big at an energy innovation conference
The first prize awarded to us for our innovative virtual power plant, which provides a platform for the management of all electricity-generating devices under one roof, is further confirmation that our innovations are among the best around.

Completion of the construction of our largest solar power plant in Slovenia
GEN-I SONCE d.o.o. completed the construction of a 3.8 MW solar power plant in Slovenia on the roof of Talum d.d. It will generate 3,822 MWh of carbon-free electricity a year and save almost 1,947 tonnes of CO_2.

November

GEN-I among the European giants
Luka Jazbec of GEN-I, d.o.o. was elected one of the two vice-chairs of the EFET board for the year commencing November 2023. This means that he will occupy one of the three leading positions at the key European association of energy traders in 2024, working alongside representatives from Shell Energy Europe and EDF Trading.

Energy savings for the third quarter of 2023
GEN-I's household customers together reduced their natural gas consumption by 15% and their electricity consumption by 2% in the third quarter of 2023 compared to the same period the year before. This meant that they were again entitled to a discount on their monthly bills.

December

GEN-I Sonce close out a successful year
More than 3,000 solar power plants were put into use throughout Slovenia in 2023. This is almost twice the number from 2022, and accounts for 38% of all solar power plants that we have installed since the company was founded. This is part of our active contribution to increasing the share of carbon-free energy in Slovenia, where we have already exceeded 1 GW of installed solar power.

Construction completed of the largest stand-alone solar power plant in Slovenia
GEN-I SONCE d.o.o. completed the construction of the largest stand-alone solar power plant in Slovenia, which is located in the immediate vicinity of the Nova Gorica central treatment plant. The 1.1 MW solar power plant is situated on an area of roughly one hectare, and will generate approx. 1,300 MWh of electricity a year.

In partnership with the Municipality of Ajdovščina, construction and connection completed of five new solar power plants for local residents

Our subsidiaries GEN-I SONCE and GEN-I ESCO partnered with the Municipality of Ajdovščina to connect all five new solar power plants installed in 2023 (total nominal power of 0.7 MW) to the electricity grid. The plants are designed for the community self-supply of Ajdovščina residents.

1.6 Events after the reporting date

On 20 March 2024 the GEN-I, d.o.o. General Assembly appointed Igor Koprivnikar, PhD, to serve as a member of the company's Management Board. The appointment now means that the GEN-I, d.o.o. Management Board comprises Maks Helbl (president), Primož Stropnik, (member), Sandi Kavalič (member) and Igor Koprivnikar, PhD, (member).

Koprivnikar's is an energy expert with many years of experience, particularly in the field of energy trading and the operation of energy markets. He has in-depth knowledge of the operations of the company and the GEN-I Group, having served as a member of the Management Board of GEN-I, d.o.o. from 2005 to November 2021, and as president of the Management Board from February 2022 to February 2023. He has also served as a director of a number of individual foreign subsidiaries of the GEN-I Group.

Koprivnikar's appointment re-establishes the four-member GEN-I, d.o.o. Management Board, as required by the applicable articles of association, following the death of Andreja Zupan, who passed away on 27 February 2024 after a serious illness.

On 15 April 2024 the company published an initial offering of green bonds with an expected value of up EUR 50 million.

There were no events after the reporting date that should have been disclosed or would have had a material impact on the financial statements for 2023.

1.7 Strategic development and business expectations at the GEN-I Group

Several years ago the GEN-I Group added the development of solutions designed to speed up the decarbonisation of the Slovenian energy system to its mission to become the first choice for customers and partners wishing to benefit from the advantages of the free electricity and natural gas market. A large part of our development and sales activities will continue to be focused on the course we have set for green transition.

In the current market conditions, the expansion of trading with the purpose of providing comprehensive coverage of global energy products (cross-commodity spread trading) and all global markets remains one of the GEN-I Group's main strategic development policies. We will also make the best possible use of our trading opportunities to mitigate the negative income balance from supply to end-consumers resulting from discrepancies between the prices of energy products on wholesale markets and the prices that apply, with legal restrictions, to end-consumers. Regardless of the energy crisis, energy supply from the GEN-I Group will continue to be based on electricity originating exclusively from renewable sources (solar and hydropower) and nuclear energy.

Among the activities for decarbonising the Slovenian energy sector, the sale of technologies and the development of services designed to make use of the solar potential will continue to play a strategically important role. In order to upgrade the capacities of solar power plants for self-supply and community self-supply services, energy-storage technologies have been developed and tested – indeed, we have already upgraded our range of solar power plants with battery energy storage systems. We are planning to use them to expand our flexibility portfolio, which will make it easier for us way to integrate renewable sources into the energy system. After installing our first large stand-alone solar power plant in North Macedonia in 2022, we are currently preparing to build a series of similar power plants.

We will consolidate our position as the leading energy trader in the region, as well as that of the most trusted energy supplier in Slovenia, through strategic investments in data analytics and the digital transformation of processes and services for our clients. Our organisational culture will continue to be based on a "culture of strengths". We will foster innovative approaches to improving our employees' operations, encouraging them to develop new solutions and increase their environmental awareness.

We will also gradually introduce more and more sustainable approaches into our broader operations. We believe that this will help us achieve our goal, even more effectively, of becoming the leading provider of innovative products and services for the green transformation in the European energy market.

MISSION STATEMENT: Reliable partnership and the development of green transition solutions

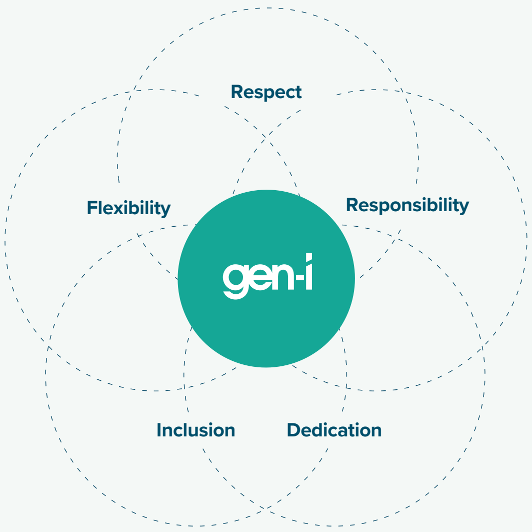
A professional and innovative approach enables us to trade our products efficiently by enabling energy sources to be bought at a competitive purchase price. At the same time, we provide end-consumers with high-quality services, reliable supply and control over the costs of energy purchase, while simultaneously leading them along the path towards green transformation by example and by making our own green decisions.

VISION: Leading provider of green solutions

Our future plans are based on smart solutions that will enable our society to undergo a green transformation and establish sustainable bonds with the natural environment. As a leading provider of innovative products and services on the European energy market, we will promote green energy, sustainable development and the digital transformation of business. Our aim is to become the number one in all segments of the energy chain − for manufacturers, for brokers and for energy users. We would also like to set the best example for green transformation, and prove that it is possible to decarbonise our society while also maintaining stable business growth.

VALUES

We demonstrate **respect** by working with every individual, being ready to accept other people's opinions, being open to suggestions and ideas, and actively seeking solutions that contribute to the pursuit of common objectives.



Responsibility is demonstrated through a diligent attitude towards work, by taking responsibility for our own results and constantly striving to achieve good results together. We establish fair, honest and conscientious relations with customers and business partners, providing them with optimal solutions even when conditions are difficult.

Commitment is a part of our corporate culture. It is expressed in our employees' attitude to knowledge, work, colleagues and business partners. We understand commitment to be the desire of every individual to constantly improve and develop their skills and expertise, thereby helping to enhance the business processes of the company.

We seek and expect **Inclusion** from every one of our colleagues. We understand it as the process of actively aiming for the realisation of common objectives, being committed to seeking out new solutions and taking the initiative when it comes to making those solutions a reality. This value leads to constant improvements to our processes and the optimisation of our services – something that is also appreciated by our partners.

We equate **flexibility** with a positive attitude towards change. The dynamics of the environment in which we operate can be extreme – which is why change and the challenges it brings are an integral part of our business. We see them as opportunities to grow and, with our ability to respond rapidly, to increase our competitive advantages.

1.7.1 KEY EXPECTATIONS BY OPERATING SEGMENT

The strategic directions that GEN-I will take in the period to come will be determined by the GEN-I Group Business Plan for 2024, which is the basic corporate document and one that has to be approved by the GEN-I, d.o.o. General Assembly, and the GEN Group Strategic Development Plan, which is realised through the business objectives set for relevant fields and defined at GEN-I Group level via the business plan.

Energy trading

- Remain a leading electricity trader on the markets of Southeastern Europe, and further consolidate this status in the future by managing renewable source production units.
- Consolidate our natural gas trading on Southeastern European markets.
- Expand our trading activities with the purpose of providing comprehensive coverage of global energy products (cross-commodity spread trading) and, gradually, the main global markets, including several outside Europe.
- Continue to conduct thorough business analyses before entering new markets, where we can expect to add value from the diversification of our global portfolio.
- Establish scenario-based portfolio optimisation analytics for the entire area covered by the European markets in which we are present.
- Boost our emission allowance trading activities on the European market (increasing activities on the spot market and starting to trade in options).
- Consolidate our options trading (for the purpose of exploiting the fundamental imbalances in individual energy sources and hedging the portfolio).
- Participate progressively in the guarantees of origin (GoO) market.
- Continue investing, in 2024, in digital and analytical transformation, with a focus on creating value based on the digital transformation of processes and big data analytics to enable us to make optimal, systematically supported portfolio management decisions.
- Develop the leading advanced trading platform for incorporating renewable sources in the region into international energy markets (Power Purchase Agreement/PPA).
- Strengthen analytical support in the area of global energy products, and finalise the fundamental EUA model.

Supplying end-consumers

- Maintain our market share in Slovenia, which remains our key market, while simultaneously reinforcing our position as the most recognisable and trustworthy electricity and gas supplier.
- Supply all consumers with carbon-free energy.
- Be the most reliable partner in the green transition and in efforts to increase the competitiveness of the Slovenian economy and public sector.
- Provide uninterrupted electricity supply in all segments – B2C, B2B, B2G.
- Control the negative impacts of the regulation of retail prices on the Slovenian electricity and natural gas market.
- Provide customers with a premium user experience by upgrading the “Moj GEN-I” (My GEN-I) platform (by enabling an overview of energy consumption based on advanced analytics of consumption and an advanced safety function).
- Further optimise electricity flows via all 22 countries at an hourly interval through a single global portfolio on the wholesale electricity and natural gas market.

Sale of services

- Provide flexibility on the regional market.
- Provide system services and store electricity for the purposes of flexibility.
- Participate actively in the development of a flexibility market in the distribution network.
- Develop an aggregator platform and control centre.
- Continue activities in relation to energy communities, energy marketplaces, thermal power generation and e-mobility, with activities being stepped up in 2024 and 2025.
- Increase the number of consumers and medium-sized solar power plants within energy communities.
- Establish a strategic link with suppliers of heat pumps and charging infrastructure as the most promising sources of flexibility, and ensure integration with the control centre.

Sale of technologies

- Make appropriate adjustments to the significant increase in demand for green products as a consequence of extremely high energy market prices.
- Maintain the highest market share in Slovenia for the installation of small solar power plants for individual self-supply.
- Remain the leading installer of medium-sized solar power plants for the self-supply of business customers, the public sector and energy communities.
- Actively promote maximum use of solar potential for generating electricity.
- Develop smart services for the management of solar power plants, battery energy storage systems, heat pumps and electric charging systems.

Generation and storage of electricity

- Install and manage large solar power plants, with their electricity being sold on the open market.
- Set up and manage medium-voltage electricity storage systems for the provision of system services and reinforcement of the network with the installation of battery energy storage systems.
- Conduct R&D activities in connection with the establishment and management of low-voltage electricity storage systems in order to reduce peak load and implement system services through the installation of battery energy storage systems.
- Develop an aggregator platform for the management of a large number of dispersed small-scale sources of flexibility in real time.

Key financial targets of the GEN-I Group in 2024

	UNIT	REALISATION 2023	PLANNED FOR 2024
ITEMS OF STATEMENT OF PROFIT OR LOSS			
Net sales revenue	EUR million	2,883.5	3.624.9
Gross operating profit[1]	EUR million	97.6	121.1
EBITDA[2]	EUR million	36.9	45.1
EBIT	EUR million	30.3	38.5
Net operating profit after tax (NOPAT)3	EUR million	25.9	31.2
Net profit or loss	EUR million	24.8	23.1
ITEMS OF STATEMENT OF FINANCIAL POSITION			
Total assets	EUR million	557.0	538.4
Equity	EUR million	209.2	221.7
Financial debt	EUR million	59.1	153.2
Net financial debt	EUR million	–64.8	48.2
DEBT, LEVERAGE AND COVERAGE INDICATORS			
Net financial debt/EBITDA[4]		–1.8	1.1
EBITDA/interest expense		10.3	5.0
Financial debt/(financial debt + equity)	%	22.0	40.9
PROFITABILITY INDICATORS			
Gross margin[5]	%	3.39	3.34
EBITDA margin	%	1.28	1.25
EBIT margin	%	1.05	1.06
ROA (net profit/average total assets)	%	4.27	4.59
ROE (net profit/average equity)	%	12.34	11.00

1. Gross operating profit = difference between sales revenue and sales expenses.
2. EBITDA = earnings before interest, taxes, depreciation and amortisation.
3. NOPAT = earnings before interest and taxes x (1 - effective tax rate).
4. Net financial debt/EBITDA = (non-current and current financial liabilities - cash and cash equivalents)/EBITDA.
5. Difference between sales revenues and expenses/sales revenues.

1.8 Risk management

The centralised risk management office is responsible for identifying, examining, managing and reporting on the exposure to various risks at the GEN-I Group. It is completely independent and functions in accordance with the adopted risk management policy.

In addition to being responsible for spreading the culture of risk awareness in the broadest sense of the term, the risk management office coordinates the management and minimisation of risks in relation to other areas and offices; it also coordinates other offices' responses to extraordinary events that could negatively impact the business operations of the GEN-I Group as a whole (risk-management level two).

The credit risk committee, market risk committee and the Management Board (risk-management level three) are responsible for monitoring the effectiveness of the risk management office and of conducting due diligence on the risks.

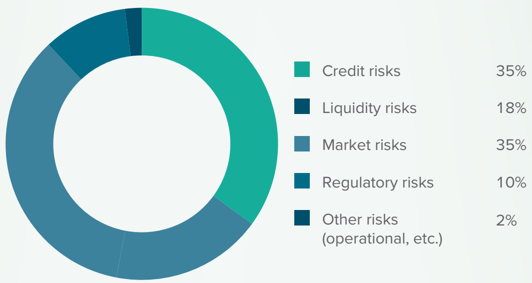
At the operational level, all employees take part in risk management by acting prudently and conscientiously in line with the rules (risk-management level one).

The key risks managed within the Group can be divided into the following categories:

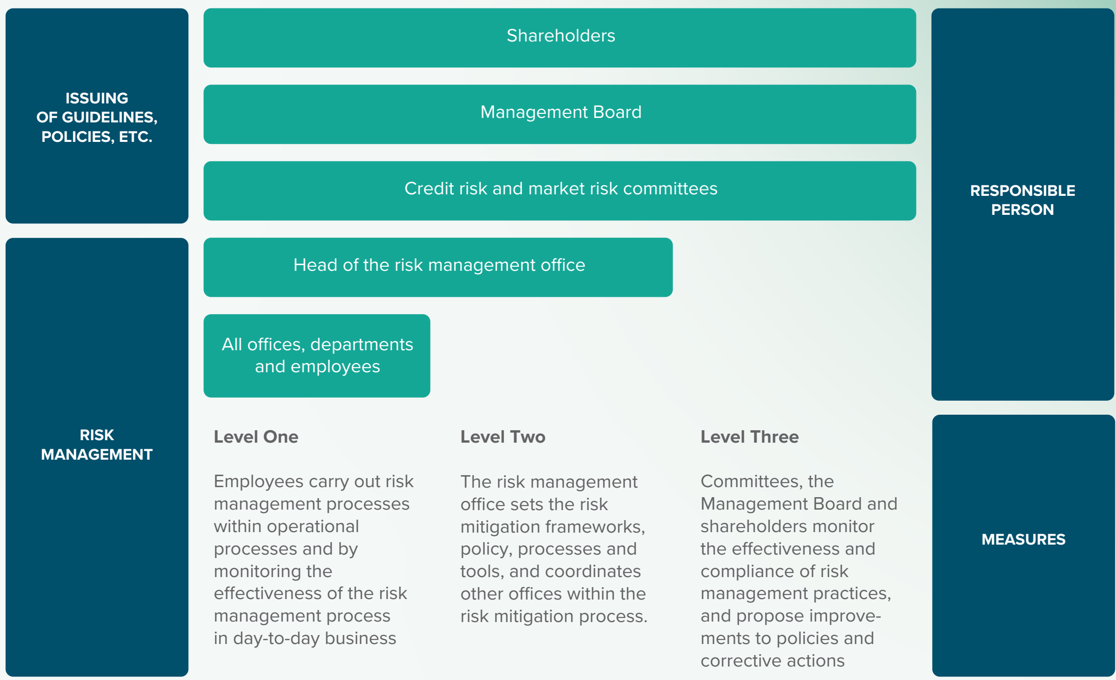
- credit risks;
- market risks;
- liquidity risks;
- operational risks;
- IT risks;
- legal risks;
- regulatory risks;
- climate-related risks;
- currency risks;
- interest rate risk;
- risks related to human resources.

The most prominently expressed risks last year were, on average, market risks, liquidity risks and credit risks.

Risk structure at the GEN-I Group



Risk management framework at the GEN-I Group



Credit risks

While 2023 was a less exacting year than 2022 when it came to managing credit risks, we were still subject to elevated levels of credit risk as a result of the energy crisis and extreme weather events (floods, hailstorms).

We successfully managed these risks by applying the following approaches: comprehensively monitoring conditions on the energy market and their potential consequences for the GEN-I Group's business operations; addressing related risks at meetings of the Management Board and the credit risk committee; and drawing up risk management guidelines and measures for all key areas of business.

In 2023 we bolstered the risk management process in several areas: the purchase of energy from RES producers (Merchant PPAs) and the trading in GoO (trading); own investments in RES projects (investments/services); and presence at meetings of the green investment committee.

The risk management office, which is overseen by the Management Board and the credit risk committee, is responsible for creating a high-quality, diversified portfolio. An important role is played by regional representatives whose local presence on individual markets enables us to keep ahead of events unfolding on each individual market and apprised of the business operations of our partners. We are consequently able to adapt quickly to market conditions.

Before we begin working with a partner, our risk management office performs due diligence ("Know Your Customer") to gauge whether there is an elevated risk of the non-payment of tax obligations, money laundering or terrorist financing (as per AML/CFT guidelines).

"Know Your Customer" process

We adapt the framework of our cooperation with a partner to the outcome of the in-depth analysis and risk assessment we conduct of that partner (payment terms, collateral instruments and delivery deadlines).

Process of preparing an in-depth analysis and risk assessment

In cooperation with external providers, we periodically monitor key changes in our partners' business operations; in the event of a deterioration in the risk assessment, we take appropriate action in line with contractual clauses/safeguards (e.g. request that additional collateral be provided or payment terms changed). In cooperation with a specialised insurance company, we are constantly strengthening our portfolio of insured partners.

In cooperation with an external provider, we periodically examine the companies and individuals that have been placed on the list of entities sanctioned by national regulators; this is to ensure that we do not do business with those entities. The credit risk management processes are detailed and formalised in the rules of the GEN-I Group.

Market risks

After the market extremes of 2022, 2023 was a relatively quiet year. There was a persistent downward trend in the price of products, while volatility also fell consistently throughout the year. In market conditions such as these, there were no particular challenges in relation to the management of market risks or the management of financial positions.

We have strong company-level operational frameworks in place that comprehensively shield the GEN-I Group and individual portfolios from market risks. The market risk committee is responsible for managing market risks at GEN-I Group level, as well as for formulating guidelines, setting out responsibilities and determining operational frameworks. The hedging rules, quantitative exposure and management strategies are set out in detail in the rules of the GEN-I Group.

Our trading method continues to be underpinned by rules on position trading, where the team dimension is also embedded into the portfolio levels. This takes traders' capacities into account in the allocation of trading frameworks. On the one hand, trading frameworks for portfolios are allocated by the market risk committee; on the other, account is taken of the capacities of the team, i.e. the experience and skills of portfolio managers who work on the portfolios. Portfolio managers are involved in creating, implementing and monitoring market strategies. Internally developed trading-support tools help to strengthen the efficiency and transparency of portfolios, teams and individuals. Last year we also focused on upgrading tools for monitoring exposure to market risks and on strengthening the market risk management team.

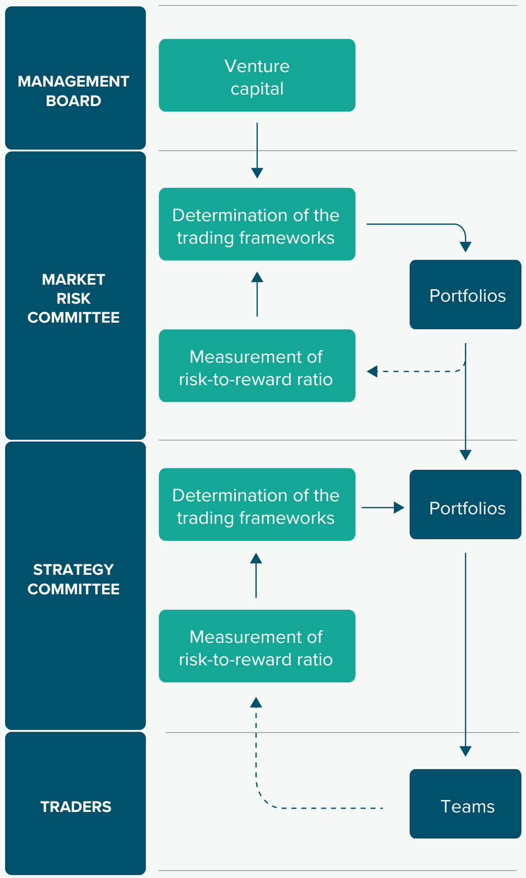
A team of managers operating under the careful guidance of the treasury department and the risk management office are responsible for managing the open positions of financial products. The team regularly monitors the effects of positions on inflows and outflows, and adjusts the position to market trends. The managers of open financial positions have advanced tools at their disposal for assessing the necessary liquid assets for financial coverage with clearing banks even before a business transaction is concluded. In this way we are also able to directly control liquidity risks at the level of the Group. By upgrading our tools for managing financial positions, we have increased our visibility and greatly expanded the scope of our management operations.

A particular form of market risk in the supply or consumption of electricity appears in quantity contracts; this is because of the potential differences between the contractually forecast quantity of electricity or natural gas and the quantity of electricity or natural gas actually consumed or supplied. We manage these risks in two ways:

- through comprehensive IT support for long- and short-term forecasting of the consumption and transmission of electricity and natural gas;
- through the consistent and continuous monitoring of quantitative deviations of the majority of consumption and transmission locations within the GEN-I Balance Group.

Our portfolio includes a high proportion of purchase contracts concluded with manufacturers of renewable sources, particularly solar power plants and hydroelectric power plants. These sources exhibit a higher degree of volatility, which is why we have developed particular tools for this segment that enable us to forecast the production of small and large hydroelectric power plants and solar power plants. These tools are based on meteorological models for forecasting precipitation, sunshine and cloud cover.

Market risk management frameworks



Liquidity risks

The treasury department is responsible for managing liquidity risks. While liquidity management is centralised, optimisation and control are performed individually for each GEN-I Group company and then at the level of the Group. We shield ourselves from unforeseen events that have a direct impact on liquidity risk as follows:

- with a liquidity reserve in the form of approved credit lines with commercial banks;
- by diversifying our financial liabilities;
- through real-time coordination of the maturity of claims and liabilities;
- by limiting exposure to partners;
- through the consistent recovery of receivables past due.

We simulate adverse events on a daily basis and using a variety of scenarios. This enables us to predict how robust a liquidity position will be in extreme circumstances. The high capital adequacy of the GEN-I Group, free credit lines with domestic and foreign banks and large cash reserves all help us to limit our liquidity risk.

Operational risks

The increase in employee numbers and the expansion of the GEN-I Group's operations require support offices and departments to undertake additional activities in order to manage operational risks. They range from general corporate processes to processes at business units and individual departments. With the aim of mitigating the key operational risks, we invest considerable resources in developing IT support, and bolster our processes by using analytics and by implementing improvements in cooperation with business analytics departments.

The fundamental internal principle for managing process risks is the "four-eyes" principle. The GEN-I Group manages risks through clearly defined processes, unambiguously defined roles, the clear segregation of responsibilities and powers, and sets of codes and rules.

IT risks

Information and communication technologies are developing ever-more rapidly. However, while they provide benefits to modern society, they also bring more and more sophisticated information security threats in their wake. Cyber attacks are among the most significant security threats of the modern world, which is why information security has become an important part of national security and the security of every single organisation, including ours.

Here at the GEN-I Group we are acutely aware of the risks related to information security, which is why we address them from a number of different angles. We follow the PDCA (Plan-Do-Check-Act) model, with an emphasis on understanding the safety needs of the company, implementing risk management controls, monitoring the efficiency and effectiveness of information security, and introducing constant improvements. We apply best practice and the recommendations of the ISO 27001 standard. We have adopted and implemented an information security policy that provides the foundation for supporting the achievement of the strategic objectives of the GEN-I Group.

We are aware that it is impossible to ensure complete protection against cyber attacks, abuse, fraud, human and technological error, and other impacts. When defining the activities and addressing the challenges related to information security, we use an approach based on the risk assessment we have drafted.

The information security risk assessment is based on recognising and understanding information sources, their interdependencies and threats, vulnerabilities and the likelihood of occurrence. We perform periodic risk assessments using a pre-determined methodology.

With our numerous systems and detection mechanisms, and by conducting continuous surveillance of events taking place in the GEN-I Group's cyberspace, we are able to detect anomalies in good time, analyse them and take any action needed. This ensures a stable working environment and strengthens users' trust, which are two preconditions for achieving our business objectives.

We also maintain a focus on educating our employees in and raising their awareness of information security, since this makes an important contribution to raising the safety culture and improving general security when working with information. We will therefore continue to implement and update the existing in-house education, training and awareness-raising programme we introduced several years ago.

Legal risks

Legal risks arise from the unpredictability of the legal environment and the level of legal security. They are connected to losses resulting from a breach of legal regulations or from uncertainties regarding the protection of legal interests in the event of a breach of contract. We manage the latter by performing due diligence of our contracting parties both before concluding any contractual relationship and during that relationship.

We conclude contractual wholesale electricity trading relationships based on standard European Federation of Energy Traders (EFET) master contracts or standard International Swaps and Derivatives Association (ISDA) contracts. Contractual relationships that regulate the wholesale purchase of electricity from producers of electricity from renewable energy sources are also based on standard contracts as recommended by the EFET (EFET Individual Power Purchase Agreement). These contain a standard range of provisions that address all relevant contractual risks.

We enforce a similar level of contractual provisions when it comes to the retail sale of electricity. We also ensure that amendments to legal regulations with relevance to the GEN-I Group's area of work are regularly monitored, and take part as an interested professional party when public participation is sought in regulation adoption procedures.

Regulatory risks

Regulatory risk means a risk of losses arising from incomplete regulatory requirements and from restrictions of trade or (sudden) legislative changes in countries in which we operate. We manage these risks through in-depth and proactive monitoring of events in our key markets, and by working with individual institutions in the field of energy. At the GEN-I Group, regulatory and legislative developments in the field of energy and sustainability are monitored by the energy and sustainability regulation and compliance office, which is responsible, at all levels, for the adoption of new (or the modification of existing) acts, i.e. from public hearings to the final implementation or entry into force of acts, both at EU level and at the level of individual national markets. At public hearings, the GEN-I Group mostly advocates for the creation of a suitable regulatory framework in the markets in which it operates; after this regulatory framework is adopted, our chief focus is to ensure the timely and appropriate implementation of the new elements of that framework into the working processes or work of the Group's operational offices and departments. Independently or in its capacity as a member of national (e.g. SVDEE) and international associations (e.g. EFET), the Group also draws attention to any illegalities or potential for harm within acts that have already been adopted, and advocates for their withdrawal if such issues are identified; this proved to be particularly useful when emergency laws and other acts were being adopted throughout Europe in response to the energy crisis. More specifically, companies of the GEN-I Group are members of a number of federations, associations and organisations, whether for specific business reasons or a desire to network with stakeholders. Information is exchanged on important challenges, particularly of a regulatory nature, through these groupings, which improves risk management. The organisations of which GEN-I, d.o.o. or its subsidiaries are members are listed below:

- European Federation of Energy Traders (EFET);[7]
- Shoqata Shqiptare e Furnizuesve të Energjisë Elektrike (AAES);
- Wirtschaftskammer Österreich (WKO);
- Wirtschaftskammer Wien (WKO Wien);
- Association of Traders with Energy in Bulgaria (ATEB);
- Vanjskotrgovinska komora BiH (VTK);
- Hellenic Association of Energy Trading and Supply Companies (ESEPIE);
- Magyar Energiakereskedők Szövetsége (MEKSZ);
- Asociația Furnizorilor de Energie din România (AFEER);
- Hrvatska gospodarska komora (HGK);
- Energy Traders Association (ETD);
- Athens Chamber of Commerce and Industry (ACCI);
- Chamber of Commerce and Industry of Serbia (CCIS);
- Eurelectric;
- Elektrotehniška zveza Slovenije (EZS, Electrotechnical Association of Slovenia);
- Energetska zbornica Slovenije, Sekcija za vprašanja dobaviteljev električne energije (SVDEE) and Sekcija za izmenjavo podatkov na energetskem trgu (IPET) (Section for Electricity Supplier Issues and Section for the Exchange of Data on the Energy Market, both at the Energy Chamber of Slovenia);
- Gospodarska zbornica Slovenije (GZS, Chamber of Commerce and Industry of Slovenia);
- Združenje nadzornih svetov (Association of Supervisory Boards);
- Združenje Manager (Manager Association);
- ACI Slovenija;
- Združenje slovenske fotovoltaike (Slovenian Photovoltaics Industry Association).

7. In 2024 the European Federation of Energy Traders (EFET) was renamed Energy Traders Europe. However, for the purposes of this annual report, we have retained the old name and abbreviation.

Climate-related risks

In the light of deepening climate change and the ever-more frequent occurrence of weather-related natural disasters, the GEN-I Group is focusing more of its attention on climate-related risks, which it addresses mainly in the form of infrastructure projects within the GIC (green investment committee) process, and with the aid of watchlists. It assesses chronic and acute climate-related risks arising from temperature, wind, water and solid mass.

Currency risks

We are exposed to currency risk when trading in electricity and in cross-border transmission capacities in currencies not directly tied to the euro or the US dollar:

- Serbian dinar (RSD);
- Hungarian forint (HUF);
- Romanian leu (RON);
- Turkish lira (TRY);
- Czech koruna (CZK);
- Polish zloty (PLN);
- Macedonian denar (MKD);
- Albanian lek (ALL);
- Ukrainian hryvnia (UAH).

In order to hedge our currency risk, we use forward currency transactions offset by an opposing position for trade on energy markets where there is a currency risk because of the requirement to settle a contractual obligation in a foreign currency.

When concluding contracts to be settled in foreign currency and trading in the currency is limited or liquidity is low, we insert currency clauses into our contracts, or use financial futures contracts to hedge our currency risk.

Interest rate risk

Based on our monitoring and analysis of events on financial markets, we decided not to conclude an interest rate risk hedging contract in 2023. However, in the course of the year we did renew all previously concluded short-term loan agreements, concluded several new ones, and issued new commercial paper with a fixed interest rate.

The proportion of variable-rate financial liabilities (where we are exposed to interest rate risk) is considerably lower than the proportion of fixed-rate financial liabilities. Moreover, as at 31 December 2023 we had no variable-rate financial liabilities at all.

We are aware of the risk of the potential rise in the key interest rate, and analyse the potential consequences of this in detail.

Risks related to human resources

Managing risks related to human capital is especially important for us because of the rapid growth in and international expansion of our business operations. If business plans are to be realised, employees need to constantly upgrade their existing knowledge, acquire new skills and develop their ability to function in a thinking-oriented business environment. Such workplaces also require efficient teamwork, excellent adaptability, dynamism, self-initiative, and strong interpersonal relationships and communication.

Using targeted channels for scouting candidates increases the efficiency of our recruitment process and ensures that we are able to get hold of the best staff. We support our key employees through development programmes. We have strategically transformed our personnel function, which now supports managers in their efforts to provide high-quality management, and shapes the organisational “culture of strengths”. We have devoted particular attention to programmes for managers and developed a programme for introducing new managers to the management function. Internal knowledge is one of the GEN-I Group’s main competitive advantages, but also represents a major risk – one that is managed through mentoring programmes, the strengthening of management skills, and the recognition, reinforcement and further development of key positive employee skills. We have strengthened the psychological well-being programmes through which we help employees handle their workloads more easily and support their personal development. We also ensure that work processes are traceable, supported by digital transformation, and employ a fully digitalised personnel information system.

SUSTAINABILITY REPORT **2023**

SUSTAINABILITY REPORT OF THE GEN-I GROUP

2 NON-FINANCIAL STATEMENT

2.

Under the Non-Financial Reporting Directive (NFRD)[8] and the Companies Act (ZGD-1), the GEN-I Group is required to include a non-financial statement in its business report; this is because it is a public-interest entity exceeding, on its balance-sheet date, the average number of 500 employees during the financial year. As we wish to lead by example, we decided to align our sustainability reporting as closely as possible with the provisions of the new Corporate Sustainability Reporting Directive (CSRD)[9] and the European Sustainability Reporting Standards (ESRS), while continuing to refer to Global Reporting Initiative (GRI) standards and disclosures, in 2024 (for reporting on 2023).[10] The GEN-I Group's Non-financial statement for 2023 under the NFRD/ZGD-1 is therefore similar in form and content to the Sustainability statement under the CSRD, which means that the two terms are interchangeable for the purposes of this report.

The information required in the non-financial statement under the NFRD/ZGD-1 is woven into the report as a whole, as follows:

- a description of the business model is given in the About the Group section;
- a description of policies, their outcomes and the key performance indicators of environmental, social and employee matters, respect for human rights, and anti-corruption and bribery matters are set out in the Sustainable development section;
- the main risks related to these areas are presented in the Risk management and Double materiality assessment sections, and in the sections on the main sustainability topics.

Pursuant to the Taxonomy Regulation,[11] the non-financial statement also includes information on how nd to what extent the company engages in activities that qualify as environmentally sustainable. This information is given in the Disclosures pursuant to the Taxonomy Regulation section.

Primož Stropnik
Member of the
Management Board

Maks Helbl
President of the
Management Board

Igor Koprivnikar, PhD
Member of the
Management Board

Sandi Kavalič
Member of the
Management Board

Krško, 26 April 2024

8. Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (OJ L 330, 15.11.2014, pp. 1–9).

9. Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (OJ L 322, 16.12.2022, pp. 15–80).

10. Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards (OJ L, 2023/2772, 22.12.2023).

11. Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, pp. 13-43).

3 SUSTAINABLE DEVELOPMENT OF THE GEN-I GROUP

3.1 General information

3.1.1 BACKGROUND FOR PREPARATION OF THE NON-FINANCIAL STATEMENT

The non-financial statement (hereinafter: "sustainability statement") contains information necessary to understand the group's impacts on sustainability-related matters, and information necessary to understand how sustainability-related matters affect the group's development, performance and position. The sustainability statement is therefore based on an assessment of the double materiality of the GEN-I Group performed in the course of 2023. The information generally refers to all companies within the GEN-I Group, which means that the reporting is provided on a consolidated basis. The scope of consolidation is generally the same as in the financial statements (where this is not the case, the disclosure in question makes clear the company to which it is referring). The sustainability statement does not yet contain all information on the upstream and downstream sections of the GEN-I Group's value chain; however, the Group will endeavour to obtain all the necessary information in the coming years, by setting up the necessary processes and upgrading our due diligence procedures. The core elements of the GEN-I Group's due diligence process connected with sustainability-related matters are reflected directly in the Disclosure Requirements set out in ESRS 2 and in the topical ESRS, as defined in paragraph 61 of ESRS 1.

The reporting period for the non-financial statement is 1 January to 31 December 2023, which means that the reporting cycle for the GEN-I Group is once a year. The reporting period for the non-financial statement accords with the reporting period for the financial statements.

Information on issues relating to the report or its content can be obtained from: sustainability@gen-i.eu.

3.1.2 IMPORTANCE OF SUSTAINABLE DEVELOPMENT TO THE GEN-I GROUP AND THE STRATEGIC POLICIES FOR ITS IMPLEMENTATION

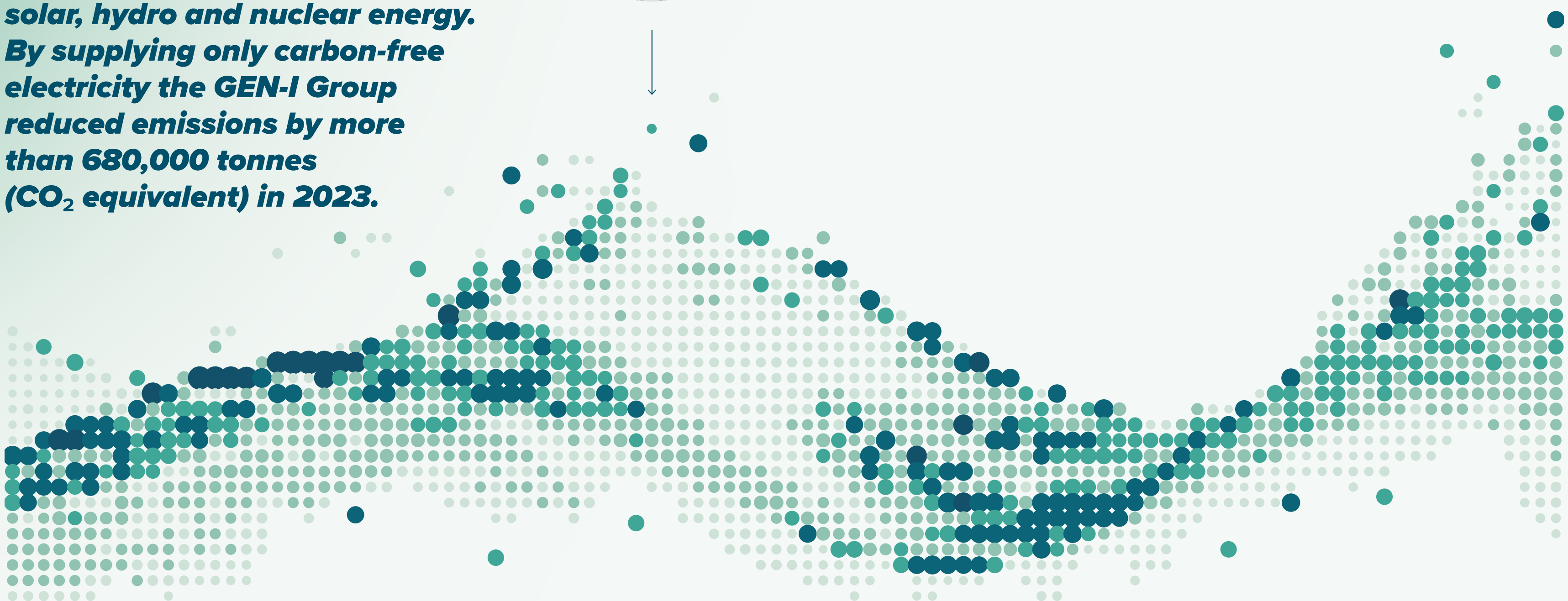
The world is faced with major climate-related, environmental and social challenges. Addressing them has become the most important task of society as a whole, local as well as global. Both economy and society must embark on the path of sustainable development if we are to extricate ourselves from the current global ecological and social crisis. At the GEN-I Group we are acutely aware of our social responsibility and of our impact on people and the environment. For this reason, sustainable development has been an important part of our strategic direction for a long time. As such, it represents one of the key areas of concern in the GEN-I Group Strategic Development Plan 2022–2030. That plan also defines the starting points for the sustainable business operations of the Group, which focus on three aspects of sustainability (environment, society and governance) as follows:

Key environmental, social and governance aspects (ESG)

ENVIRONMENTAL ASPECT (E)	SOCIAL ASPECT (S)	GOVERNANCE ASPECT (G)
• promoting renewable energy sources (RES) • reliable supply of carbon-free electricity • reducing corporate carbon footprint • environmental responsibility in the development of innovative products and services for customers and business partners • participation in strengthening the resilience of the energy system • participation as an expert in the decarbonisation of the Slovenian energy system • promoting a reduction in household energy consumption in Slovenia • ensuring business resilience through sustainable business models	• employee health, safety and satisfaction • employee training and development • responsibility to customers • preventive activities aimed at reducing risks in the social environment • responsibility to suppliers and contractual partners • investing in the local community and supporting sport, culture, education and health • supporting diversity and equal opportunities • promoting charitable giving • promoting blood donation	• stable business operations and economic performance • high standards of corporate governance • effective risk management • fair business practices • diversity, inclusivity and respect for human rights • responsible supply chain management • high business ethics, compliance and transparency • anti-corruption

PERSISTENTLY TOWARDS A CARBON-FREE FUTURE

Even though conditions on the market have been very demanding, we have persisted with our commitment to supply carbon-free electricity from solar, hydro and nuclear energy. By supplying only carbon-free electricity the GEN-I Group reduced emissions by more than 680,000 tonnes (CO_2 equivalent) in 2023.



We therefore look at sustainability holistically, from all sustainability aspects. Energy is one of the main sectors in which environmental protection and a move towards more responsible, efficient and environmentally friendly consumption of natural resources are particularly vital. As emphasised in previous sections of this report, we are green transformation pioneers, resulting from our work in promoting and installing solar power plants for household and business customers, developing new, innovative green solutions and delivering carbon-free electricity. We also place great importance on sustainable mobility and on reducing carbon emissions.

In our efforts to be a role model for the green transformation, we have of course started with ourselves by introducing numerous green practices into the company: installing our own solar power plants, bringing in a large number of measures to improve energy efficiency and reduce energy consumption, electrifying our own vehicle fleet, are just a few examples. We also address a large number of social aspects in our business operations. We are aware that our employees are the cornerstone of our success and the key to realising our vision of a carbon-free future. Their well-being and development is therefore something that we focus heavily on.

We promote equal opportunities, inclusivity, diversity and respect for human rights, within the Group itself and all along the value and supply chains. We have received many awards and commendations, particularly for human resources and innovation. We also have a responsible policy towards local communities and their empowerment. Since successfully setting up the first Slovenian “self-supply community” in 2020, we have been actively working to develop this concept further. Our governance is transparent and our business ethics high. We place considerable importance on ensuring that we comply with all local legislation, promoting fair competition and preventing corruption.

Our activities and our innovative and sustainable company business models have already yielded a great number of positive results. We will present these in detail in the sections that follow. In 2023 we decided to take another important step forward. Since we know that sustainable development is a path full of promise, albeit one that requires persistence and a large number of steps (many of which we have already taken), we came to the realisation that we should consolidate our previous activities, processes, policies and knowledge with the aim of continuing along that path with even greater strength and optimism.

In 2023 we therefore designated a Management Board member with direct responsibility for ESG, as well as our first “ESG Coordinator”, with an academic background in the fields of environmental protection and the social sciences. As a rule, the board member and coordinator meet every two weeks, review the work done up to that point, and formulate guidelines for future sustainability-related activities or sustainable development itself. The major decisions regarding sustainability matters are taken at Management Board meetings at which senior managers obtain all the necessary information on those matters, in addition to the matters raised by the ESG coordinator at their previous meetings with the board member. In 2023 these decisions were mainly connected with the GEN-I Group’s double materiality assessment and the simultaneous systematic evaluation of our green transformation vision, including through the prism of ESG fields, in order to continue to pursue sustainability-related efforts as an intrinsic part of our business operations. The procedure of performing the double materiality assessment and the results of that assessment are presented below.

Under the auspices of the ESG coordinator, a number of different workstreams were formed in 2023 with the key aim of adopting an updated GEN-I Group Sustainability Strategy, which will be based on the sustainability-related matters/topics that have been identified as representing the foundations of our identity and of our past and future operations. We are aware that putting in place a robust Sustainability Strategy is more than a case of simply setting ambitious targets. It has to be based on a systematically enhanced analysis of the current situation, quantitatively verified and defined where possible, and on an identification of those key areas in which our operations have the biggest impact on and benefits for the sustainability, performance and development of the GEN-I Group. One important milestone in the formulation of the Sustainability Strategy has already been reached – the development of a double materiality assessment. This has given us additional insights into the areas in which the Group has the biggest impact, and will make it easier for us to set priorities and produce assessments for the preparation of sustainable development targets. The adoption of the GEN-I Group Sustainability Strategy by senior management is expected in 2024, as is a decision on including sustainability-related performance in the system of incentives for senior management and key employees. All employees have already been encouraged towards sustainable action through a number of challenges: using the stairs instead of the lift for example (Everest Challenge, Together to K2), and taking part in “green kilometre” events such as Mobility Week, with the winners receiving special prizes.

That we place great importance on sustainable development is also shown by the fact that in the process of reorganising the parent company, the regulation and compliance department was expanded to become the energy and sustainability regulation and compliance department (which includes the sustainability regulation and compliance department). This will further enhance the GEN-I Group’s sustainability endeavours. The main task of the department is to monitor regulatory frameworks and standards for sustainability, ensure that the GEN-I Group’s operations comply with those regulations, and drive the formulation of strategic sustainability policies. The department is also actively involved in raising the awareness of and educating employees on the topic of sustainability so that all of them are adequately informed of all the important aspects and new developments, and can contribute to the Group’s sustainable development efforts. In addition to the mechanisms already in place, such as special sustainability programmes for new employees (ZEON), one of the working groups referred to above has been responsible for fostering more active communication with employees and disseminating sustainability-related content within the GEN-I Group. As part of this, an internal website has been set up giving all employees access to general information on sustainability, the latest news about the Group’s activities in this area, and the possibilities for individuals to be involved, actively and on a day-to-day basis, in the Group’s sustainable development efforts. The sustainability regulation and compliance department will also be in charge of managing risks and for the internal supervision of sustainability reporting, with additional reviews and approvals of the information communicated in the business report being carried out by senior management. The GEN-I Group has addressed risks relating to whether data is complete, comprehensive and provided on time by having one of the working groups design a single database that enables data to be linked and displayed in a uniform way, making it easier to obtain and disclose sustainability-related information. This automates the acquisition of information on the achievement of objectives and targets, thereby enabling the up-to-date and well-informed tracking of the achievements and actions of the GEN-I Group Sustainability Strategy.

The Green Investment Committee (GIC) also began working in 2023 as a special GEN-I Group committee. Its membership also comprises one of the members of the Management Board, and is designed to adopt decisions on renewable energy projects and investments or green projects within the annual business plan or the GEN-I Group Strategic Development Plan 2022–2030 that contribute to decarbonisation and the systematic achievement of the targets and ambitions set.

In the light of the above, we believe that we can look towards a sustainable future with optimism – a future that we will help to build in our day-to-day operations and in other, focused activities.

3.1.3 CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDG)

In September 2015 the 193 members of the United Nations unanimously adopted the 2030 Agenda for Sustainable Development (Agenda 2030). It contains 17 universal Sustainable Development Goals (SDG) that confirm that the eradication of poverty must take place in parallel with strategies that cover all three sustainability aspects: the environment, society and governance.

In the light of this, the GEN-I Group is, through its strategic policies and actions, making a significant contribution to at least the Sustainable Development Goals set out below, as they support the expansion of the green transformation of the economy, transparent governance, human resource development, poverty reduction and environmental protection, in the short and the long term.

GEN-I Group and SDGs

3.1.4 DOUBLE MATERIALITY ASSESSMENT[12]

Under the ESRS, the process of assessing the materiality of sustainability-related matters/topics of the GEN-I Group, which was carried out by a dedicated working group in collaboration with external specialists, covers two dimensions: impact materiality and financial materiality. The process comprised several steps, approved by senior management. We began by defining the scope of the double materiality, first examining the past matters/topics of importance to the GEN-I Group; this involved a reflection on our history and the foundations on which the GEN-I Group had been built, as well as to strengthen and upgrade our future operations, which will be built on the material sustainability-related matters and topics identified. When defining the scope of our double materiality assessment, we made sure that it covered all operating flows and all business activities of the GEN-I Group

In the second step, with due regard to the list of sustainability-related matters/topics included in the ESRS, we compiled an extensive inventory of matters/topics that could be material to the GEN-I Group. We also identified the potential and actual impacts, risks and opportunities (IRO), positive and negative, connected with these matters/topics.

Because of the particular importance of precisely identifying the impacts, risks and opportunities of the Group, a special working group was formed for this purpose. For the purposes of identifying the GEN-I Group's material sustainability-related matters/topics, an internal assessment of the identified impacts, risks and opportunities by senior management was conducted. This involved ascertaining the extent to which a particular sustainability-related matter or topic was material from the impact and/or financial perspective.

The materiality of actual negative impacts was assessed on the basis of severity, scale, scope and irremediable character; for potential negative impacts, it was assessed on the basis of severity and likelihood of occurrence. The materiality of actual positive impacts was assessed on the basis of scale and scope, while that of potential positive impacts was assessed on the basis of scale, scope and likelihood of occurrence. The materiality of the risks and opportunities was assessed on the basis of a combination of the likelihood of the occurrence of financial effects and their possible scope. Risks were assessed in a manner comparable with the assessment of the general profile of a risk and the company's risk management procedures.

In parallel with the above, we incorporated other stakeholders into the materiality assessment framework by means of an assessment of sustainability-related matters/topics from the aspect of impact using a special questionnaire (financial materiality was therefore only assessed internally). We have identified the following groups as our relevant stakeholders:

- owners;
- employees;
- banks, bond investors and other participants on capital markets;
- international and national public authorities, institutions and regulators;
- energy exchanges and energy brokers;
- transmission and distribution system operators;
- wholesale partners;
- suppliers and service providers;
- international and national associations of interest/ interest groups;
- end-consumers;
- professional public;
- civil society, local communities and the media.

12. ESRS 2 IRO-1, SBM-3.

The last stage involved the drafting of a final classification of sustainability-related matters/topics and a double materiality matrix of the GEN-I Group. These are presented below and are based on the double materiality approach described (i.e. an assessment of financial materiality and impact materiality, by both senior management and other stakeholders), although the final classification was drawn up with reference to impact materiality as, in accordance with ESRS, impact assessment is the general starting point for double materiality. As mentioned, the classification and the double materiality matrix will both help us compile the relevant targets and metrics for the updating of the GEN-I Group Sustainability Strategy. It is envisaged that the relevant committees will be apprised of the material impacts, risks and opportunities identified, with the aim of managing risks and negative impacts, exploiting the opportunities and further enhancing the positive impacts.

We applied this procedure for defining material impacts, risks and opportunities to all sustainability-related matters and topics, i.e. including those connected with climate change, pollution, water and marine resources, biodiversity and ecosystems, the circular economy and business conduct.

For a more precise definition and assessment of the climate-related impacts, risks and opportunities, we also used climate-related scenario analyses. Two climate scenarios, based on the IPCC RCP2.6 scenario with small greenhouse gas and CO_2 emissions, which fall to zero by around or after 2050, followed by negative net CO_2 emissions, in and the IPCC RCP8.5 scenario, which involves very high greenhouse gas and CO_2 emissions which are roughly double the current level by 2100 or 2050. We have taken a more detailed look at Slovenia, which required us to use the Atlas of Climate Projections, which provides climate change estimates for Slovenia until the end of the 21st century. These estimates are based on the aforementioned IPCC scenarios. The parameters on which we focused in the climate scenarios were: temperature (average temperature), precipitation (year, summer, highest daily precipitation), hydropotential (flow rate for 95% of the time), water deficit and snow (number of days of snow cover). As an annex to the climate scenarios, we drafted a summary of the consequences of climate change on the energy sector and energy production in the European Union as set out in “Seasonal impacts of climate change on electricity production”, a technical report published by the Joint Research Centre (JRC). The two climate scenarios have different consequences attached to them, and were combined with three socio-economic technical scenarios. The latter defined the possible developments of the European energy sector and were based on the “The Future of Power”, an analysis drafted by Deloitte. Each one of the socio-economic-technical scenarios is different and distinguished by a number of parameters, specifically: the level of operation, the degree of coordination, the target, the key energy sources, the energy market and interconnectivity, development of technologies, role of the consumer, development of the network and the EU target of net zero by 2050. The first socio-economic-technical scenario, i.e. the 100% RES scenario, presupposes that EU Member States will work together in a coordinated way and the EU target is decarbonisation. Under this scenario, RES will be the central energy product, the energy market will be integrated, technological development will be focused on green hydrogen and energy storage systems, consumers will have a major role, the energy networks will be smart, the EU electricity system will be integrated, and the EU target of net zero emissions by 2050 will therefore be reached. The other socio-economic-technical scenario, the scenario of all carbon-free sources, also presupposes the coordinated operation of EU Member States and an integrated energy market. Relative to the first scenario the EU will, in addition to the objective of decarbonisation, pursue the objective of energy security, to which is connected a wider range of central energy products – in addition to RES, nuclear energy and carbon capture and storage (CCS) technologies. The development of technologies that envisage the development of nuclear technologies, carbon capture and storage technologies, biofuels, synthetic fuels, and green and blue hydrogen will also be linked to this. Consumers will have a major role, there will be several smart networks in the EU, and the EU electricity system will be integrated. The second scenario also envisages achievement of the target of net zero emissions by 2050. We therefore linked both the first and second socio-economic-technical scenarios to the IPCC RCP2.6 scenario. In contrast to the first two scenarios, the third scenario, i.e. the climate crisis scenario, assumes that the EU Member States do not work together in a coordinated way but instead follow their own national interests, with energy security taking precedence over decarbonisation. In addition to RES and nuclear energy, fossil fuels will remain one of the central energy products. The energy market will be fragmented. Technological development will be directed towards nuclear technologies, carbon capture and storage technologies, and the development of biofuels. The electricity system will not develop to any great degree and will be fragmented, with a correspondingly smaller role for consumers. The target of net zero emissions within the EU by 2050 will not be achieved. We therefore linked the third socio-economic-technical scenario to the IPCC RCP8.5 scenario.

The scenarios described served as the basis for defining and assessing the climate-related impacts, risks and opportunities. Prior to this, three time periods were determined in relation to the general time periods that we use for strategic planning and the time periods that logically correspond to climate change and the goals associated with it. We set a period of between one and three years as the short-term period, the period up to 2030 as the medium-term period, and the period up to 2050 as the long-term time period.

Based on the assumptions of each of the scenarios, we defined the key short-, medium- and long-term climate-related impacts, risks and opportunities relevant to each scenario for each of the GEN-I Group’s business activities. In defining the climate-related physical risks (e.g. extreme weather phenomena and their impact on sustainable technologies) and transitional risks (e.g. changes of consumers’ habits, reputational risk from the occurrence of negative impacts, regulatory requirements in the field of sustainable technologies) and climate-related opportunities (e.g. incentives for sustainable technologies, the development of sustainable products and services), we followed the case studies based on the classification of the Task Force on Climate-Related Financial Disclosures (TCFD).

The scenario analysis of climate-related impacts, risks and opportunities will be upgraded in 2024. On the basis of these upgrades, we will also carry out an analysis and assessment of the resilience of the strategy and business models of the GEN-I Group in relation to climate change. The final classification of material sustainability-related matters/topics of the GEN-I Group from the aspect of impact materiality is as follows:

Classification of material sustainability-related matters/topics of the GEN-I Group from the aspect of impact materiality

CLASSIFICATION	NAME OF MATTER/TOPIC	DESCRIPTION OF MATERIAL SUSTAINABILITY-RELATED MATTER/TOPIC
1.	**Reliable and affordable supply**	This refers to the ways in which GEN-I approaches its end-customers in the segments of B2B and B2C supply of electricity and natural gas, for example, by offering affordable and competitive prices (in the absence of price regulation) or the ease with which we accept new customers, whether by choice or those that have lost their previous suppliers.
2.	**Business resilience**	This matter/topic encompasses GEN-I's strategies for dependable and stable performance, both in normal times and during crises. It involves robust risk management, including climate, credit, market, and regulatory risks, aimed at ensuring GEN-I's reliability as a supplier and business partner.
3.	**Customer rights and satisfaction**	This matter/topic refers to the ways in which GEN-I respects the rights of its customers and works towards their satisfaction, including how their preferences are identified, considered, and taken into account, as well as the integrity of marketing practices undertaken and relevant data protection and privacy standards observed.
4.	**Sustainable products and services**	This matter/topic refers to the ways in which GEN-I approaches the development and offering to customers of innovative sustainable products and services, including but not limited to renewables self-consumption at individual and community levels as well as active consumers' demand-response solutions, including electromobility, as well as the sustainability of projects themselves (in terms of meeting the conditions under the Taxonomy Regulation).
5.	**Customers' empowerment**	This matter/topic refers to the ways in which GEN-I promotes the empowerment of its end-users / customers, including through the promotion of energy literacy, to become active participants in the energy system and exercise their rights as well as utilise the opportunities provided by energy efficiency, demand response, and self-consumption, and the services offered by GEN-I in this regard.
6.	**Sustainable technology deployment**	This matter/topic refers to the ways in which GEN-I approaches its larger-scale investments into sustainable technologies, including but not limited to solar photovoltaics and battery storage, and encompasses both sustainable development goals in terms of capacity (MW) to be deployed as well as the sustainability of projects themselves (in terms of meeting the conditions under the Taxonomy Regulation).
7.	**Ethical business conduct**	Ethical business conduct refers to the ways in which GEN-I conducts its business, from its corporate culture, zero tolerance to bribery and corruption, responsible approach to lobbying activities, and the management of relations with its suppliers and supply chain.
8.	**Communities' empowerment**	This matter/topic refers to the ways in which GEN-I promotes the empowerment of communities, including general local community development through sponsorships and donations as well as the expansion of access to reliable and affordable electricity from renewable energies through self-consumption, such as through renewable energy communities.

CLASSIFICATION	NAME OF MATTER/TOPIC	DESCRIPTION OF MATERIAL SUSTAINABILITY-RELATED MATTER/TOPIC
9.	**Human resources management**	This matter/topic refers to all the ways GEN-I approaches its employees, their well-being and development. It covers topics such as zero tolerance to discrimination, violence and harassment, promotion of health and safety, gender equality, diversity, employment and inclusion of persons with disabilities, as well as prohibition of forced and/or child labour.
10.	**Reliable business partner**	This matter/topic refers to the ways in which GEN-I conducts its business in relation to other businesses, in particular wholesale trading partners and business consumers of our supply and sustainable energy solutions, and includes professionalism in our approaches, provision of expertise and support in service provision, and the comprehensive and timely fulfilment of contractual obligations.
11.	**Responsible supply chain management**	This matter/topic refers to the ways in which GEN-I approaches its suppliers across its entire value chain, in particular suppliers of technologies and trading partners, and encompasses verification of compliance with minimum safeguards, including but not limited to respect for human rights, fair competition and tax compliance, as well as environmental impacts associated with suppliers' activities.
12.	**Corporate carbon footprint**	This matter/topic refers to the ways in which GEN-I approaches the carbon footprint of its own, direct activities (for example, its business premises or large-scale sustainable technology projects) as well as the carbon footprint resulting from its activities indirectly (for example, its suppliers and customers), both in terms of assessment as well as implementation of reduction strategies.
13.	**Shaping energy policy**	This matter/topic refers to the ways in which GEN-I engages proactively in the development of energy policy and regulatory frameworks, including sustainability-related aspects of energy, at regional and national levels in both the European Union and the Energy Community, and includes preparation of position papers, participation in public consultations, and promotion of perspectives on how to best utilise policy and regulatory frameworks to accelerate the green transformation and ensure transparent competition at public events for both expert, institutional and general public audiences.
14.	**Environmental impact of business activities**	This matter/topic refers to the ways in which GEN-I approaches the management of its business activities, including but not limited to large-scale solar PV projects, and the impacts thereof on the natural environment in terms of biodiversity and ecosystems, water and energy consumption, as well as waste management and recycling.
15.	**Environmental impact of own operations**	This matter/topic refers to the ways in which GEN-I approaches the management of its own operations, including but not limited to our business premises and the activities of our employees at Group level, and the impacts thereof on the natural environment in terms of biodiversity and ecosystems, water and energy consumption, as well as waste management and recycling.

Double materiality matrix of the GEN-I Group

3.

ANNUAL REPORT OF THE GEN-I GROUP AND GEN-I, D.O.O. 2023

Sustainable development of the GEN-I Group

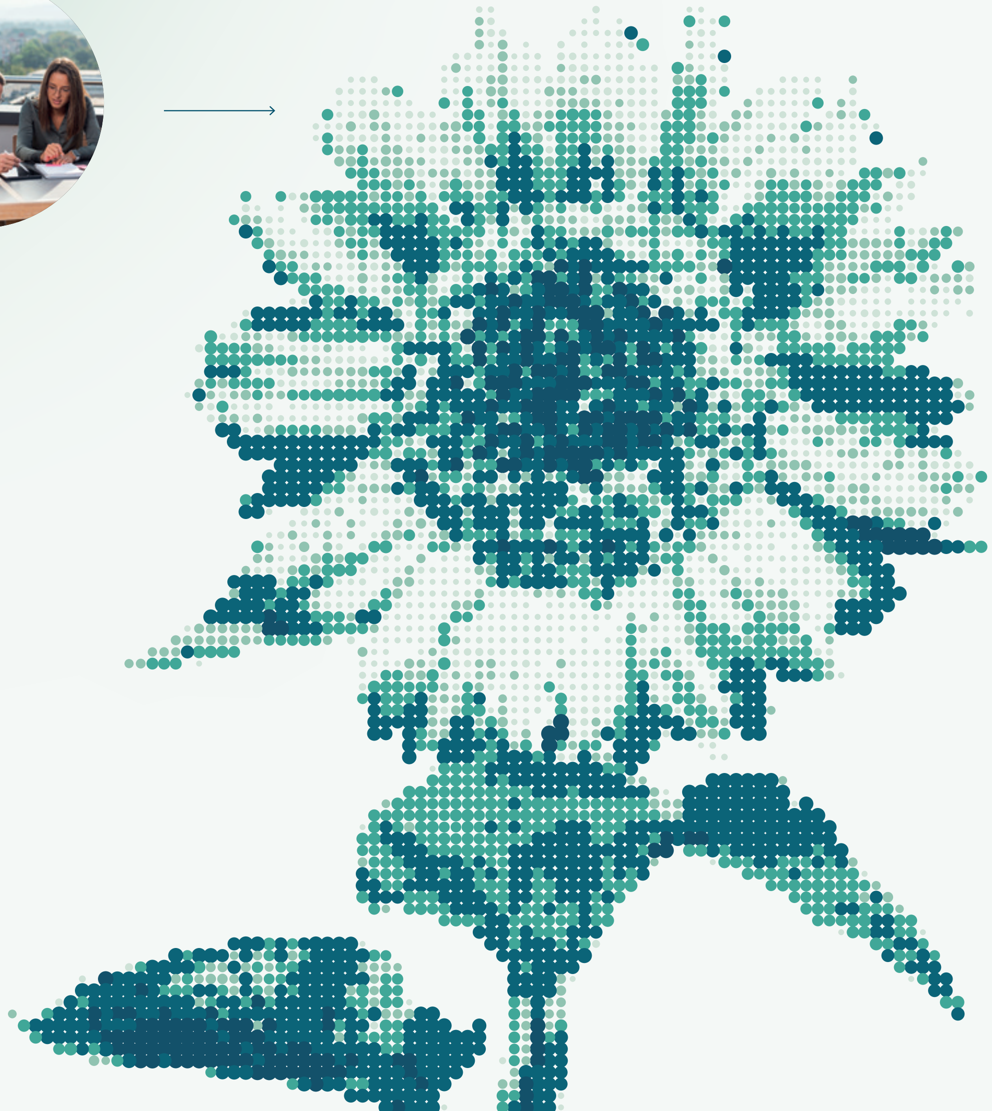
The matrix below presents all 15 material sustainability-related matters and topics of the GEN-I Group, with axes for impact materiality and financial materiality. The data points on the matrix present the results for the 15 material sustainability-related matters/topics of the GEN-I Group, ranged from material (0) to highly material (1).

As the matrix shows, the GEN-I Group believes that the most positive impact on the environment and society in the short-, medium- and long-term comes from the **sustainability-related matter/topic of reliable and affordable supply.** GEN-I provides reliable and carbon-free electricity to all its end-consumers, at the same time as controlling electricity price fluctuations. For example, in 2022 we fulfilled our primary responsibility by freezing electricity prices for existing customers until summer 2022, i.e. during the ongoing energy crisis and even though prices on the wholesale market had been rising steeply up to that point. As a result of the predicted electrification, the GEN-I Group sees a medium-term business opportunity in greater consumption by customers, with an understanding that new business models will probably have to be developed in the medium-term to prepare adequately for this. By providing exclusively carbon-free electricity, the GEN-I Group also has a positive impact on society and the environment in terms of reducing the carbon footprint of end-consumers and customers. Within the material sustainability-related matter/topic of the corporate carbon footprint, the GEN-I Group also sees a negative impact on the environment, i.e. it generates greenhouse gas emissions because of the very functioning of the electricity sector or the nature of its energy services (e.g. trading on exchanges where it is not possible to tie the origin of electricity to a source or natural gas-related activities). It also generates greenhouse gas emissions through its own operations, although the Group has already taken measures to reduce or minimise them.

At its business premises, the GEN-I Group therefore consistently adheres to guidance on reducing energy consumption or heating and cooling, and on reducing electricity consumption overall, particularly in terms of efficient energy use. In 2023 we set ourselves the goal of reducing energy consumption at our premises by 13%. While all electricity consumed at our business premises in Slovenia is carbon-free, we cannot make the same claim for overall energy consumption in all our premises. This constitutes a small negative impact on the environment on the part of the GEN-I Group. Financial risks and opportunities in all time periods were identified within the matter/topic of corporate carbon footprint; these related chiefly to the development of new sustainable products and services (in the sense of trading in new products and services). It is therefore entirely understandable that one of the material sustainability-related matters/topics at the Group is the area of sustainable products and services, where we see a positive impact on the environment and society since, by offering new sustainable products and services to customers, we contribute to the green transformation of society. We see a minor risk in the short term of the destruction of products because of climate change-related events and a rise in the import price of solar panels and battery energy storage systems because of higher environmental standards resulting, among other things, from European green legislation (CBAM, Taxonomy Regulation). We see short-term opportunities in greater demand for solar power plants and battery energy storage systems from end-consumers. We can reach similar conclusions for the matter/topic of the sustainable technology deployment, where we see a minor risk from damage to the Group's reputation should larger Group-owned solar power plants be improperly installed or sited.

We identified positive and negative impacts on the environment in all time periods for the **matter/topic of the environmental impact of business activities**. We believe that we have a positive impact on the environment by establishing criteria for the assessment of large-scale investment projects from the point of view of the responsible use of water and land, the conservation of biodiversity and ecosystems, responsible waste management and recycling. This ensures that we comply with the highest environmental standards. We realise at the same time that the processes of extracting critical raw materials and manufacturing solar power plants and battery energy storage systems require large amounts of energy and water, with any improper procedures potentially

In 2023 we installed 3,229 small solar power plants, our largest number to date, which helped GEN-I SONCE d.o.o. to consolidate its 18% market share, the highest in Slovenia.



leading to water pollution. Similarly, the installation of large solar power plants can lead to a change in land use and management or even to the degradation of local habitats. We should also remember that the recycling of solar panels is still a far from perfect process. We regard all the above factors as a negative impact that we have on the environment, and the current limited opportunities for recycling solar panels and batteries as a risk as well. We regard our business activities aimed at decarbonising the electricity system as an opportunity.

We identify only positive impacts on society in the **matter/topic of human resources management**. At the GEN-I Group, the right to freedom of association is exercised through the works council, which safeguards and enforces the interests of employees, and ensures that they are well-informed and involved in important decisions. We organise programmes and projects to promote health and satisfaction at the workplace, and place great importance on ensuring that our employees enjoy a good work-life balance. The GEN-I Group is committed to developing and retaining staff, promoting diversity and ensuring that all employees are treated equally. It takes a zero tolerance approach to any form of discrimination and violence at the workplace. To this end it has introduced special measures, including those designed to protect whistleblowers. Child or forced labour is not tolerated at the GEN-I Group. We see the in-house knowledge and know-how that we consolidate with a large number of education, training and mentoring programmes, and programmes to enhance management skills and other employee strengths, as a material short-term opportunity or competitive advantage, but also a risk for the Group. A decline in interest in the technical professions is a minor short-term risk for the Group.

The **matter/topic of customers‘ empowerment** has a material positive impact on the environment and society, as the suitable provision of information on and activities related to renewable sources and energy efficiency help to drive up energy literacy levels in society. We also perceive a positive impact on society from the protection of customer rights and satisfaction. These are things to which we pay a great deal of attention: we provide education and training to those employees who communicate with customers on a regular basis, ensure that our customers' personal data is protected, enable customers to freely express their opinion on our products through a variety of channels, and also employ a zero tolerance approach to any form of discrimination. The continuation and further enhancement of our practices in this area present us with new opportunities, while any deterioration in the rights of our customers, as well as any failure to respect their preferences, presents a risk of the loss of those rights.

The GEN-I Group sees only positive impacts on the environment and society from the **matter/topic of communities' empowerment**. By establishing energy/self-supply communities, it is attempting to reduce energy poverty and provide access to energy from renewable sources to those who cannot afford it because of the high initial investment or for other reasons. Increased interest in self-supply communities could bring new opportunities for the Group. However, if there is no interest this could represent a risk to its future development in this area. The GEN-I Group also promotes local community development through numerous sponsorship activities and donations.

In the **matter/topic of business resilience**, the Group's positive impact on environment and society can be seen in its efforts to further develop and implement business continuity plans/systems, carry out regular assessments of system efficiency and develop sustainable business models. The Group is able to manage financial and non-financial risks effectively in all conditions.

We have defined positive and negative impacts on society in relation to the **matter/topic of responsible supply chain management**. We believe that by working with suppliers and business partners that are committed to high standards of equality of and non-discrimination against workers, favourable working conditions and zero tolerance towards child and forced labour, we will be able to prevent the improper treatment of workers in the value chain. However, this will not be possible without the establishment of effective and robust due diligence and evaluation of all suppliers and business partners, where there is also the possibility of a negative impact on society on the part of the GEN-I Group if such evaluations do not ensure that workers' rights are protected within the value chain. Without adequate checks on suppliers and other business partners, we cannot regard our revenues and investments as being environmentally sustainable. This could carry financial risks in the long term.

The GEN-I Group regards the biggest financial impact, i.e. the biggest opportunity, as coming from the **matter/topic of reliable business partner**. Our stakeholders have also recognised the high materiality of the impact in the area covered by this matter/topic. Having a reputation as a reliable partner that meets all its contractual obligations and provides support to partners can bring numerous opportunities, new business partnerships and new activities to the GEN-I Group. The reverse is also true: if the approach is inadequate and there is an irresponsible attitude towards partners and a failure to meet contractual obligations by the Group, this could lead to poor business relations with partners, the termination of contracts and the financial risks that come with that. We believe that, by raising our partners' awareness of the importance of the green transition, assessing them effectively against the sustainability criteria and including these criteria in the public procurement process, we can have a positive impact on the environment and society. The same can be concluded regarding the matter/topic of ethical business conduct, as non-transparent business and failure to comply with regulations give rise to many risks to the Group's operations, while the opposite brings numerous opportunities and new business partnerships. As the GEN-I Group applies business ethics (all employees of the Group act professionally, responsibly, correctly, transparently and in line with the highest ethical standards and ensure compliance with all regulations when performing their daily tasks and taking decisions), we see only positive impacts on society in this area.

Material positive impact on the environment and society has been identified, and certainly by our stakeholders, in relation to the **matter/topic of shaping energy policy**. Specifically, the GEN-I Group, mainly by participating in expert consultations, helps to create and promotes the development of energy and sustainability policy with the aim of democratising access to energy, i.e. providing access to carbon-free energy or energy from renewable sources to all citizens. We see any adoption of regulations that could hamper the future sustainable development of energy as a risk, and the adoption of optimal regulatory solutions for the transition to an electricity system run entirely from renewables as an opportunity.

Environmental impact of own operations is the matter/topic that has the least materiality for the GEN-I Group in terms of impact and financial materiality. GEN-I does not recognise material negative or positive impacts on the environment as it uses relatively small amounts of energy and water for its own operations, which is also the result of responsible behaviour on the part of all Group employees. At GEN-I's business premises, employees are encouraged by a variety of means to use energy and water in a responsible way, reduce the amount of office waste they produce and separate that waste. For this reason, this sustainability-related matter/topic presents neither a major financial opportunity nor a major financial risk to the Group.

Each of the material sustainability-related matters/topics will be presented in detail in their respective sections. On the basis of the double materiality assessment and the sustainability-related matters/topics identified, the GEN-I Group decided which ESRS (in addition to ESRS 2) it should use to report on. This was followed by a detailed definition of the disclosure requirements, or the data points to be disclosed by the GEN-I Group. For reporting on material sustainability-related matters/topics not yet covered by the ESRS or not sufficiently broken down (these are matters/topics specific to individual entities that are expected to be defined in sectoral ESRS), the sustainability statement uses the minimum disclosure requirements for policies, actions, metrics and targets from ESRS 2 or the GRI standards. Accordingly, the following material sustainability-related matters/topics were defined: Reliable and affordable supply, Customers' empowerment, Shaping energy policy, and Business resilience.

The GEN-I Group is therefore reporting under the ESRS for the first time this year. The list of disclosure requirements complied with, which also includes the ESRS disclosure requirements incorporated by reference, is presented in the next section. In this report we also provide an overview of the GRI 2021 standards applied (in force since 1 January 2023).

The double materiality assessment procedure has changed slightly in comparison with the previous procedure or reporting period, towards requirements for an in-depth assessment of the materiality of impacts, risks and opportunities associated with GEN-I's environmental, social and governance matters under ESRS 1. The previous materiality assessment procedure and the material topics arising from it are described in detail in the 2022 Annual Report of the GEN-I Group and GEN-I, d.o.o. It is envisaged that the materiality assessment will be audited annually.

3.1.5 INTERESTS AND VIEWS OF STAKEHOLDERS

The GEN-I Group endeavours to work with all relevant stakeholders, particularly in the area of energy and sustainable development, as defined as well in the GEN-I Group Strategic Development Plan 2022–2030. With the aim of reinforcing mutual trust, exchanging knowledge and improving our operations, we involve various internal and external stakeholders in our activities. The list of our key stakeholders is presented in the Double materiality assessment section.

Our stakeholders' interests, needs and proposals are identified mainly through open, regular, clear, impartial and transparent communication. This enables us to put in place business policies that pursue the needs of society as a whole. We work with each of the specific groups of stakeholders in different ways. By strategically planning our relations with them, we ensure that their interests are aligned with our objectives and operations. In line with the responsibility that it regards as one of its core values, the GEN-I Group provides its customers, business partners and the public with a transparent, honest and straightforward insight into its business operations.

Management Board communicate transparently and comprehensively with the representatives of the owners, providing them with notice of business results and performance in good time. We involve our employees through the Workers' council, addresses by the Management Board, the intranet, training sessions and workshops, the ZEON programme, the "Zemljani" (Earthlings) programme, mentorship programmes, events, joint activities and a monthly newsletter. Employee representatives are also members of supervisory boards. In the future we will also try to ensure that workers are properly integrated into the value chain.

Our customer service department is responsible for direct communication with customers and providing them with advice and assistance. We raise our customers' awareness of the importance of carbon-free electricity and energy efficiency, help them address their challenges, welcome their suggestions, and provide an excellent user experience whenever we communicate or cooperate with them. We also raise customer awareness through email, our website and social media, while the "Moj GEN-I" (My GEN-I) portal is always available to them if they wish to monitor their own consumption and costs, receive bills, submit meter readings or communicate with our customer service agents. We use user surveys and opinion polls to obtain information on our customers' needs, challenges and suggestions; we then use these to develop products and services and to guide the sustainable business operations of the GEN-I Group. We also organise an annual meeting for our business customers at which we exchange views on current and future events in the field of energy and sustainability.

Through professional lectures, conferences, academic publications and cooperation with universities, we are expanding our pool of expert knowledge, and exchanging examples of good practices with the broader expert community. Our employees and managers have given lectures and participated in round tables at various events in the field of energy and the green transformation, in Slovenia and abroad. They have also regularly taken part in lectures held at universities, with the aim of transferring their practical know-how to students. This has allowed us to provide information to younger generations at the same time as reinforcing our employer brand. By establishing our own initiatives and consortiums, we also promote research and development projects in the areas relevant to our business.

We always try to set up long-term cooperation with GEN-I Group suppliers and business partners. We strongly believe that this provides us with the highest possible quality and the best possible business relations. We work with our suppliers at work meetings, via emails and e-business operations, telephone calls, supplier evaluations and invitations to tender.

Banks and other financial investors are among the GEN-I Group's key business partners. Our business relations with them are based on regular and clear communication regarding the Group's business operations, interpretations of financial statements, and the Group's borrowing and guarantee requirements. This relationship is reflected in the high degree of trust on both the banking and capital markets. In line with the expansion of the scope of its business operations, the GEN-I Group is successfully renewing and reinforcing credit and warranty lines with most of the larger Slovenian banks and with larger foreign banks or banking groups with high credit ratings. For ten years the GEN-I Group has also been a regular presence on the capital market, issuing commercial paper and bonds. The security issuances so far have been well-received, with the values of the binding offers from interested investors always exceeding the desired borrowing amount.

We work regularly with regulators, supervisory authorities and other institutions. We carry out the reporting required by regulations, and work responsibly with inspection authorities, supervisory authorities and auditors in the course of regular inspections and audits. Cooperation with public and regulatory authorities also takes place through our proactive involvement in the development of energy and sustainability regulations and legislative frameworks.

The GEN-I Group actively connects and cooperates with local and broader communities, through partnerships with non-profit organisations and educational institutions. We also carry out joint projects with local communities. The GEN-I Group believes that it is also important to give back to society through sponsorships and donations. We have worked with local decision-makers to build solar power plants and set up public-private partnerships. Communication with all our stakeholders takes place face-to-face, via email and by telephone.

We communicate with the broader public directly, by answering their questions and discussing relevant topics with journalists, and indirectly, by publishing communications in media outlets. In order to provide the public with adequate information, we draft communications and press releases, and publish news on our social media pages and on news websites. We ensure that all important information on the company is up to date, and share it with the public at our own events and at events organised by others. We use advertising campaigns to present our services and products. We also organise press conferences and meetings with media representatives several times a year.

3.2 Environmental information

As one of the leading representatives of the energy sector and, more recently, a promoter of green transformation, the GEN-I Group is well aware that a responsible attitude towards the environment requires new ways of thinking and acting. Through the comprehensive assessment of the Group's impact on the environment and the strategic policies and practices presented in this section below, we wish to preserve and protect the natural environment over the long term so as to satisfy the current needs of humanity without compromising the availability of resources for the generations to come.

This section contains information on the following material sustainability-related matters/topics of the GEN-I Group:

- corporate carbon footprint;
- sustainable technology deployment;
- sustainable products and services;
- the environmental impact of own operations; and
- the environmental impact of business activities.

3.2.1 CORPORATE CARBON FOOTPRINT

The term "carbon footprint" is used to denote the quantity of CO_2 and other greenhouse gas emissions produced by the actions of an individual, a company or an organisation. Measuring carbon footprint is one of the basic ways in which we can gauge the impact a company's operations have on the environment and how successful its efforts are to mitigate climate change and comply with international commitments (the Paris Agreement) to achieve net zero emissions and keep the average rise in global temperatures to 1.5^{o}C above pre-industrial levels.

At the GEN-I Group we are keen to set ambitious decarbonisation targets in order to play our part to achieving these international commitments. In 2023, with the aim of defining clear targets and setting out a Group decarbonisation strategy, we continued activities connected with measuring our carbon footprint and looking at ways of improving the measurement process. GEN-I has been measuring and analysing its carbon footprint since 2018. We began to do so mainly in order to control our emissions, introduce sustainable energy management and protect the environment. Every year we deepen and broaden the measurements so that they more completely reflect our impact on the environment. The fact that we measure and monitor our carbon footprint is proof of our social and environmental responsibility as a company, and enables us to make our operations more sustainable. In 2023 we therefore continued our carbon footprint-related measures, which included the centralised consumption of carbon-free electricity at our business premises in Slovenia (which despite the fact that we rent most of the premises we use, allowed us to cancel our guarantees of origin) and the further electrification of our vehicle fleet. Reporting on our own carbon footprint helps us to inform our employees and the broader public, raise their awareness, present them with an example of good practice, and encourage them to make improvements to and change their own habits.

The GEN-I Group's carbon footprint was also measured in 2023 with the help of data gathered from different areas. The calculation includes the parent company and the subsidiaries established in Slovenia, i.e. GEN-I SONCE d.o.o., GEN-I ESCO d.o.o., Elektro Energija d.o.o. and SOL-NAVITAS INVESTICIJE d.o.o. This means that foreign subsidiaries were still not included in the calculation for 2023. The calculations will be enhanced in 2024 so as to include all subsidiaries that are part of the GEN-I Group, as well as additional Scope 3 categories. The measurements use the last available emission factors, conversion factors and the global warming potential (GWP). National data is our first port of call – for example, from the Slovenian Environment Agency, the Energy Efficiency Centre at the Jožef Stefan Institute or the Statistical Office. If this does not exist, we use international data, for example from the International Panel on Climate Change (IPCC) or the UK government's Department for Energy Security and Net Zero. The methodology for measuring carbon footprint was established in collaboration with an external expert, and for the use of emission and other factors we refer to the last available scientific and professional sources. These factors are also checked in the course of the external assessment of the carbon footprint calculation. The calculations conducted in 2023 were broader than in 2022, taking in additional business/office areas and pollution sources. The calculations for 2023 therefore include GHG emissions from some logistics services connected with the installation of solar power plants and with travel between warehouses. The 2022 and 2023 calculations are therefore not completely comparable.

The following greenhouse gas emission sources were included in the carbon footprint calculations for 2023:

CARBON FOOTPRINT OF THE GEN-I GROUP IN 2023		
SCOPE 1 DIRECT EMISSIONS	**SCOPE 2 INDIRECT EMISSIONS**	**SCOPE 3 INDIRECT EMISSIONS**
Emissions caused by activities and equipment owned or controlled by the company: • consumption of fuel by own vehicle fleet • consumption of fuel by leased vehicles • consumption of natural gas for heating • consumption of cooling gases in cooling systems	Emissions caused by the use of purchased energy sources by equipment and activities owned or controlled by the company: • consumption of electricity in office buildings: – use of electrical equipment – use of electronic equipment – lighting – cooling – heating • consumption of electricity by electric vehicles owned or leased by the company • quantity of electricity generated from renewable sources deducted from the purchased quantity • consumption of heat from district heating systems	All other indirect emissions not included in Category 2 • employee commuting • business travel (air) • business travel (taxi) • business travel (public transport, e.g. buses, trains) • business travel (private vehicle) • logistics services connected with solar power plant installation and travel between warehouses • consumption of materials – electric and electronic equipment • overnight hotel stays during business travel • drinking water supply • wastewater drainage and treatment • office waste • warehouse waste

We calculated the carbon footprint in accordance with the generally established methodology provided by the Greenhouse Gas Protocol so that all the categories presented in the figure above are included in the calculation. We are gradually expanding the calculation, adding categories to Scope 3 mainly where reliable data is available. We will therefore carry out a review of the material categories from Scope 3 in 2024. The calculation and the methodological explanation were reviewed and approved by an external independent expert. The reason why the carbon footprint report and the methodological explanation are reviewed is to ensure that an independent judgement can be made, on the basis of a review of the supporting documents, of whether the CO_2 emissions set out in the report are the actual CO_2 emissions, and whether the data set out in the report is accurate, complete, consistent and without errors or discrepancies. The independent expert issues their report on the basis of WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard and the requirements set out in the ISO 14064-3 standard. The carbon footprint is reported in tonnes of CO_2 equivalent.

Carbon footprint of the GEN-I Group in 2023 (in tonnes of CO_2 equivalent)

GEN-I GROUP	
No. of employees*	660
Tonnes of CO_2 equivalent**	1,232.3
Tonnes of CO_2 equivalent per employee	1.87

* The number of employees at the locations included in the calculation represents the average annual number of employees (students and external colleagues not counted).

** The market-based method was used for electricity and the location-based method for thermal energy.

Carbon footprint of the GEN-I Group, disaggregated by Scope and year (in tonnes of CO_2 equivalent)*

	RETROSPECTIVE		
	2022	2023	% 2023/2022
SCOPE 1 GHG EMISSIONS			
Gross Scope 1 GHG emissions (tonnes of CO_2 equivalent)	269.2	258.7	96
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0	0	0
Consumption of fuel by own vehicle fleet and leased vehicles	251.6	254.9	101
Consumption of natural gas for heating	11.8	0.4	3
Consumption of cooling gases in cooling systems	5.7	3.4	60
SCOPE 2 GHG EMISSIONS			
Gross location-based Scope 2 GHG emissions (tonnes of CO_2 equivalent)	842.3	782.9	93
Gross market-based Scope 2 GHG emissions (tonnes of CO_2 equivalent)**	222.0	219.0	99
Consumption of electricity in office buildings***	0	0	0
Consumption of electricity by electric vehicles owned or leased by the company****	0	0	0
Consumption of heat from district heating systems	222.0	219.0	99
SIGNIFICANT SCOPE 3 GHG EMISSIONS			
Total Gross indirect (Scope 3) GHG emissions (tonnes of CO_2 equivalent)	551.2	754.7	137
1 Use of materials – electrical and electronic equipment	78.6	35.3	45
1 Drinking water supply	0.6	0.7	117
1 Wastewater drainage and treatment	2.2	1.6	73
1 Logistics services connected with solar power plant installation and travel between warehouses	/	84.9	/
5 Waste generated in operations (office buildings and warehouse)	4.0	5.4	135
6 Business travel (air, taxi, public transport – bus, train, private vehicle)	50.4	99.7	198
6 Overnight hotel stays during business travel	2.6	13.3	512
7 Employee commuting	412.8	513.8	124
TOTAL GHG EMISSIONS			
Total GHG emissions (location-based) (in tonnes of CO_2 equivalent)	/	/	/
Total GHG emissions (market-based) (in tonnes of CO_2 equivalent)	1,042.4	1,133.2	109

* The measurements conducted in 2023 were broader than in 2022, taking in additional office areas and pollution sources. The measurements for 2023 therefore include GHG emissions from some logistics services connected with the installation of solar power plants and with travel between warehouses. The 2022 and 2023 calculations are therefore not completely comparable.

** The GEN-I Group did not generate a carbon footprint from its consumption and production of electricity; this is because all of the electricity it produces comes from renewables (guarantees of origin cancelled). The other greenhouse gas emissions arise from the consumption of heat from district heating systems.

*** The GEN-I Group did not generate a carbon footprint from its consumption and production of electricity; this is because all of the electricity it produces comes from renewables (guarantees of origin cancelled). The quantity of electricity generated from renewable sources was deducted from the purchased quantity, and electric vehicle emissions are included under transport and travel.

**** Electric vehicle emissions are included under transport and travel.

Carbon footprint of the GEN-I Group by year (in tonnes of CO_2 equivalent)

	2022	2023
No. of employees*	612	660
Scope 1	269	259
Scope 2**	222	219
Scope 3	551	755
Total tonnes of CO_2 equivalent	1,042	1,232

* The number of employees at the locations included in the calculation represents the average annual number of employees (students and external colleagues not counted).

** The market-based method was used for electricity and the location-based method for thermal energy.

Carbon footprint of the GEN-I Group by year (in tonnes of CO_2 equivalent per employee)*

	2022	2023
Scope 1	0.44	0.39
Scope 2	0.36	0.31
Scope 3	0.90	1.02
Total CO_2 emissions per employee	1.70	1.72

* The number of employees at the locations included in the calculation represents the average annual number of employees (students and external colleagues not counted).

The above table does not show data linked to base year, milestones or target years as required under paragraph 48 of ESRS E1, as the base year, milestones and target years will be defined in the GEN-I Group Decarbonisation Strategy (drafting expected in 2024). Similarly, the 2023 calculation was drawn up using the market-based method only. In 2024 it will be drawn up using both the market- and location-based methods. This will also allow for a higher degree of comparability of data between individual years.

Total tonnes of CO_2 equivalent increased in 2023 in comparison with 2022, although it should be noted that Scope 1 and 2 emissions (CO_2 equivalent) fell in comparison with 2022. As stated above, the calculations are not entirely comparable because the measurements were expanded slightly in 2023. The total carbon footprint per employee for 2023 increased by 10% in comparison with 2022.

Calculation of the GEN-I Group's carbon footprint in 2023 enables us to identify the areas in which its CO_2 emissions are highest. We also identified the carbon footprint-related material impacts, risks and opportunities as part of the double materiality assessment process in 2023. Carbon footprint was recognised, in the updated double materiality assessment as well, as a material sustainability-related matter/topic. A transition plan for climate change mitigation (GEN-I Group Decarbonisation Strategy) will be drafted on the basis of the calculation for 2023 and the upgraded calculation that we are planning to produce in 2024. It will include measures and targets for reducing GHG emissions, and metrics for staking out the Group's path to decarbonisation. On the basis of the expanded calculation, priorities will be determined in relation to measures for achieving the biggest impacts from a reduction in our carbon footprint. In the future we are planning to further bolster sustainability activities within the company and along the supply chain, and to continue on our path towards complete decarbonisation.

GHG intensity based on net revenue

GHG INTENSITY PER NET REVENUE	2023
Total GHG emissions (location-based) per net revenue (in tonnes of CO_2 equivalent/Monetary unit)	/
Total GHG emissions (market-based) per net revenue (in tonnes of CO_2 equivalent/Monetary unit)	0.00000049

Connectivity of GHG intensity based on revenue with financial reporting information

Net revenue used to calculate GHG intensity[13]	2,537,133,958
Net revenue (other)	346,342,587
Total net revenue (in financial statements)	2,883,476,545

3.2.2 SUSTAINABLE TECHNOLOGY DEPLOYMENT

The GEN-I Group has been carrying out innovative projects for a number of years. By deploying sustainable technology, it makes an important contribution to mitigating climate change, introducing energy from renewable sources, and decarbonising Slovenia (as well as the wider regional and social environment). The GEN-I Group set out its objectives in relation to the sustainable technology deployment in its Strategic Development Plan 2022–2030, which defines its targets for the installation of sustainable technology capacities in MW, along with the investments required to achieve the ambitious targets. In this regard we are currently focusing mainly on electricity generation from solar power plants and electricity storage, which will remain our focus in the future as well. Through the gradual sustainable technology deployment, we have, over the years, adjusted our business model to increase our resilience. At the same time, we exploit the business opportunities offered by the green transition and identified during the double materiality assessment process.

From the perspective of the materiality of the financial scope of investments in sustainable technologies and with the realisation that it is only by steering investment towards sustainable projects and activities that we will achieve the internationally set climate targets, a Green Investment Committee was set up at Group level at the beginning of 2023. Its aim is to make decisions relating to projects and investments in RES or related projects as part of the annual business plan or strategic development plan. Alongside this it also gives guidance on activities within individual projects and development policies for investments in renewable energy sources, analyses project progress reports and, where necessary, coordinates and steers stakeholder participation in projects. It is therefore responsible for overseeing all major investment projects relating to the sustainable technology deployment.

With the aim of ensuring the sustainability of projects and investments from the environmental, social and governance aspects, sustainability criteria for use in the evaluation of sustainable technology projects and investments were clearly set out by the GIC in 2023. These criteria follow the technical screening criteria and minimum safeguards of the Taxonomy Regulation, as will be shown in detail in the Environmental impact of business activities and Responsible supply chain management sections. We therefore wish to ensure that our projects and investments in sustainable technologies have a positive impact on both environment and society. In this way the GEN-I Group will also address all the defined impact, risks and opportunities associated with the material matter/topic of the sustainable technology deployment. It should be highlighted at this juncture that we will, by meeting the criteria, ensure resilience to all risks identified in the course of the double materiality assessment process and associated mainly with climate-related aspects (e.g. acute physical risks), regulatory aspects (e.g. increase in costs resulting from stricter legislation) and the supply chain (e.g. human rights and the rights of workers in the supply chain, delays).

13. The calculation contains net sales revenue, while transactions between related parties are excluded from the calculation.

As mentioned earlier, GEN-I has been actively deploying sustainable technologies and taking measures that contribute to climate change mitigation for a number of years. The first major investment project relating to the sustainable technology deployment by the GEN-I Group was the construction of a large solar power plant, with a total power of 17 MW, in North Macedonia, which came on line in autumn 2022. By the end of 2023, it had generated 24.7 GWh of green energy. Owing to the increase in energy efficiency, the solar power plant has so far made energy savings of 20.1 GWh and reduced CO_2 emissions by 10,919 tonnes.

The GEN-I Group also continued its investments in the green transition in 2023. These include the purchase of land in North Macedonia (all paperwork in order) with a connection available for the construction of an 11.8 MW large-scale solar power plant. It is hoped that it will generate 17,000 MWh of electricity a year and become operational in 2024. Negotiations are also under way for similar projects in Slovenia, Croatia and Serbia. We are also constantly engaged in analysing the markets in which the GEN-I Group is already present. We are noticing that while they are at different stages of development, all of them (in principle) support ambitious plans for the development of solar power plants.

In order to be ready for new investments in large-scale solar power plants in Slovenia as well (the country is becoming more favourable for the siting of such projects from a regulatory point of view), we have developed the “GO-TO” map, which highlights the most suitable locations for the installation of large-scale solar power plants. The map complies with the provisions of the Introduction of Installations for the Generation of Electricity from Renewable Energy Sources Act (ZUNPEOVE),[14] all the important social, environmental and technical limiting factors (each with their own sub-categories), the realities of land use and selected guiding factors. Use of the map will enable us to make an even bigger contribution to mitigating climate change and reducing carbon footprint, as it will significantly speed up the search for suitable locations for investments that will, as per the criteria and the guiding factors, be environmentally sustainable as well.

14. Introduction of Installations for the Generation of Electricity from Renewable Energy Sources Act (Uradni list RS, No 78/23).

However, our investments are directed not only towards solar power plants, as we know that increased investment in RES brings additional requirements for reserve energy. We have therefore begun investing in battery energy storage systems. In 2023 we connected and started our first such system (120 kW) at the site of our building in Kromberk. We will continue and intensify our investments in these systems.

Our targets, actions and metrics in relation to the sustainable technology deployment will also be described in detail in the GEN-I Group Sustainability Strategy, which is due to be updated in 2024. They will be therefore be linked to the business objectives set out in the GEN-I Group Strategic Business Plan 2022–2030 and the annual business plans. The targets will not relate solely to the installation of new capacities, as sustainability aspects will be to the fore.

Having designed the aforementioned sustainability criteria for assessing projects and investments, we will gradually assess all major projects relating to the sustainable technology deployment from the aspect of their alignment with the Taxonomy, thereby increasing the proportion of Taxonomy-aligned turnover, capital expenditure and operating expenditure. The current proportions are shown in the Disclosures under the Taxonomy Regulation section.

3.2.3 SUSTAINABLE PRODUCTS AND SERVICES

The development of innovative sustainable products and services and their provision to our customers, as presented in detail in the Energy services and the sale of technologies section, is one of the key areas of focus for the GEN-I Group. Our aim here is to enable our customers to help create the green transition and a sustainable future themselves. The development and provision of sustainable products and services help customers reduce their own carbon footprint and become more active consumers who know how to adjust or optimise their consumption, becoming less dependent on price fluctuations in the process. The fact that the GEN-I Group retained the largest market share among suppliers of electricity to end-consumers in Slovenia in 2023 means that our sustainable products and services have considerable reach, and therefore a large positive environmental and social impact on the energy transition process of society as a whole.

In 2017, in cooperation with SID Bank and Nova KBM, GEN-I SONCE d.o.o. was the first in Slovenia to issue a green bond worth EUR 14 million, with maturity in 2024. The funds have, since then, been earmarked for projects that promote electricity production from renewable sources, increase energy efficiency and facilitate the sustainable transition to a low-carbon society in accordance with social environmental protection principles. Between June 2017 and the end of 2023, GEN-I SONCE d.o.o., thanks to its household self-supply services, helped to increase the production of green energy by 183,927 MWh, increase energy savings, from an increase in efficiency, by 165,534 MWh, and reduce emissions by 90,124 tonnes of CO_2. In addition to this, 74 solar power plants for business consumers were put into operation in 2023. The operation of these power plants has, since 2018, led to energy savings from an increase in efficiency of 32,173 MWh, reductions in CO_2 emissions of 17,516 tonnes and an increase in the production of green energy of 35,748 MWh.

In addition to classic individual self-supply products, which are an established part of our offer, we began, in 2023, to actively enhance our sustainable products by adding battery energy storage systems. We believe these systems to be particularly suited to our customers because of the challenge posed by the diminishing opportunities to connect new energy sources to the distribution network and by certain regulatory changes. In this area we also see further opportunity to expand our product portfolio.

With similar aims in 2023, we further developed community self-supply products and services, for example by installing five solar power plants on five public buildings in Ajdovščina, as detailed in the Communities' empowerment section. We see further opportunities in the similar upcoming projects for providing self-supply from solar energy and independence from price fluctuations to all those who want it, but whose financial or technical limitations prevent them from having a personal self-supply system. We are thus also helping to reduce energy poverty and creating a positive impact on both environment and society.

Energy communities are not only intended for households but can also constitute a favourable solution for businesses that operate across different locations or that do not have sufficient or suitable roof space to host a solar power plant. Alongside this we also offer energy performance contracting services, in aid of a more rapid green transition, to businesses and the public sector, as well as flexible consumption services, where we act as an aggregator of active customers and thereby enable them to generate energy savings. In the area of system services, we also see opportunities going forward, as the demand for smart networks will increase in line with the rise in use of RES in the energy system. We are pursuing sustainable development objectives in the field of trading as well, particularly through PPA products.

The GEN-I Group also sees major business opportunities in the field of e-mobility, providing charging services to customers at more than 100,000 charging stations around Europe. This is helping to ease the way towards the green transition in mobility as well. Electric mobility is another sector in which we are planning new sustainable products and services.

All of the above shows that the GEN-I Group is aware that the green transition requires the development of new business models, which is why we have been focused on sustainable products and services for many years now. The targets and directions for the development of the sustainable products and services detailed above have already been set out in the GEN-I Group Strategic Development Plan 2022–2030, and are also addressed in detail in the annual business plans. Since sustainable products and services have a positive impact on both the environment and society, they will also be addressed in the updated GEN-I Group Sustainability Strategy.

3.2.4 ENVIRONMENTAL IMPACT OF OWN OPERATIONS

The environmental impact of the GEN-I Group's own operations relates mainly to the environmental footprint generated by the Group's own operations at its offices and business premises, which is not significant and comes chiefly from energy consumption, water consumption and waste at the company's offices. It should be noted that the GEN-I Group mainly operates from leased property, which means that the options for taking specific environmental protection measures are limited. Nevertheless, the Group is endeavouring to reduce its environmental impact as far as possible. For this reason as well, this sustainability-related matter/topic was identified as one of the 15 most important at the GEN-I Group. While the Group has not yet formulated any specific policies on the targets, metrics and actions for limiting the environmental impact of its own operations, it is nevertheless taking measures focused on limiting that impact. The greatest attention is being paid to raising employees' awareness of the importance of efficient energy and water consumption and of measures that can help to reduce the amount of waste we generate.

The "Z manj do več" (More with Less) group, which publishes the latest sustainability-related content for the benefit of the Group's employees, began operating in 2023. Its aim is to educate and motivate staff to behave sustainably at home and at work. Membership is voluntary and currently numbers around 170 employees. Interesting small-scale challenges are organised on a monthly basis. These enable every employee to contribute to a better future, for example through the "green snack" and the GEN-I marketplace. Every employee has the option of taking an active part in the group, which has already led to many ideas for challenges, get-togethers and debates within the group being put forward. In addition to the challenges, members also have the opportunity of learning about and becoming more aware of a variety of green issues through interesting articles, mini questionnaires, current news items and tips.

The main areas of focus in relation to the environmental impact of the GEN-I Group's own operations are set out below, broken down into individual areas.

Energy consumption

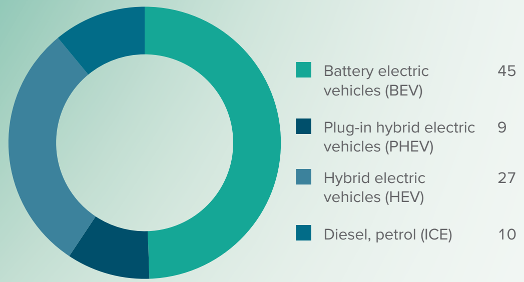
In the business and office buildings in which we work, we consistently comply with guidelines on reducing electricity consumption and the consumption of energy for heating and cooling. This is regardless of whether we own or lease the building in question. Through special notices we continued to educate and motivate employees to further consider and implement guidance on energy efficiency and reducing energy consumption in 2023. The "Z manj do več" group (see above) also shared useful tips on how to reduce energy consumption at the office and at home. In 2023 we also set ourselves the goal of bringing energy consumption at our business premises down from the level recorded in 2022.

We should also point out that we are cancelling the guarantees of origin for all the electricity that we consume in our buildings in Slovenia. These guarantees are used by electricity producers to prove that the electricity they use has been generated from renewable or carbon-free sources.[15] This means that all the electricity consumed by the GEN-I Group in Slovenia is generated from renewable or carbon-free sources, which has made a major contribution to lowering the Group's own environmental footprint. The solar power plant installed on the roof of our office building in Kromberk generated 34,333 kWh of green energy in 2023.

We are also making efforts to limit our energy consumption, and particularly energy from fossil fuels, in the area of mobility. By the end of 2023 we had electrified 89% of our vehicle fleet. This means that we now have one of the largest electrified vehicle fleets in Slovenia. The car parks at our offices in Ljubljana, Krško and Nova Gorica are equipped with charging infrastructure (46 charging stations in Ljubljana, 12 in Krško and 17 in Nova Gorica). According to our estimates, our underground charging infrastructure in Ljubljana is the largest infrastructure of this type in the country. In total we have infrastructure for the charging of 75 vehicles, and drove no less than 1,089,621 green kilometres in 2023. We also encourage our employees to reduce their fuel consumption, including through the eTurn app, which makes it easier to organise carpooling. We further motivate employees by offering them the use of the micro electric vehicles located in the e-bike sheds in front of the business units on Dunajska cesta and Dimičeva ulica in Ljubljana and in Kromberk. These vehicles are charged with electricity generated by the solar power plants located on the roof of the shed. Employees are also encouraged to hold meetings remotely rather than face-to-face. In September 2023 we organised our traditional annual campaign during Mobility Week. This has the aim of encouraging employees to use alternative forms of mobility on a more regular basis. Employees travelled 9,178 green kilometres during the campaign.

15. More details on the European guarantee of origin mechanism can be found in the Reliable and affordable energy supply section.

Structure of the GEN-I Group vehicle fleet
as at 31 December 2023



We have 46 charging stations in Ljubljana, 12 in Krško and 17 in Nova Gorica. According to our estimates, our underground charging infrastructure in Ljubljana is the largest infrastructure of this type in the country. In total we have infrastructure for the charging of 75 vehicles, and drove no less than 1,089,621 green kilometres in 2023.

At GEN-I SONCE d.o.o. we further reduced the length of the sales and installation routes necessary to provide our services to customers throughout Slovenia, doing so with the help of advanced route-optimisation algorithms.

We monitor energy consumption for the parent company GEN-I, d.o.o. and for the subsidiaries headquartered in Slovenia (GEN-I SONCE d.o.o., GEN-I ESCO d.o.o., ELEKTRO ENERGIJA d.o.o. and SOL NAVITAS INVESTICIJE d.o.o.). The structure of the energy consumed is shown in the table below. Energy consumption fell between 2022 and 2023; this was despite the fact that the number of employees grew in that period, as did the surface area of the buildings from which we operate.

Energy consumption and mix at the GEN-I Group (MWh)*

ENERGY CONSUMPTION AND MIX	2022	2023
(1) Fuel consumption from coal and coal products (MWh)	0	0
(2) Fuel consumption from crude oil and petroleum products (MWh)	980.9	1,000.7
(3) Fuel consumption from natural gas (MWh)	0	0
(4) Fuel consumption from other fossil sources (MWh)	0	0
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	585.8	496.3
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	**1,566.7**	**1,497.0**
Share of fossil sources in total energy consumption (%)	**43**	**43**
(7) Consumption from nuclear sources (MWh)	**0**	**0**
Share of consumption from nuclear sources in total energy consumption (%)	**0**	**0**
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	0	0
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	2,006.6	1,984.0
(10) The consumption of self-generated non-fuel renewable energy (MWh)	0	0
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	**2,076.6**	**1984.0**
Share of renewable sources in total energy consumption (%)	**57**	**57**
Total energy consumption (MWh) (calculated as the sum of lines 6 and 11)	**3,643.3***	**3,480.9**

* The quantity reported here differs from the quantity reported in 2022 because other conversion factors were used in order to improve year-on-year comparability.

In 2023 the GEN-I Group consumed 3,480.9 MWh of energy: 1,984 MWh from renewable sources (RES for the production of supplied electricity, RES and waste (half) for the production of supplied district heat) and 1,497 MWh from non-renewable sources (petroleum derivatives, coal, natural gas, extra-light heating oil and waste (half) for the production of supplied district heat, natural gas supplied for heating). The figures and a comparison with 2022 are presented in the table below.

In the area of energy consumption, the GEN-I Group also has a positive impact in terms of the production of energy from renewable sources. As we mentioned in the Sustainable technology deployment section, the GEN-I Group owns a large solar power plant in North Macedonia, and has also installed a solar power plant on the roof of its own office building in Kromberk. The Group does not own any production units that use non-renewable sources. The table below therefore shows only production from renewable sources.

Energy production by the GEN-I Group (MWh)

ENERGY PRODUCTION	2022	2023
Production of energy from renewable sources (solar)*	4,498.7	24,689.8

Production covers the solar power plant in North Macedonia and the plant installed on the roof of the office building in Kromberk..

In 2024 we will also begin to track the energy consumption of foreign subsidiaries, which will provide us with a comprehensive overview of energy consumption across the GEN-I Group. This will provide the basis for further energy efficiency measures.

Energy intensity of the GEN-I Group based on net revenue

ENERGY INTENSITY PER NET REVENUE	2023
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/EUR)	0.0000013

Connectivity of energy intensity of the GEN-I Group based on net revenue with financial reporting information

Net revenue from activities in high climate impact sectors used to calculate energy intensity[16]	2,537,133,958
Net revenue (other)	346,342,587
Total net revenue (Financial statements)	2,883,476,545

16. The calculation contains net sales revenue, while transactions between related parties are excluded from the calculation.

Water consumption

Despite the fact that water consumption at the GEN-I Group is water consumption at business premises, and, as such, does not have a significant negative impact on the environment, we do take measures to help ensure that water is used efficiently and responsibly: for example, at the Kromberk office, which we own, rainwater is collected and used for sanitary purposes. We also provide tips to employees to encourage them to use water responsibly.

We measure the amount of water we consume for our own activities at the parent company GEN-I, d.o.o. and the subsidiaries headquartered in Slovenia (GEN-I SONCE d.o.o., GEN-I ESCO d.o.o., ELEKTRO ENERGIJA d.o.o. and SOL NAVITAS INVESTICIJE d.o.o.). In 2023 we consumed 5,148 m3 of supplied water, and sent 7,968 m3 of wastewater to treatment plants. In 2024 we will expand our water consumption measurements to include our foreign subsidiaries, which will help us obtain a complete overview of the environmental impact of our water consumption. This will make it possible for us to address the area of responsible water consumption further in the years to come.

Waste

At the GEN-I Group, waste management is the management of waste generated at its office and other business premises. Waste separation and disposal depends on the local waste management system or the waste management system of the country in which GEN-I Group companies operate. We therefore do not have any data on how the waste is managed after it is removed. We currently monitor waste quantities at the parent company GEN-I, d.o.o. and our subsidiaries headquartered in Slovenia (GEN-I SONCE d.o.o., GEN-I ESCO d.o.o., ELEKTRO ENERGIJA d.o.o. and SOL NAVITAS INVESTICIJE d.o.o.). In 2024 we will begin the process of expanding the monitoring of waste quantities to include our foreign subsidiaries.

We separate all of the waste we produce in Slovenia. We use a number of different methods to encourage those employees who work in our office and other buildings in Slovenia to use less packaging and separate their waste better. In 2023 a total of 106.3 tonnes of waste was generated within the GEN-I Group, which included waste generated at offices and at the main warehouse, while 54% of waste was recycled (this figure includes the composting of biowaste). More detailed figures on the waste generated from the sale of energy technologies can be found in the Environmental impact of business activities section.

The GEN-I Group Sustainability Strategy will be updated and adopted in 2024. It will be based on the findings of the new double materiality assessment, and serve as the basis for policies, actions, targets and metrics in relation to limiting the environmental impact of the Group's own operations. It will address the areas of energy consumption, water consumption and waste.

3.2.5 ENVIRONMENTAL IMPACT OF BUSINESS ACTIVITIES

As shown in the sections above, the GEN-I Group is steering its business activities towards the requirements of the green transition. We identified the importance of taking a sustainable approach and of measuring the impact of our own business activities on the environment in the GEN-I Group Strategic Development Plan 2022–2030. In the updated GEN-I Group Sustainability Strategy, our commitment to limiting the environmental impact of our business activities is defined using measurable targets that chiefly address investments in sustainable technologies and their impact on the natural environment in relation to biodiversity and ecosystems, water, energy consumption, waste management and recycling. Nevertheless, in the meantime we are already adopting measures to increase the positive and reduce the negative impacts of our activities on the environment.

In the area of electricity supply, which is one of the GEN-I Group's core activities, we were the first supplier, back in 2021, to stop supplying electricity from fossil fuels and begin supplying carbon-free electricity exclusively – something we continued to do in 2023. In view of the fact that, according to the most recent data from 2022, the Group covers just over a quarter of the retail electricity supply market in Slovenia, this business decision has had wider positive implications for the environment – more specifically, by opting to supply only carbon-free electricity the GEN-I Group reduced emissions by more than 680,000 tonnes (CO_2 equivalent) in 2023. This business decision confirmed our commitment to a carbon-free future, achievement of which will, of course, require the further and continued adjustment of business strategies and models in the future.

In recent years the GEN-I Group has been developing new business activities at an accelerated rate. The sustainable energy products and services that the GEN-I Group brings to the market (for more on this, see the sections on Energy services and the sale of technologies and Sustainable products and services) have a primarily positive impact on the environment because they help to increase renewable energy source capacities, leading to a fall in GHG emissions. As such, they have an important impact on climate change mitigation. While the installation of solar power plants on the roofs of buildings does not have a negative impact on biodiversity or water sources, care must be taken to avoid such impacts when erecting larger solar power plants at ground level. To this end, as mentioned in the Sustainable technology deployment section, we have established criteria that follow the Taxonomy Regulation's technical screening criteria and that, in addition to the topic of climate-related risks, pollution and the transition to the circular economy, also address impacts on biodiversity, land use and water sources. Alongside this we have also developed the "GO-TO" map, which is designed to identify the areas most suited to the installation of solar power plants from the point of view of environmental impact.

Of course, we at the GEN-I Group are more than aware of the potential negative impacts that sustainable technologies can have. These mainly relate to human rights and the rights of workers in the supply chain, i.e. the social impact. To address these potential social impacts, we try as much as possible to work only with business partners and suppliers that pursue sustainable development objectives in their work. By continually reviewing past evaluations, we aim to prevent the possibility of working with partners and suppliers that could have an adverse social impact. The Responsible supply chain management section contains more details on the processes that we plan and carry out.

As far as environmental impact is concerned, we see a potential negative impact mainly in the options for recycling these types of technology, which are currently still fairly limited, and the environmental footprint involved in the extraction of the critical raw materials incorporated into the products. These issues are addressed by the GEN-I Group, with the subsidiary GEN-I SONCE d.o.o. having become a member of the joint electrical and electronic equipment management scheme run by ZEOS d.o.o. Via the scheme, ZEOS guarantees that it will collect and manage waste electrical and electronic equipment, which includes end-of-life solar power plant parts. To recycle these parts, GEN-I SONCE d.o.o. earmarks a portion of the funds obtained through the sale of each solar power plant to the recycling of end-of-life equipment (modules, components) and the reuse of materials for the production of new components.

Recycling provides photovoltaics with a "double green value". In addition to reducing environmental pollution, recycling photovoltaic modules also helps to reduce electricity consumption from the extraction of raw materials because fewer waste materials are produced. This also helps us meet the commitment of the photovoltaics industry, which is to take care of the entire ("closed") sustainable life cycle of photovoltaic modules. In 2023 an environmental levy was paid on 121,536 directly imported photovoltaic module elements as part of the scheme. In addition, 18,610 kg of waste solar panels and appurtenant components were delivered to ZEOS, d.o.o. This figure includes the panels and components delivered in 2022 (890 kg) and 2023 (17,680 kg), as we did not report on this in last year's annual report.

GEN-I SONCE d.o.o. began installing its first solar power plants in 2017, which means that the average age of its power plants is five years or less. Since the anticipated lifespan of a solar power plant installed by GEN-I SONCE d.o.o. is 30 years or more, we do not, as yet, have any concrete cases of the recycling of an entire solar power plant.

Cases of the return of certain components (e.g. optimisers and inverters) do occur when maintenance is carried out on the solar power plants. These are subject to a complaints and claims management procedure and returned to the manufacturer, which then provides a new component under the terms set out in the warranty.

Since new components for the installation of solar power plants arrive at the GEN-I SONCE d.o.o. warehouse, the company is committed to protecting the environment, and therefore also managing packaging waste, under the terms of the ISO 14001:2015 certificate (which covers environmental management systems).

The field of packaging waste management in Slovenia is regulated by the Decree on packaging and packaging waste.[17] Under the law in force, GEN-I SONCE d.o.o. is part of the packaging scheme and pays a packaging fee for all of its packaging waste.

17. Decree on packaging and packaging waste (Official Gazette of RS, 54/21, 208/21, 44/22 [ZVO-2] and 120/22).

In 2023 the costs of removing the following types of waste were incurred at GEN-I SONCE d.o.o.:

- 18,360 kg of paper and cardboard packaging;
- 29,200 kg of bulky waste;
- 1,300 kg of plastic packaging.

3.2.6 DISCLOSURES PURSUANT TO THE TAXONOMY REGULATION

Under Article 8 of the Taxonomy Regulation, the GEN-I Group is required to include information on how and to what extent it engages in activities that qualify as environmentally sustainable activities under Articles 3 and 9 of the Regulation. This information must be presented as per the provisions of Commission Delegated Regulation (EU) 2021/2178,[18] which defines in detail the content, methodology and manner of disclosing information, and Commission Delegated Regulation (EU) 2021/2139,[19] which establishes the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation (i.e. two of the six environmental objectives defined in the Taxonomy Regulation), and whether it causes no significant harm to other environmental objectives. A delegated act was also adopted in 2023 setting out the technical screening criteria for the other four environmental objectives (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems).[20] As was already demonstrated in 2023 with the adoption of Commission Delegated Regulation (EU) 2023/2485,[21] we can expect the Taxonomy framework to be expanded in future with the insertion of additional economic activities into the classification system.

With due regard to Article 10 of Commission Delegated Regulation (EU) 2021/2178, the GEN-I Group is disclosing, in its annual report for the business year ending 31 December 2023, the proportion of its turnover, its capital expenditure and its operating expenditure from Taxonomy-non-eligible, Taxonomy-eligible, Taxonomy-aligned and Taxonomy-non-aligned economic activities, and other relevant qualitative information.

The GEN-I Group is also disclosing information under Commission Delegated Regulation (EU) 2022/1214,[22] wherein the Commission concluded, by taking into consideration scientific opinions, expert consultations and current technological progress, that selected gas and nuclear activities were in line with the climate and environmental objectives of the EU and would help accelerate the transition from more polluting activities (such as coal mining) to a climate-neutral future based primarily on renewable energy sources. In accordance with the provisions of Article 10(2) of the Taxonomy Regulation, the new activities were added to the transitional activities already included in Commission Delegated Regulation (EU) 2021/2139. Technical screening criteria have also been drawn up for them (see the amendments to Annex I and Annex II to Commission Delegated Regulation (EU) 2021/2139). The information is disclosed in the table introduced on the basis of the amendment of Commission Delegated Regulation (EU) 2021/2178.

Contextual information

Within the GEN-I Group, Taxonomy-eligible activities whose turnover, capital expenditure and operating expenditure are included in the KPI numerator calculation in accordance with the Taxonomy are carried out at the companies GEN-I SONCE d.o.o., GEN-I ESCO d.o.o., SOL NAVITAS INVESTICIJE d.o.o. and GEN-I SONCE DOOEL. GEN-I SUNCE d.o.o. and GEN-I SUNCE Adria 1 d.o.o. are also envisaged as performing Taxonomy-eligible activities, but did not do so in 2023. The turnover, capital expenditure and operating expenditure of these companies are therefore not included in the KPI numerator calculation in accordance with the Taxonomy. KAV SONCE DOOEL is also envisaged as performing Taxonomy-eligible activities, but was only acquired at the end of December 2023; this means that its turnover, CapEx and OpEx are not included in the KPI numerator calculation in accordance with the Taxonomy.

18. Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation (OJ L 443, 10.12.2021, pp. 9–67).

19. Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (OJ L 442, 9.12.2021, pp. 1–349).

20. Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities (OJ L, 2023/2486, 21.11.2023).

21. Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Delegated Regulation (EU) 2021/2139 establishing additional technical screening criteria for determining the conditions under which certain economic activities qualify as contributing substantially to climate change mitigation or climate change adaptation and for determining whether those activities cause no significant harm to any of the other environmental objectives (OJ L, 2023/2485, 21.11.2023).

22. Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities (OJ 188, 15.7.2022, pp. 1–45).

- GEN-I SONCE d.o.o. generates turnover from the performance of two Taxonomy-eligible economic activities. The basis for including the turnover from each individual activity at this company is the turnover generated by each activity. The turnover generated by each individual economic activity at this company constitutes the allocation key for dividing expenditure into capital expenditure and operating expenditure at the level of each individual economic activity at this company.

- GEN-I ESCO d.o.o. is engaged in only one Taxonomy-eligible activity. When capturing data about this company, there is therefore no need to use the allocation key for turnover, CapEx and OpEx.

- GEN-I SONCE DOOEL Skopje Sonce DOOEL d.o.o. When capturing data about this company, there is therefore no need to use the allocation key for turnover, CapEx and OpEx.

- SOL NAVITAS INVESTICIJE d.o.o. is engaged in only one Taxonomy-eligible activity. When capturing data about this company, there is therefore no need to use the allocation key for turnover, CapEx and OpEx.

The numerator calculation only includes turnover, CapEx and OpEx for these companies within the meaning of the provisions of Commission Delegated Regulation (EU) 2021/2178. The other companies of the GEN-I Group are engaged in Taxonomy-non-eligible activities; their turnover, CapEx and OpEx are therefore not included in the numerator calculation. Even though several Taxonomy-non-eligible activities are performed at the level of individual companies, division into turnover, CapEx and OpEx is not relevant for the purpose of calculating the disclosures in question. No important events occurred during the reporting period with regard to the implementation of plans for CapEx (or else they were already included in the calculation of the relevant KPIs).

The GEN-I Group process used to determine Taxonomy-eligible, Taxonomy-non-eligible, Taxonomy-aligned and Taxonomy-non-aligned economic activities consists of the following steps:

- **Identification of Taxonomy-eligible economic activities**
  The first step consists of identifying the economic activities of the GEN-I Group which are, due to the substantial contribution they make to climate change mitigation, included in Commission Delegated Regulation (EU) 2021/2139 (and are therefore considered to be Taxonomy-eligible). It should be emphasised here that the identification of the GEN-I Group's Taxonomy-eligible economic activities was prepared solely on the basis of the climate change mitigation objective (and therefore not also the climate change adaptation objective, so as to avoid order double-counting), since this is the primary objective pursued by the economic activities of the GEN-I Group. If an economic activity is not described in Commission Delegated Regulation (EU) 2021/2139, it is classified as a Taxonomy-non-eligible activity.

- **Analysis of substantial contribution to climate change mitigation**
  For Taxonomy-eligible activities, verification is then performed of whether they make a substantial contribution to climate change mitigation, i.e. whether they are compliant with the technical screening criteria under Commission Delegated Regulation (EU) 2021/2139 as they pertain to what is classed as a "substantial contribution" to the environmental objectives. If the answer is negative, the economic activity is classified as Taxonomy-eligible but Taxonomy-non-aligned.

- **Assessment of whether the economic activity causes no significant harm to any of the other environmental objectives and is performed in accordance with the minimum safeguards**
  For economic activities complying with the condition referred to in the preceding point, an assessment is then performed to ascertain whether they cause no significant harm to the other relevant environmental objectives (climate change adaptation, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems) and whether they are being implemented in accordance with the minimum safeguards under Article 18 of the Taxonomy Regulation. If both conditions are met, the economic activity in question is considered to be Taxonomy-aligned. However, if one of the conditions is not met, the economic activity is, as in the previous step, considered to be Taxonomy-eligible but Taxonomy-non-aligned.

- Calculation of the proportions of turnover, CapEx and OpEx from economic activities

In line with the foregoing, the GEN-I Group has classified its economic activities into two categories, as follows:

- **Taxonomy-eligible but Taxonomy-non-aligned economic activities: this category includes those economic activities of the GEN-I Group that:**
  - are explicitly included in Commission Delegated Regulation (EU) 2021/2139 on account of their substantial contribution to climate change mitigation or climate change adaptation;
  - have not yet been comprehensively assessed from the point of view of compliance with all the technical screening criteria under Commission Delegated Regulation (EU) 2021/2139 and of compliance with the criteria for assessing compliance with the minimum safeguards under Article 18 of the Taxonomy Regulation, which means that we cannot claim with certainty that they meet all the necessary requirements for allowing an activity to be classified as environmentally sustainable.

Taxonomy-eligible but Taxonomy-non-aligned activities of the GEN-I Group

ECONOMIC ACTIVITY OF THE GEN-I GROUP	ECONOMIC ACTIVITY UNDER COMMISSION DELEGATED REGULATION (EU) 2021/2139	DESCRIPTION OF THE ACTIVITY UNDER THE COMMISSION DELEGATED REGULATION (EU) 2021/2139	ELIGIBLE BUT TAXONOMY-NON-ALIGNED
Construction of solar power plants	4.1: Construction of solar power plants (NACE code F42.22)	Construction or operation of electricity generation facilities that produce electricity using solar photovoltaic technology.	This economic activity is Taxonomy-eligible but Taxonomy-non-aligned since: • it is used to generate electricity using photovoltaic energy, meaning that it makes a substantial contribution to climate change mitigation; • the criteria/processes of the GEN-I Group for assessing whether that economic activity causes no significant harm to any of the relevant environmental objectives under Commission Delegated regulation (EU) 2021/2139 were in place in 2023, but not yet fully applied; • the criteria/processes of the GEN-I Group for assessing compliance with the minimum safeguards under Article 18 of the Taxonomy Regulation were in place in 2023, but not yet fully applied.
Solar energy generation	4.1: Electricity generation using solar photovoltaic technology (NACE code D35.11)	Construction or operation of electricity generation facilities that produce electricity using solar photovoltaic technology.	This economic activity is Taxonomy-eligible but Taxonomy-non-aligned since: • it involves electricity generation using solar photovoltaic energy, meaning that it makes a substantial contribution to climate change mitigation; • the criteria/processes of the GEN-I Group for assessing whether that economic activity causes no significant harm to any of the relevant environmental objectives under Commission Delegated regulation (EU) 2021/2139 were in place in 2023, but not yet fully applied; • the criteria/processes of the GEN-I Group for assessing compliance with the minimum safeguards under Article 18 of the Taxonomy Regulation were in place in 2023, but not yet fully applied.
Energy contracting	4.1: Electricity generation using solar photovoltaic technology (NACE code F42.22)		This economic activity is Taxonomy-eligible but Taxonomy-non-aligned since: • it is used to generate electricity using photovoltaic energy, meaning that it makes a substantial contribution to climate change mitigation; • the criteria/processes of the GEN-I Group for assessing whether that economic activity causes no significant harm to any of the relevant environmental objectives under Commission Delegated regulation (EU) 2021/2139 were in place in 2023, but not yet fully applied; • the criteria/processes of the GEN-I Group for assessing compliance with the minimum safeguards under Article 18 of the Taxonomy Regulation were in place in 2023, but not yet fully applied.
Storage of electricity	4.10: Storage of electricity (the economic activities in this category have no dedicated NACE code as referred to in the statistical classification of economic activities established by Regulation (EC) No 1893/2006)	Construction and operation of facilities that store electricity and return it at a later time in the form of electricity.	This economic activity is Taxonomy-eligible but Taxonomy-non-aligned since: • it is used to store electricity using photovoltaic energy, meaning that it makes a substantial contribution to climate change mitigation; • the criteria/processes of the GEN-I Group for assessing whether that economic activity causes no significant harm to any of the relevant environmental objectives under Commission Delegated regulation (EU) 2021/2139 were in place in 2023, but not yet fully applied; • the criteria/processes of the GEN-I Group for assessing compliance with the minimum safeguards under Article 18 of the Taxonomy Regulation were in place in 2023, but not yet fully applied.

Taxonomy-non-aligned economic activities of the GEN-I Group

ECONOMIC ACTIVITY OF THE GEN-I GROUP	CONDITION OF NON-TAXONOMY-ELIGIBILITY
Supply of electricity and natural to end-consumers (NACE codes D35.14 and D35.23)	Activity not listed in Commission Delegated Regulation (EU) 2021/2139
Trade of electricity and trade of gas through mains (NACE codes D35.14 and D35.23)	Activity not listed in Commission Delegated Regulation (EU) 2021/2139
Energy services	Activity not listed in Commission Delegated Regulation (EU) 2021/2139

The non-Taxonomy-eligible economic activities of the GEN-I Group had not been included in Commission Delegated Regulation (EU) 2021/2139 by the time this report was being drafted. We should point out that the GEN-I Group has provided customers with electricity exclusively from environmentally friendly, carbon-free sources (solar, nuclear, water) since 1 January 2021. This means that the Group is accelerating the abolition of harmful energy sources, including in non-Taxonomy-eligible activities, and promoting the transition to a greener mix of energy sources with low CO_2 emissions.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2023

TAXONOMY-ELIGIBLE				TECHNICAL SCREENING CRITERIA												
				Substantial Contribution Criteria						**DNSH ('Do no significant harm') Criteria**						
Economic Activities (1)	NACE Code (2)	Absolute Turnover (3)	Proportion of Turnover (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water and Marine Resources (7	Circular Economy (8)	Pollution (9)	Biodiversity and Ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water and Marine Resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and Ecosystems (16)	Minimum Safeguards (17)
		Currency		%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1 TAXONOMY-ALIGNED ACTIVITIES (ENVIRONMENTALLY SUSTAINABLE ACTIVITIES)																
Turnover of Taxonomy-aligned activities (environmentally sustainable activities) (A.1)		**0**														
A.2 TAXONOMY-ELIGIBLE BUT TAXONOMY-NON-ALIGNED ACTIVITIES (NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES)																
Construction of solar power plants	F42.22	67,671,724	2.35%	100%						N/R	NO	N/R	YES	N/R	YES	NO
Energy contracting	F42.22	155,851	0.01%	100%						N/R	NO	N/R	YES	N/R	YES	NO
Electricity generation using solar photovoltaic technology	D35.11	2,400,465	0.08%	100%						N/R	NO	N/R	NO	N/R	YES	NO
Storage of electricity	/	13,581	0.00%	100%						N/R	NO	N/R	NO	N/R	YES	NO
Turnover of Taxonomy-eligible but Taxonomy-non-aligned activities (not environmentally sustainable activities) (A.2)		**70,241,622**	**2.44%**													
Total A (A1 + A2)		**70,241,622**	**2.44%**													
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
Turnover of Taxonomy-non-eligible activities (B)		**2,813,234,923**	**97.56%**													
Total (A+B)		**2,883,476,545**	**100%**													

This indicator relates to net sale revenue from Taxonomy-eligible activities relative to all net sales revenues. The proportion of turnover of Taxonomy-eligible activities increased to 2.44% in 2023 (from 0.73% in 2022). This increase was mainly a consequence of higher turnover from the construction of solar power plants. A greater share of GEN-I Group turnover comes from Taxonomy-non-eligible activities.

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2023

TAXONOMY-ELIGIBLE				TECHNICAL SCREENING CRITERIA												
				Substantial Contribution Criteria						**DNSH ('Do no significant harm') Criteria**						
Economic Activities (1)	NACE Code (2)	Absolute Turnover (3)	Proportion of Turnover (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water and Marine Resources (7	Circular Economy (8)	Pollution (9)	Biodiversity and Ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water and Marine Resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and Ecosystems (16)	Minimum Safeguards (17)
		Currency		%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1 TAXONOMY-ALIGNED ACTIVITIES (ENVIRONMENTALLY SUSTAINABLE ACTIVITIES)																
CapEx from Taxonomy-aligned activities (environmentally sustainable activities) (A.1)		**0**														
A.2 TAXONOMY-ELIGIBLE BUT TAXONOMY-NON-ALIGNED ACTIVITIES (NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES)																
Construction of solar power plants	F42.22	281,780	2.34%	100%						N/R	NO	N/R	YES	N/R	YES	NO
Energy contracting	F42.22	1,170,995	9.70%	100%						N/R	NO	N/R	YES	N/R	YES	NO
Electricity generation using solar photovoltaic technology	D35.11	515,726	4.27%	100%						N/R	NO	N/R	NO	N/R	YES	NO
Storage of electricity	/	52,968	0.44%	100%						N/R	NO	N/R	NO	N/R	YES	NO
CapEx of Taxonomy-eligible but Taxonomy-non-aligned activities (not environmentally sustainable activities) (A.2)		**2,021,469**	**16.75%**													
Total A (A1 + A2)		**2,021,469**	**16.75%**													
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
CapEx of Taxonomy-non-eligible activities (B)		**10,045,625**	**83.25%**													
Total (A+B)		**12,067,094**	**100%**													

This indicator relates to CapEx for Taxonomy-eligible relative to all CapEx at the level of the GEN-I Group in 2023. The proportion of CapEx for Taxonomy-eligible activities was 16.75% in 2023 (2022: 72.21%). This fall was the result of the shifting of a portion of investments in new large-scale solar power plants and battery energy storage systems to future periods.

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2023

TAXONOMY-ELIGIBLE				TECHNICAL SCREENING CRITERIA												
				Substantial Contribution Criteria						**DNSH ('Do no significant harm') Criteria**						
Economic Activities (1)	NACE Code (2)	Absolute Turnover (3)	Proportion of Turnover (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water and Marine Resources (7	Circular Economy (8)	Pollution (9)	Biodiversity and Ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water and Marine Resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and Ecosystems (16)	Minimum Safeguards (17)
		Currency		%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1 TAXONOMY-ALIGNED ACTIVITIES (ENVIRONMENTALLY SUSTAINABLE ACTIVITIES)																
OpEx of Taxonomy-aligned activities (environmentally sustainable activities) (A.1)		**0**														
A.2 TAXONOMY-ELIGIBLE BUT TAXONOMY-NON-ALIGNED ACTIVITIES (NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES)																
Construction of solar power plants	F42.22	185,994	4.86%	100%						N/R	NO	N/R	YES	N/R	YES	NO
Energy contracting	F42.22	19,106	0.50%	100%						N/R	NO	N/R	YES	N/R	YES	NO
Electricity generation using solar photovoltaic technology	D35.11	134,907	3.52%	100%						N/R	NO	N/R	NO	N/R	YES	NO
Storage of electricity	/	37	0.00%	100%						N/R	NO	N/R	NO	N/R	YES	NO
OpEx of Taxonomy-eligible but Taxonomy-non-aligned activities (not environmentally sustainable activities) (A.2)		**340,045**	**8.88%**													
Total A (A1 + A2)		**340,045**	**8.88%**													
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
OpEx of Taxonomy-non-eligible activities (B)		**3,489,013**	**91.12%**													
Total (A+B)		**3,829,058**	**100%**													

This indicator relates to lease costs, education and training costs, and costs connected with the running and investment maintenance of fixed assets associated with Taxonomy-eligible activities relative to all lease costs, maintenance costs and costs connected with the running and investment maintenance of fixed assets at GEN-I Group level. The proportion of OpEx associated with Taxonomy-eligible activities was 8.88% in 2023 (2022: 12.28%). This fall was the result of the shifting of a portion of investments in new large-scale solar power plants and battery energy storage systems to future periods.

Nuclear- and fossil gas-related activities

ROW	NUCLEAR ENERGY-RELATED ACTIVITIES	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	FOSSIL GAS-RELATED ACTIVITIES	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Given our answers in the table above, we estimate that the other templates provided in Commission Delegated Regulation (EU) 2022/1214 are not relevant to the reporting of the GEN-I Group.

3.3 Social information

As part of its examination of the social aspects of its operations, the GEN-I Group considers the impact it has on the social environment both within the organisation and more widely. It focuses on well-being and on providing support to employees, customers, communities and other company stakeholders.

This section contains information on the following material sustainability-related matters/topics of the GEN-I Group:

- human resources management;
- reliable and affordable supply;
- customers‘ empowerment;
- customer rights and satisfaction;
- communities‘ empowerment;
- responsible supply chain management.

3.3.1 HUMAN RESOURCES MANAGEMENT

One of the principles set out in the Code of Ethics of GEN-I, d.o.o. and the GEN-I Group is that employees are the main value and the foundation for achieving the ambitious plans of both the company and the Group. Their rights, well-being, safety, health and development are at the heart of our operations. Cooperation, integration, multidisciplinary teams, the promotion of innovation, the recognition of potentials and the creation of the professions of the future by providing employees with broad, flexible competencies were, once again, the starting point for our HR strategy and all personnel development projects in 2023.

Personnel development is one of our developmental strategic areas of focus. It helps us follow up on our vision to become the number one choice in all segments of the energy chain, and the main promoter of green transformation. We adapt our selection process and the way we treat our employees to the challenges of the international environment, and to the need to develop innovative solutions for green energy transformation. We know the importance of creating a solid, interconnected personnel structure, which is why we use a range of activities to reinforce among our employees the values on which our organisation is based. One of the main activities is the selection every year of eight employees to receive the title of “GEN-Ius laureate”.

In recent years our HR policy has also enabled us to make a breakthrough into the broader business environment. Last year we were one of the finalists for the HR&M Project of the Year 2023 award in the large enterprise category. In 2022 we were listed as one of the ten best employers in the country, claimed top spot in the list of the ten best employers in the energy sector, and were once again awarded the title of most respected employer in the IT sector. The process for selecting the most respected employers in the country in 2023 was still ongoing at the time this report was being compiled.

Response to changes in the business environment

Our biggest recruitment-related challenges in 2023 came from the uncertain business environment. We adapted the way we organise our work to the needs of our developmental and strategic areas of focus, and strengthened our resilience to conditions on the energy market. We continued to strengthen our employees’ agility and their ability to think innovatively and creatively and to plan complex solutions. We helped them develop their competencies for the future by focusing on social skills and the ability to collaborate (the so-called “T-shaped competencies”).

We focused on creating employee groups in which every member would be responsible for what they did best, and also placed particular emphasis on empowering our managers. Using the internationally renowned CliftonStrengths questionnaire, we are developing an organisational culture that supports different paths leading to the same objectives. For a simplified and a more efficient introduction of the concept of strengths into the working process, we are organising training sessions for managers, and are also motivating employees to boost their potential through various forms of participation in agile multidisciplinary teams.

The agile teams concept creates at least two important effects:

- by participating in projects that go beyond the boundaries of their own narrow field of work, employees obtain a broader picture of how the GEN-I Group functions, acquire new knowledge and develop their competencies;
- when employees work in a different environment with different requirements, this helps us identify individuals’ hidden talents and potentials.

This approach is a practical part of our model of employee learning and development, and one that we also support through in-house mentoring programmes designed to transfer experience and knowledge to younger generations.

In 2023 we adapted our personnel recruitment process to changes in the environment. The selection process also incorporated a process of checking how compatible the individual values of each prospective employee were with the values of our business group. We recruited people with knowledge and skills in the fields of technical studies, the natural sciences, social sciences and the humanities who are committed to continuous learning and acquiring new knowledge and skills.

These approaches help us make the most of opportunities and manage the risks that we have identified within the human resources management topic in terms of the requirement to continually add to knowledge within the Group (the risk being of a potential decline in interest in the technical professions). We should highlight the fact that we do not carry out activities in which there is a high risk of incidents of forced or child labour. We have not identified any negative impacts on employees, and will continue to ensure positive impacts by means of all the measures set out below.

More precise metrics and targets in relation to human resources management will be defined in the updated GEN-I Group Sustainability Strategy.

Respect and care for employee rights

Human rights, diversity, equal opportunities, non-discrimination, and freedom of thought and association

Commitment to respecting human rights is a common thread that runs through all our operations. We respect the rights guaranteed in the Constitution, laws and international documents in the field of human rights. We carry that respect over into all business processes, operations and activities within the Group, both internally (by respecting and ensuring the rights of our employees and establishing an interactive corporate HR management system) and externally (in relation to our clients/partners, where we are bound by the highest business ethics standards). Further, more detailed explanations are provided in the Customer rights and satisfaction and Reliable business partner sections.

Respect for human rights complements the five values of GEN-I, d.o.o., which are brought together into a single unit, together with the principles of business ethics, by the Code of Ethics of GEN-I, d.o.o. and the GEN-I Group as the guide for employees and management in their day-to-day work. In line with our bylaws, we take a zero tolerance approach to discrimination. We are also committed to protecting dignity at the workplace. Child or forced labour is not tolerated at the GEN-I Group.

Our recruitment, promotion and remuneration policies are based on the principles of non-discrimination, equality, transparency and merit. The GEN-I Group provides equal opportunity to all irrespective of gender, race, skin colour, nationality, age, health status, religious, political or other beliefs, trade union membership, social, family or financial status, sexual orientation or any other personal circumstance.

We achieved an almost perfect gender balance among our employees in 2023: 50.1% male employees and 49.9% female employees. The proportion of women at the highest management level was 25% in 2023, and there was a fairly good gender balance at director level and among middle and lower-level managers. As at 31 December 2023, 33.3% of directors, 30.6% of office managers and 44.4% of heads of department were women.

When it comes to the basic salaries and remuneration of our female and male employees, we are making every effort to reduce the pay gap in all employee categories. Small salary differences observed between our female and male employees are not related to gender but to other criteria and workplace requirements. This is also reflected in the fact that, in some categories, our female employees have higher salaries, while the opposite is true in other categories.

We encourage freedom of thought and association. We consciously try to achieve diversity in terms of gender, age and education when it comes to recruitment and to grouping employees into teams and work processes. Our business results show that a diversified employee portfolio is the key to a company's successful performance and sustainable development. We endeavour to create teams whose members complement each other in terms of expertise and personality, as this helps them find comprehensive solutions more quickly. The CliftonStrengths HR tool also helps us achieve this task.

There were no reports, complaints or extraordinary internal or external inspections in relation to the field of human rights at the GEN-I Group in 2023. No irregularities were detected in the course of inspections, and no penalties or corrective measures were imposed on the company in relation to this – further confirmation that we adhere to our core principles and ensure that our business operations respect human and other rights. Our competent offices and departments also dealt with no processes related to discrimination or a breach of the principle of diversity and equal opportunities in 2023.

Personal data protection

The GEN-I Group is committed to safeguarding its employees' personal data. In order to guarantee compliance in this area, we have adopted all the necessary legal bases and instituted a large number of internal processes. These are reviewed and upgraded on a regular basis. The overarching information security policy of GEN-I, d.o.o. as adopted by its management and the management of other companies within the GEN-I Group, which was prepared in accordance with best practice and the ISO IEC 27001:2013 standard, supports the achievement of the strategic objectives of GEN-I, d.o.o. Trade secrets are protected in accordance with the rules on trade secrecy.

The lawful processing of the personal data of employees and external stakeholders is based on a consideration of the basic principles applicable to the area, as well as on the previously established data protection impact assessments (DPIA) and legitimate interest assessments (LIA), which we also use when preparing new products, services or programmes. We educate and train all new employees about personal data protection within the GEN-I Group.

The GEN-I Group has a personal data protection officer who ensures that processing complies with the applicable regulations and international standards, educates employees, provides advice on data processing impact assessments with the aim of preventing, in good time, the unlawful handling of personal data that can occur when data is processed, and cooperates with supervisory authorities. Any detected breaches are addressed by the personal data protection committee, which provides any necessary report on the supervisory authority by the prescribed deadline. No personal data protection breaches that required notification of the supervisory authority were detected in 2023.

The bylaws we have adopted ensure efficient personal data protection; they also regulate the use of ICT, and the management and protection of user accounts, passwords and confidential employment-related information.

The Information Commissioner brought no personal data protection proceedings against GEN-I, d.o.o. in 2023.

Procedures for cooperating with employees and raising concerns

When communicating with employees, we regularly encourage them to share their opinions and concerns and to ask questions. Employees have several channels through which they can ask questions and raise concerns, including anonymous ones. The Management Board also communicates the company's vision and plans to employees at workshops and through newsletters and the SharePoint application, with employees having the opportunity of reacting to these communications with their own queries and suggestions. The GEN-I Workers' council at the GEN-I Group has also introduced a "digital comments box" that employees can use to raise concerns, ask questions and put forward recommendations and ideas, anonymously if they wish. While these processes have not been formalised through internal company rules, they are implemented regularly.

The ten-member GEN-I Group Workers' council was established in 2021. It actively works to protect and promote employee interests, inform employees of events at the company, and provide employees with the opportunity of participating in the management of the company and the process of making important economic, personnel-related and social decisions.

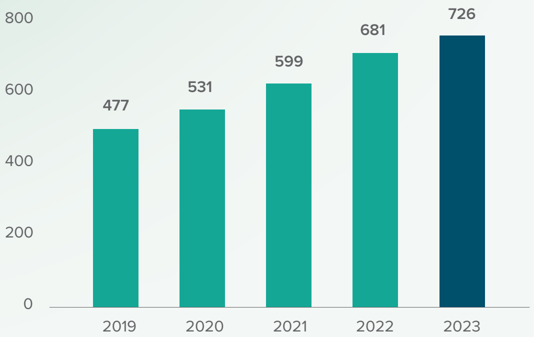
The works council participates in the management of the company on the basis of the following rights:

- the right of initiative and the right to respond to an initiative;
- the right to information;
- the right to put forward and respond to opinions and proposals;
- the right to hold joint consultations with the employer;
- the right to participate in the decision-making process;
- the right to refuse to carry out a decision of the employer.

Employment and the characteristics of the undertaking's employees

Growth in the number of employees

Increase in the number of GEN-I Group employees, by year



The GEN-I Group employed 726 people as at the end of 2023, an increase of 45 (or 6.6%) when compared to previous year figures. (or 6.6%) in comparison with the same period the year before. The number of employees is reported as a number of signed employment contracts as of 31 December 2023.

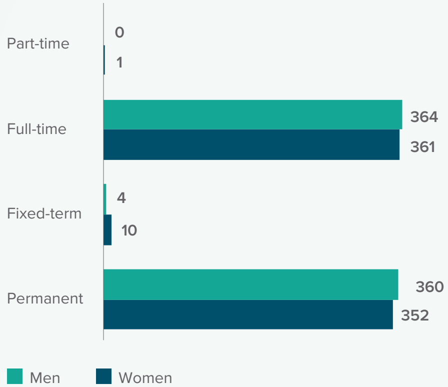
Number of employees of GEN-I Group companies as at 31 December 2023

COMPANY	NO OF EMPLOYEES
GEN-I, d.o.o.	570
GEN-I SONCE d.o.o.	118
GEN-I Hrvatska d.o.o.	13
GEN-I Athens SMLLC	2
GEN-I d.o.o. Beograd	8
GEN-I d.o.o. Sarajevo	2
GEN-I Prodažba Skopje	4
GEN-I Istanbul, Ltd.	2
GEN-I Sofia SpLLC	2
GEN-I Tirana Sh.p.k	3
GEN-I Vienna GmbH	1
LLC GEN-I Kiev	1

The GEN-I Group employs more than 500 people. Of the 570 employees at GEN-I, d.o.o., 270 are men and 300 are women, while GEN-I SONCE employs 46 women and 72 men.

As we have already pointed out and as the above graph shows, the gender ratio of our employees is fully balanced.

Number of GEN-I Group employees as at 31 December 2023, by type of employment



New hires and departures in 2023

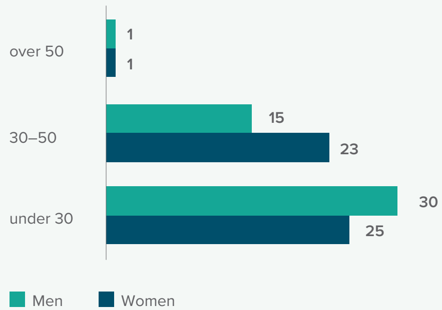
As we did not record the number of new hires and departures in our other subsidiaries, we do not report that data (including data on turnover) in the summary table. When reporting on headcount, transfers or redeployments within the Group are not counted as new hires or departures.

Number of new hires and departures in 2023, by GEN-I Group company

COMPANY	NO OF NEW HIRES	NO OF DEPARTURES
GEN-I, d.o.o.	76	44
GEN-I SONCE d.o.o.	10	5
GEN-I Hrvatska d.o.o.	4	1
GEN-I d.o.o. Sarajevo	1	0
GEN-I d.o.o. Beograd	1	0
GEN-I Prodažba Skopje	1	0
GEN-I Tirana Sh.p.k	2	1
GEN-I Istanbul, Ltd.	0	1

The employee turnover rate in 2023 was 7.5%, where turnover is calculated as the ratio between departures and the average number of employees in 2023.

Number of new hires in 2023, by age group and gender



When reporting on employee turnover, we do not count redeployments within the Group as new hires or departures. This is because redeployed workers retain their employment within the Group.

Number of departures and the employee turnover rate at the GEN-I Group in 2023, by age group and gender

	NO OF DEPARTURES	HEADCOUNT AS AT 1 JANUARY 2023	HEADCOUNT AS AT 31 DECEMBER 2023	EMPLOYEE TURNOVER RATE
MEN	27	344	364	7.6%
under 30	11	99	99	11.1%
30–50	13	216	234	5.8%
over 50	3	29	31	10.0%
WOMEN	25	336	362	7.2%
under 30	7	101	91	7.3%
30–50	15	223	260	6.2%
over 50	3	12	11	26.1%

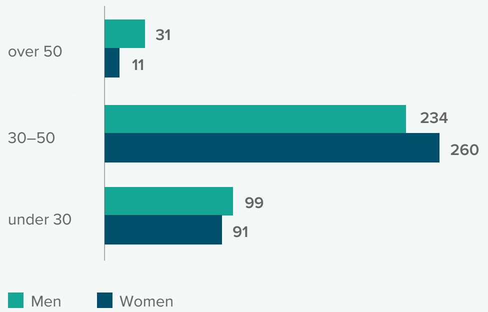
Number of new hires and departures, by year

	2021	2022	2023
No of new hires	114	168	95
No of departures	46	81	52
Employee turnover	7%	12.6%	7.5%

Age structure of employees

Regarding age structure at the GEN-I Group, there are 11 female and 31 male employees in the over-50 age group, 260 female and 234 male employees in the 30–50 age group, and 91 female and 99 male employees in the under-30 age group. The average age of employees in the Group was close to 35 years of age as at 31 December 2023. For many employees, employment at one of the GEN-I Group companies is their first job.

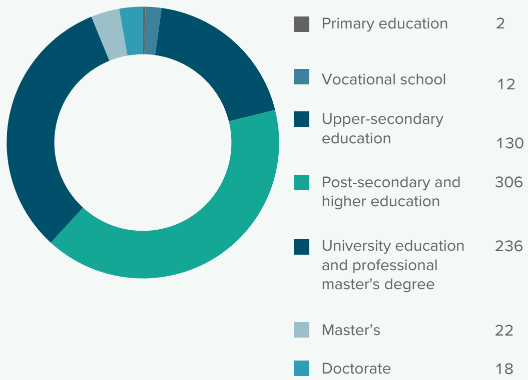
Number of GEN-I Group employees, by age group



Educational structure of employees

The GEN-I Group employs a large number of highly educated staff. As at 31 December 2023, 80% of employees had obtained at least Level VI education, while approximately 6% of our employees have attained the highest education level (master's degree or doctorate).

Number of employees as at 31 December 2023, by level of professional education



Collective bargaining agreements

All employees of our companies established in Slovenia benefit from the rights set out in the collective agreement for the Slovenian electricity sector. Benefits from employment are the same for regular, full-time employees, temporary employees and part-time employees.

Employment of persons with disabilities

At the GEN-I Group, 0.4% of employees are persons with disabilities as defined in an opinion issued by a disability commission or by a decision issued under the Pension and Disability Insurance Act.[23] Through the practices and work processes we have put in place, we ensure that all employees and job candidates are integrated into the working environment. Our business premises are accessible to persons with various different forms of disability.

Characteristics of non-employee workers in the undertaking's own workforce

Two people performed work under a service contract in 2023. No one performed work under a copyright contract. In 2023 we began working with an agency worker for a fixed period of 24 months.

The GEN-I Group employs a large number of highly educated staff. As at 31 December 2023, 80% of employees had obtained at least Level VI education, while approximately 6% of our employees have attained the highest education level (master's degree or doctorate).

23. Pension and Disability Insurance Act (Official Gazette of RS, Nos 48/22 [official consolidated text], 40/23 [ZČmIS-1], 78/23 [ZORR], 84/23 [ZDOsk-1], 125/23 [Constitutional Court decision] and 133/23).

PLANNED EXPANSION

The GEN-I Group employed 726 people as at the end of 2023, which was a rise of 45 (or 6.6%) in comparison with the same period the year before.

Social protection and work-life balance

All employees at the company are covered by social security against loss of income on account of major life events (e.g. illness, need for healthcare, birth of a child or retirement) on the basis of national law or collective agreements. Every company employee is entitled to leave for family reasons (e.g. maternity or paternity leave, parental leave, care leave) provided on the basis of national law or collective agreements.

Use of parental leave in 2023

The rate of return to work after parental leave in 2023 was 98% among women and 100% among men. The retention rate for employees who took parental leave was 96.4% among women and 100% among men, which means that only one employee (female) took parental leave in 2022 and was not employed at the Group at the end of 2023.

Use of parental leave in 2023

GEN-I GROUP	WOMEN	MEN
No. of employees on maternity leave	35	0
No. of employees on paternity leave	0	33
No. of employees on parental leave (up to 60 days)	1	9
No. of employees on parental leave (over 60 days, also known as maternity leave)	49	0
No. of employees on childcare leave	113	46
No. of employees who made use of the option of accompanying a child to school	67	16
No. of employees who made use of the childcare option	0	0
Use of the option of working part-time as a result of parenthood	20	0
No. of employees who returned to work from parental leave of over 60 days in 2023	27	0
Total No. of employees who returned to work from parental leave of over 60 days in 2022 and who were still employed 12 months after returning, by gender	27	0

Employee development

We promote the continuous development of our employees through an internally developed methodology and the GEN-I dialogue process, which is supported by an app (also developed in-house). The methodology follows the principles of targeted management, with regular communication between employee and manager sitting at the centre of the process. The GEN-I dialogue process consists of three key elements:

1. OKR process

Before the beginning of every quarter and as part of the OKR (Objectives and Key Results) process, employees and their managers define the objectives and key results that will help the employees achieve their objectives with the support of their manager. Employees use the app on a weekly basis to record their degree of satisfaction with the results achieved and their feelings when performing their work. These weekly reports are the basis for regular weekly meetings at which the manager and the employee examine whether the OKR have been achieved.

2. Personal performance reviews

Once a year every employee has a meeting with their manager in which they evaluate and assess the employee's achievements over the year and reflect on what they did to realise their objectives successfully. This personal performance review is designed to reinforce our employees' dedication and responsibility, and to motivate them to boost their performance still further. Employees are also financially rewarded for this.

In 2023, 89.6% of our employees received their performance review and feedback on their work via the digitalised personal performance process. No data was maintained on gender or other categories in relation to these reviews. The performance review process does not include employees who began working in the last month, employees serving their notice period or area directors. Almost all employees received a performance review and feedback on their work in 2023.

Rewards for contributing to success

In recent years we have created an incentive system that rewards employee performance. Its impact is twofold: it motivates employees to achieve or even exceed ambitious targets, which in turn contributes to business success. In addition to the fixed portion of their monthly salaries, key staff may also receive a variable portion that depends on individual targets set by their superiors. Employees are also eligible to receive a quarterly bonus for outstanding performance, although this scheme excludes the majority of management staff. These performance-related payments are intended to reward achievements that required extraordinary or above-average engagement on the part of the employee concerned and whose impact is recognised as contributing to the success of the GEN-I Group.

The effects of this performance scheme can be clearly perceived, at the level of the Group's business results, in the high value added per employee, which is also growing within the Group as a result of increased full-time employment.

Value added per employee in the GEN-I Group, by year (EUR)3.

SUBJECT	VALUE ADDED
Slovenia 2022	55,688
Target in the MGRT strategy for 2030	66,000
GEN-I Group 2021	271,723
GEN-I Group 2022	157,559
GEN-I Group 2023	116,444

Development interviews

GEN-I Group employees attend a personal development interview with their managers once a year. The purpose of the development interview is to examine the employee's progress over the most recent period, and to help them understand the development requirements and set new career goals. Eighty-five per cent of our employees attended development interviews in 2023, with men and women equally represented (statistics were not maintained on other categories). Eighty-one per cent of our employees reported that they had made professional progress (or even a lot of professional progress) in the past year, and 58% were satisfied and 24% very satisfied with their development over that period.

Culture of strengths and the digital "Career Well-Being" module

In 2023 we continued with our "culture of strengths" project, which places a strategic and developmental focus on the potentials and strengths of each employee. We also continued to pursue a philosophy of positive psychology, creating conditions within the company that increase feelings of well-being among staff and enable us to achieve the best possible business results. We believe that the path towards improvement and individual growth begins with basic investments in each employee's main talents. This led us to systematically start to identify our employees' strengths. The project takes place across several phases. In 2023 we continued to provide managers with the tools that enable them to apply their strengths to the management process. We developed the "Genialni vodja" (Gen-Ius Leader) programme aimed at those who were occupying a management position for the first time, regardless of level (we also included newly employed managers in the programme). The aim of the programme is to acquaint managers, through one-to-one meetings and mentoring, with management tools and human resources processes at the company, and to empower them to apply their strengths to the process of guiding their team. Over 250 hours of education and training were provided to new managers through the programme.

We encouraged employees to use the "Career Well-Being" digital module so that we could monitor their well-being at work. Employees are encouraged to identify any changes in how they are feeling and to talk about those changes with their managers.

Education and training

In addition to work-based learning with the aim of developing our employees' potential, we also promote various forms of acquisition of new knowledge, skills and competencies. Our employees took part in a variety of professional training programmes and conferences in Slovenia and abroad in 2023.

As the internal transfer of knowledge is an important part of a company's operations, we transferred the professional knowledge of our employees to a wider circle through mentoring, teamwork, internal lectures and workshops.

Povprečno število ur usposabljanja zaposlenih v letu 2023

TRAINING	NO. OF HOURS	SHARE	AVERAGE NO OF HOURS	NO. OF EMPLOYEES
No. of hours of training	10,464		14	726
BY GENDER				
men	5,932	57%	16	364
women	4,532	43%	13	362
BY FUNCTION				
vertical processes	4,584	44%	13	347
horizontal functions	4,652	44%	21	223
subsidiaries	1,228	12%	8	156
BY PARTICIPANT POSITION				
managers	1,945	19%	22	87
general staff	8,519	81%	13	639
BY SOURCE OF TRAINING				
internal	1,553	15%		
external	8,911	85%		
BY TYPE OF TRAINING				
online	3,468	33%		
in-person	6,996	67%		
BY EMPLOYEE AGE				
under 30	2,264	22%	12	190
30–50	7,622	73%	15	494
over 50	578	6%	14	42

GEN-I Academy

The GEN-I Academy is an online tool with various types of educational content, some of the most important of which includes educational videos on matters that are key to understanding our business operations.

Onboarding and orientation

This is a programme of education and training for new employees designed to introduce them to the work process. It also provides them with a large amount of information about the company and the areas in which it operates. The courses are an extremely useful way of ensuring that employees integrate successfully into the GEN-I Group's working environment. Knowledge of their content is the basic foundation and a prerequisite for successful completion of the internal "Orientation" educational programme. During these training programmes, new employees become acquainted with the values of GEN-I, and the importance of respecting them and incorporating them into their regular work processes.

Green onboarding

Green onboarding is a programme attended by all new employees who work in Ljubljana. It is designed to promote a "green mindset", foster the continued development of the GEN-I Group's sustainable development efforts, create multidisciplinary teams, and encourage work on innovative, creative development projects that are oriented towards a greener future.

Library

Our employees may use our online library, or the physical library located at our premises in Ljubljana. Employees are entitled to borrow professional literature as well as literature of interest to them in the field of professional development and the development of soft skills, all free of charge.

Remuneration system

The GEN-I Group's remuneration policy was adopted by senior management following an internal analysis of remuneration in 2022. This analysis included an analysis of internal practices, information about salaries for comparable positions, and the best practices and recommendations of the profession. The analysis was conducted with the aim of creating a long-term, durable remuneration policy, and retaining and motivating key personnel. Via the HR committee, the senior management of the company monitors and ensures the efficient implementation of any changes in status and in some of the parameters related to new and existing employment relationships. The multi-member HR committee ensures that human resources policies are implemented in a uniform manner. It also determines remuneration in line with the proposals put forward by the competent managers. The Management Board is responsible for addressing and adopting any decisions relating to recruitment and to the replacement of office managers, directors and management consultants. All GEN-I Group employees receive a decent wage.

When determining the remuneration of senior management, GEN-I, d.o.o. is obliged to respect the limits set out in the Act Governing the Earnings of Management Staff at Companies under the Majority Ownership of the Republic of Slovenia and Self-Governing Local Communities[24] (ZPPOGD) and the Decree setting the highest correlation between the basic salary and the amount of variable remuneration of directors.[25] The existing legislative framework provides a sufficient basis for the comprehensive regulation of senior management remuneration.

24. Act Governing the Earnings of Management Staff at Companies under the Majority Ownership of the Republic of Slovenia and Self-Governing Local Communities (Official Gazette of RS, Nos 21/10, 8/11 [ORZPPOGD4] and 23/14 [ZDIJZ-C]).

25. Decree setting the highest correlation between the basic salary and the amount of variable remuneration of directors (Official Gazette of RS, Nos 34/10 and 52/11).

The earnings of senior management (i.e. basic salary, variable remuneration components, severance pay) are regulated with reference to the provisions of the binding legislation and directly in management contracts, where the level of the variable components to which senior management members are entitled is determined in line with the relevant criteria, while GEN-I has adopted specific rules determining other rights and entitlements of senior management that incorporate as necessary the recommendations and expectations of SDH (Slovenian Sovereign Holding).

The procedure for determining the remuneration of Management Board members is laid down in the management contracts, which are fully harmonised with the legislation referred to above. According to the current articles of association, the company's General Assembly is responsible for approving the content of management contracts, including the provisions on the level of allowances and remuneration, and for adopting the criteria on the variable components of remuneration and the rules determining other rights and entitlements of GEN-I senior management. Contracts with Management Board members are signed by the chair of the General Assembly, under authorisation of the meeting. The content of management contracts concluded in 2023 by the newly appointed members of the Management Board was unanimously approved by the two shareholders. Under the relevant law, the contracts were also submitted to the ministry responsible for the economy.

Occupational health and safety

We have set up an occupational health and safety management system for all GEN-I Group employees within which we carry out the following activities:

- identify the risks and harmful impacts of our work;
- manage and deal with workplace accidents;
- organise training in occupational health and safety;
- promote occupational health;
- provide psychological support to our employees.

Occupational health and safety activities are coordinated by the GEN-I Group's various human resources offices and departments, which are bound by joint minimum standards. Occupationally healthy and safe working conditions are secured in line with the collective agreement for the Slovenian electricity sector, while our subsidiaries secure those conditions in line with local legislation. Non-employee workers in our workforce are included in activities envisaged in the occupational health and safety management system, which are foreseen by legal regulations.

Our safety declaration with risk assessment evaluates the dangers and harms that could impact the health of our employees, as well as the measures to be taken in response. We perform regular risk assessment audits involving employees and professionals in the field of occupational health and occupational medicine. A revised safety declaration with risk assessment was adopted at GEN-I SONCE d.o.o. in 2023.

All employees are required to take part in occupational health and safety training, which is designed to provide them with knowledge of how to take action and provide reports in various occupational risk situations. We also organise periodic medical checks for our full-time permanent employees. These are adapted to their respective posts and prepared in line with the risk assessment. We issue regular invitations to employees to take part in first-aid courses.

We paid a supplementary health insurance premium for all employees of GEN-I, d.o.o., and GEN-I SONCE d.o.o., including part-time, full-time, fixed-term and permanent employees, in 2023.

The companies of the GEN-I Group take a zero tolerance approach to the use of alcohol, drugs and illicit substances, and the same approach to violence, bullying and other forms of harassment at the workplace. In addition to the general substantive provisions of the Code of Ethics of GEN-I, d.o.o., and the GEN-I Group, the procedures and measures for ensuring that these principles are observed in the course of day-to-day business are also regulated in detail in each sector's internal rules.

Programmes and projects to promote workplace health and satisfaction

The GEN-I Group treats health holistically, meaning that the various programmes for promoting health at the workplace address the physical, psychological and social aspects of our employees' health. We have also adopted a workplace health promotion plan. We also look after our employees' health by providing fresh fruit in our offices.

GEN-I sports association

Team spirit and comradeship are reinforced by the GEN-I sports association, of which more than half our employees are members. The association contains more than 20 "activity sections", and also offers education and various courses. In 2023 we organised a cross country skiing course, hiking excursions and a range of other activities.

The association also contains a special section, "Zemljani" (Earthlings), which encourages employees to connect with each other in a relaxing natural environment and grow food sustainably together. The agricultural land owned by the company provides them with a space to grow their own fruit and vegetables, and even enables them to learn the basics of beekeeping. The activities of flower bed arranging, planting and growing are managed by a team of 15 colleagues.

Blood donation

At the initiative of our employees, we organise blood drives. We also encourage them to be active blood donors outside of our organised efforts.

Team building

Annual team building events help keep employees from various sectors motivated. In 2023 we encouraged employees to organise social events within their own offices and departments. The response was extremely encouraging, with a large majority making use of the opportunity to strengthen their "team spirit". During the summer and in December, the teams were particularly motivated to connect and spend time with each other: in June we organised games and a picnic for all employees, while in December we held a New Year's party for all GEN-I Group employees.

Psychological well-being

Through a special project, we provided our managers and other experienced colleagues with the opportunity of boosting their psychological well-being using three individual specialist approaches: Brainspotting, the Sita method and Bio neurofeedback. The response to and success of this project have encouraged us to incorporate psychological well-being measures into our regular programmes for employees. We also organised a series of stress management workshops for all employees at various organisational units.

Collective health insurance

GEN-I, d.o.o. has decided to take out a collective health insurance policy to provide its employees and their family members with swift access to healthcare services.

Workplace accidents and work-related injuries

Our employees are extremely well-educated and well-informed when it comes to avoiding work-related injuries. At the GEN-I Group we are continually engaged in identifying and minimising the risks that arise from specific tasks and working environments and that could present a risk of serious injury. Any work-related injury that causes an employee to miss more than three working days (this applies to all permanent full-time employees in our Slovenian companies), all dangerous events or occurrences and all diagnosed instances of occupational disease are reported to the national labour inspectorate. The GEN-I Group dealt with three injuries at work in 2023. The same standards, in line with the local legislation, also apply to our subsidiaries abroad, which reported no work-related injuries in 2023.

Number of work-related injuries involving a fatality:	0
Number and rate of serious (non-fatal) work-related injuries:	0
Number and rate of registered work-related injuries:	1 (women) 2 (men)
Number of working hours lost to work-related injuries:	264 (women) 280 (men)

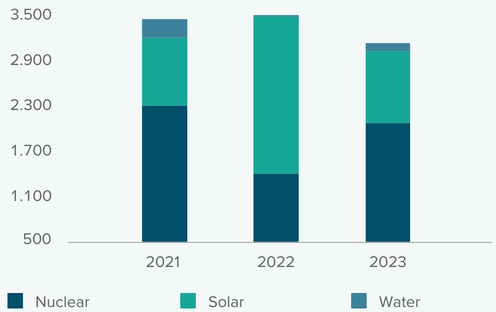
3.3.2 RELIABLE AND AFFORDABLE SUPPLY

Our main responsibility to our customers remains the reliable supply of carbon-free electricity and natural gas at affordable prices, and the provision of the best possible environment-friendly services with a positive impact on society and the environment. In connection with this, we are committed to making it easy for customers to change supplier.

For the fourth year in a row we are expanding our carbon-free electricity offer to Slovenian customers in line with the commitment we made at the end of 2020. As the GEN-I Group Strategic Development Plan 2022–2030 also points out, we have opted for this approach mainly in order to help mitigate the effects of climate change, reduce carbon footprint and provide a boost to the green transformation of society.

Even though conditions on the market have been very demanding, we have persisted with our commitment to supply carbon-free electricity from solar, hydro and nuclear energy. The GEN-I Group supplied its customers with 3,127 GWh of carbon-free electricity in 2023, with 1,225 GWh of that being supplied to large and medium-sized business customers. In 2023, 65.9% of the electricity supplied to our end-consumers was generated from nuclear energy, 30.7% from solar energy and 3.4% from hydro energy. By supplying carbon-free electricity, we reduced emissions by more than 680,000 tonnes of CO_2 equivalent in 2023.

Carbon-free electricity supplied, by source (GWh)



When it comes to the promise we made to our customers, the GEN-I Group's most important partnerships are with Krško nuclear power plant and the hydroelectric plants on the Lower Sava river. We also purchase carbon-free electricity from other dispersed renewable sources, mostly wind farms, solar power plants and small hydroelectric power plants, including beyond the country's borders. Given our wide geographical presence, it is worth pointing out that we have achieved excellent results in the region (Croatia, Serbia, Bosnia and Herzegovina, North Macedonia) in relation to investments in and the management of renewable energy sources, gaining a high level of trust among partners themselves as well as from other market stakeholders on the broader market. GEN-I remains the most reliable partner in the region, thanks in part to the responsible attitude it takes to all stakeholders in the energy chain. In Slovenia we are the dominant player when it comes to purchasing energy from small production units in the renewable sources sector. The GEN-I Group provides proof of the origin of its green electricity in accordance with the European Energy Certificate System (EECS) and the CEN EN16325 standard, and verifies the supply of carbon-free electricity using the established European guarantee of origin mechanism. These guarantees are transferred electronically between the members of the Association of Issuing Bodies (AIB) Hub through the AIB portal. The members of this association are competent authorities authorised by the government of a particular country or region to manage the guarantee of origin system. This uniform system guarantees control of the authenticity and regulatory compliance of the origin of electricity. Responsibility for this in Slovenia is exercised by the Slovenian Energy Agency. These certificates, awarded by the Energy Agency to our partner producers of energy from renewable sources, allow us to guarantee to our end-consumers that their electricity was generated using a precisely definable renewable or carbon-free source, such as 100% solar energy. Guarantees of origin also allow us to monitor the electricity we use for our own operations, and we also promote sustainability by offering our consumers the opportunity to reduce their electricity bills, i.e. by installing their own solar power electricity or joining a solar community.

Our customers come first

Slovenia was heavily affected by thunderstorms and flooding in 2023, with the lives of many of our customers turned upside down in August. Keen to show them that we are a supplier worthy of their trust, we supplied those most affected with electricity at the minimal price of 0.1 cents per kWh of power from August until the end of the year. We eased the payment terms of customers who were not entitled to these reduced prices by agreeing on deferred payment or payment by instalments, and saw empathy and a charitable spirit among our employees, who volunteered to provide assistance to those who needed it.

A welcome end to the year came at the beginning of the heating season, on 1 November 2023, when we reduced our regular natural gas price for household consumers, and on 21 December 2023, when we published a special offer for small business consumers guaranteeing a price freeze for electricity until 31 December 2026 and enabling them to enjoy low energy prices for a full three years.

We also helped larger business consumers with tailored arrangements that sought to bring down their electricity costs and help them adjust their consumption – something that had been hampered by conditions on the energy markets.

More precise metrics and targets in this area will also be set out in the GEN-I Group Sustainability Strategy

3.3.3 CUSTOMERS' EMPOWERMENT

GEN-I promotes the empowerment of its customers and raises their awareness of the importance of carbon-free electricity, self-supply (both individual and community), active consumption, demand response and energy efficiency, thereby increasing their energy literacy. We see the continuation of education on these topics, among end-consumers and employees alike, as an important opportunity, not least because it increases the number of customers committed to the green transition and to using our services to achieve it. In this way we will have an even greater positive impact on the environment and society.

Together towards lower energy consumption – the "More with Less" campaign

The "Z manj do več" (More with Less) campaign ran until the end of September 2023 and featured an ambitious, socially responsible goal, set by GEN-I, d.o.o., of encouraging households to make total energy savings of 10% compared to the year before. We used various methods within the campaign to teach and encourage our existing household customers to reduce their consumption of energy at home, and raised their awareness of efficient energy use and energy savings through tried and tested tips and advice. Between January and the end of March, consumers managed to reduce their electricity consumption by 1% and their natural gas consumption by 14%. These figures were, respectively, 1% and 17% between April and the end of June, and 2% and 15% between July and September. We intend to create similar campaigns in the future. As already mentioned in the Environmental impact of own operations section, we also started a group for our own employees, with the same name ("Z manj do več") and the same aim: to encourage sustainable behaviour.

In 2023 we remained, through our carbon-free electricity, solar power plants and green sustainability mobility solutions, the most reliable partner in the green transition and in helping to increase the competitiveness of the Slovenian economy and public sector.

"Moj GEN-I"

With the aim of providing better support to those customers who wish to keep an eye on their consumption, we upgraded the "Moj GEN-I" (My GEN-I) portal in 2023 by adding a comparison between consumption at the user's metering point and consumption at a comparable point at GEN-I, and a comparison between consumption over the month and consumption in the same month the previous year. We have also enabled users with telemetry to monitor their average hourly consumption during the week and weekend on a monthly basis. We are keen to further improve the platform so as to enable users to measure the impact of green technologies on the environment and their pocket.

3.

It is worth pointing out here that the number of users of "Moj GEN-I" keeps growing: 223,623 user accounts had been registered and approved by the end of the year – 10,940 in 2023 alone. In 2023 2,698,068 site visits and 92,516 users were recorded. Visitors were most interested in consumption, bills, the latest notifications and submitting meter readings. In 2023, 21.1% of all written communications with customers was through the portal. The bulk of the queries were on the topic of bills and payments, contract documents and meter readings. Changes to the way bills are issued take place every month on the portal, with 49% of our customers already choosing a more environmentally friendly way of receiving their bill.

More detailed metrics and targets in this area will be determined in the process of updating the GEN-I Group Sustainability Strategy.

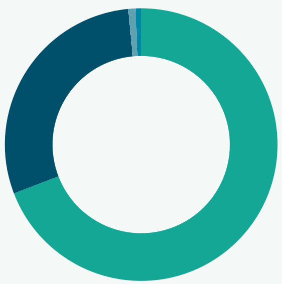
3.3.4 CUSTOMER RIGHTS AND SATISFACTION

The way we treat our customers is addressed in the Code of Ethics of GEN-I, d.o.o. and the GEN-I Group. We are transparent, professional and non-discriminatory in our dealings with customers. The GEN-I Group acts in accordance with all laws and regulations, and places great importance on respecting the rights of its end-consumers and customers. This includes protecting their personal data, adhering to privacy standards, and ensuring equality and equal opportunities for all individuals. We treat our customers with the necessary degree of responsibility, and maintain an honest, open and conscientious relationship with them through high standards of communication. We regard digital transformation as important when it comes to customer access. All our services are accessible online and via freephone numbers, which means that they are also available to the people with visual and hearing impairments and those with reduced mobility. We measure customer satisfaction and strive to provide a positive user experience. We manage the risks of customer dissatisfaction and the subsequent cancellation of contracts mainly by training our staff, regularly monitoring customer satisfaction and listening to our customers' suggestions. Our objective is therefore to further upgrade the customer survey process with the aim of designing services and products that are tailored to the needs or preferences of our customers. In the light of this, the GEN-I Group does not see any negative impacts on customers.

Complaints, claims and communication through our customer service centre

Our customer service centre is in charge of direct communication with customers, providing them with advice and assistance and dealing with complaints. In 2023 the centre fielded 199,553 telephone calls, and responded to 77,077 e-mails and to all messages received through "Moj GEN-I". We also responded to 4,415 complaints and 4,036 claims. When resolving claims and complaints, GEN-I, d.o.o., is careful to respect all the rights of end-consumers. All information on claims and complaints, including a description of the procedure, is available to household customers on the website. If they suspect that the supplier has breached the terms of the electricity or natural gas contract, the end-consumer may start by submitting a written claim to that supplier. If they are not satisfied with the supplier's response, they may re-submit the claim. If the supplier fails to uphold the claim within one month at the latest or fails to uphold the customer's complaint in full, or if the customer does not agree with the supplier's final decision on the claim, the customer may then file a request to commence an out-of-court consumer dispute resolution procedure with the European Centre for Dispute Resolution. An online consumer dispute resolution platform is also available to household customers. An out-of-court dispute resolution procedure is available to end-consumers that are not households, in accordance with the law governing mediation in civil and commercial matters.

Structure of communications via the customer service centre



Education and training to ensure greater customer satisfaction

When it comes to customer care, the key virtues are simplicity, transparency, trust, empathy and a swift, high-quality response. We prepare regular training sessions in customer satisfaction for all employees who regularly come into contact with customers. We organised 149 different training sessions for our customer service centre advisers in 2023; this included 440 hours of virtual training in the CRM classroom.

The success of these additional training sessions is measured through customer satisfaction. In 2023 our customers submitted nearly 25,977 feedback reports grading their satisfaction with our communication, both oral and written. The average grade was 4.7 out of 5.

We have been surveying the extent to which our B2C customers are satisfied with our oral communication for several years. In 2023 we also started monitoring their satisfaction with our written communication.

We set up the following:

- the automated sending of surveys by email (the consumer receives a survey to the email address from which they wrote to us they day after they received an answer from us);
- monitoring of satisfaction with our written communication on the "Moj GEN-I" portal (when a customer contacts us via the "Help" window, a survey is displayed on the site ten seconds after they open our reply).

Personal data protection

We approach the issue of customer privacy in a highly professional way – that is to say, in accordance with the law, fairly, securely, with care and transparently, as set out in the provisions of the Code of Ethics of GEN-I, d.o.o. and the GEN-I Group. As already mentioned in the Human resources management section, our overarching data protection policy follows best practice and the ISO IEC 27001:2013 standard, and we process personal data with due regard to the basic principles of the area and on the basis of personal data protection impact assessments. Since we are aware of the responsibility we have to keep personal data safe, we ensure that our customers are always aware of how and for what purpose their personal data is processed. Information on privacy is always available to our customers on the company's websites[26] and during direct business transactions. Any breaches are addressed by a five-member personal data protection committee. The committee examines alleged breaches, identifies any potential harmful impacts on the rights and liberties of individuals, adopts appropriate measures and, if necessary, informs senior management of the breach and of the proposed measures intended to remedy the consequences or, at the very least, reduce the risks. If necessary, it also reports on the breach to the supervisory authority by the prescribed deadline and in accordance with the provisions of the GDPR.[27]

The personal data protection officer addressed 14 breaches reported to them by individuals (customers or other persons) in 2023. All of these breaches were related to unauthorised access to another person's data. However, since the data was classified as non-sensitive, it was unlikely that the breach would have placed rights and liberties at significant risk. Nevertheless, all appropriate technical and organisational protection measures were carried out to protect the personal data.

We received no complaints from regulators leading to a finding of potential irregularity in 2023.

Several minor breaches relating to the loss of customer data were addressed. No system errors arising from a "permeable" IT system were detected; this is because we try to ensure that privacy is built into our IT systems by default.

More detailed metrics and targets regarding the customer rights and satisfaction will also be determined in the process of updating the GEN-I Group Sustainability Strategy.

26. Available at: https://gen-i.si/varstvo-osebnih-podatkov/.

27. Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, pp. 1–88).

3.3.5 COMMUNITIES' EMPOWERMENT

Working as we do in one of the country's and the region's most important sectors, we take a considerable portion of responsibility for the operation and development of the local and wider social environment, and for bringing benefits to wider society. We therefore place great importance on empowering the community, which on the one hand involves stimulating and consolidating the development potentials of local communities via sponsorships, donations and charitable work, and on the other is about providing everyone with the opportunity to enjoy self-supply with electricity from renewable sources, including those who, for whatever reason, cannot afford to install their own devices.
Our responsible approach to the community is also addressed in the Code of Ethics of GEN-I, d.o.o. and the GEN-I Group.

We work well with local and broader communities, are alert to the different aspects of dealing with communities, and are focused on delivering long-term positive effects for the environment and society. The GEN-I Group performs no activities that could actually or potentially have a negative impact on local communities. In the search for integrated solutions, we see as the main opportunity in this area the further development of the local and wider social environments towards the green transition. We will achieve this mainly by strengthening an awareness of the importance of conserving the natural environment and introducing innovative services and technologies. We therefore see the establishment of new solar communities as an opportunity to broaden access to reliable and affordable electricity from renewable sources, one that will also have a positive effect on reducing energy poverty. In this way we intend to manage the risks related to this topic and to prevent any negative impacts.

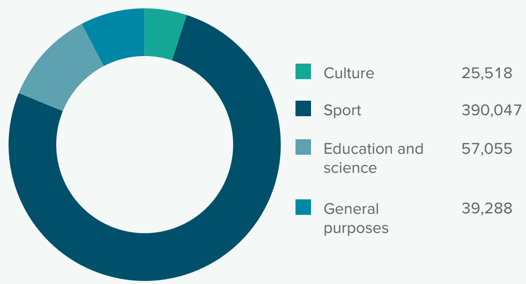
Sponsorships and donations

We employ a reactive sponsorship model, meaning that we do not have a specific overarching programme; instead, more than half of all available funds remain unallocated at the start. We determine their purpose in the course of the financial year in line with our business performance and an identified interest in working with local communities. All decisions in terms of sponsorship contributions and donations are adopted at Management Board level. After concluding donation or sponsorship contracts and with the relevant control mechanisms in place, we ensure that the funds are used for their dedicated purpose and that the contractually agreed activities are properly carried out. Any breaches are sanctioned. Written agreements are signed for all sponsorships and donations. In 2023 we signed donation and sponsorship contracts to finance sports associations and activities in the fields of education, science and culture. We also allocated funds for humanitarian and charitable purposes. Cash donations or donations in kind are not given to individuals, private accounts, political parties or organisations that could harm the interests or reputation of the GEN-I Group.

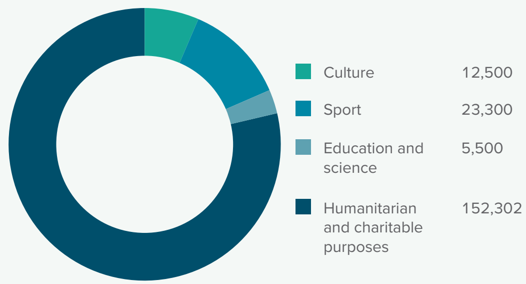
In 2023 we focused on local sports associations and clubs in particular.

At national level we sponsored the Slovenian Athletics Association. In our area of expertise, our sponsorship funds were targeted at activities aimed at education and at seeking out good energy practices and solutions.

Structure of sponsorship in 2023 (EUR)



Structure of donations in 2023 (EUR)



Seventy-nine per cent of the funds available for donations were earmarked for humanitarian purposes. The bulk of this went to the Radio 1 foundation that provided help to those people affected by the floods in Slovenia in August 2023, the Slovenian Friends of Youth Association (ZPMS, for children) and the Krško Friends of Youth Association.

Charitable activities

The company and the GEN-I Group promote a wide range of forms of charitable giving. Every year we donate to organisations, following management resolutions and approval, and our employees are also involved in various projects with a charitable element.

In 2023, when charitable giving was even more necessary than it had been in previous years, the GEN-I sports association carried out two charity campaigns in the field, providing assistance to those affected by the floods in Črna na Koroškem and Prevalje. Management Board president Maks Helbl also took part in both campaigns. Members of the sports association gave out carnival doughnuts to children who would otherwise not be able to afford them, and took part in blood drives and the "Goricatlon" charity fun run.

As we have already mentioned, the GEN-I Group supplied electricity at a symbolic price between August to December to those consumers who suffered the most damage in the floods. At 0.1 cents per kWh of energy, this brought the average electricity bill down by almost 60%.

On 15 September a host of football stars appeared in a charity match at Stožice stadium and raised almost EUR 3.7 million for the victims of the floods, which included EUR 100,000 from GEN-I, d.o.o.

Funds amounting to EUR 50,000, which normally go to New Year's gifts and end-of-year activities, were instead donated to the flood victims. They will be carefully distributed on our behalf by the Slovenian Red Cross and Slovene Philanthropy.

We also organise in-company events for employees that encourage charitable giving. In December, for example, we ran a charity campaign to collect donations for Malči Belič youth centre. The sum of EUR 2,100 was raised by employees, with GEN-I, d.o.o. then doubling that amount. This meant that a total of EUR 4,200 in gifts and financial assistance was given to 77 children and young people.

Solar communities

The GEN-I Group is developing solar communities in order to enable those who are unable to install their own solar power plant (because they live in a multi-apartment building, or for any other reason) to produce their own electricity from solar power. By installing community solar power plants, we will provide the members of the GEN-I Solar Community with the (joint) use of solar panels to help them become energy self-sufficient and independent of the fluctuations in international electricity prices. This scheme is also aimed at vulnerable groups of the population who, because of financial pressures, are unable to afford to invest in their own solar power plant, as enrolment in a solar community enables them to produce their own solar energy and enjoy fixed energy prices. With the aim of providing a solar power plant to all households in Slovenia who wish to have one, the GEN-I Group actively identifies new structures, public or private, on which rooftop solar power plants might be installed for community solar purposes, providing additional capacities for use or joint use.

In 2023 we established five solar power plants on five public buildings in the Municipality of Ajdovščina: Šturje primary school, the sports institute, Ajdovščina medical centre, the Ob Hublju nursery school and the football stadium. These five new plants make up the Ajdovščina Solar Community, providing a combined power output of 873 KW and the use or joint use of solar panels to more than 180 households. We are currently in the final phase of enrolling new members in this self-supply energy community. At the request of the municipality, which owns the buildings on which the solar power plants have been installed, residents of the municipality will have priority when it comes to joining the Solar Community, with any surplus energy only then being passed on to others. The anticipated lifespan of a solar power plant is 30 years, a fact incorporated into the contracts drawn up for new members for the long-term (joint) use of part of a solar power plant. By using solar power plants over the long term, members of a solar community are able to secure sustainable energy at a guaranteed fee price, at the same time avoiding the obligations to which they would be bound if they opted for their own power plant: planning permission, installation costs, the requirement to carry out rooftop work, changes to the appearance of their dwelling, maintenance, insurance, monitoring operation of the devices, and so on.

A solar community brings together members who are not necessarily served by the same transformer station. This provides access to solar electricity to a larger number of households. In March 2022 the new Decree on the self-supply of electricity from renewable sources,[28] was adopted, building on the concept of individual and community self-supply, as the delivery points connected to the low-voltage grid no longer have to be part of the same transformer station as the production unit. Solar communities can therefore also provide solutions for businesses that operate at different locations and whose buildings are not served by the same transformer station. We are therefore providing businesses with the opportunity to produce their own electricity from solar, which reduces their carbon footprint.

3.3.6 RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Ensuring responsible management of the supply chain and relations with end-consumers, customers and business partners is part of the broader field of responsible management and correct, professional and transparent operations on the part of the GEN-I Group, as set out in the Code of Ethics of GEN-I, d.o.o. and the GEN-I Group. The supply chain and other partner relations are evaluated via the special rules or criteria set out below.

Evaluation of trading partners

Classic regional and global energy companies comprise the bulk of our suppliers: producers and traders mainly in the wholesale trade segment that takes place bilaterally and on exchanges and trading platforms.

On energy exchanges and bilaterally, we trade a total of five energy products, focusing on evaluating our partners' social and regulatory acceptability in order to ensure business stability. We have an internal Know Your Client (KYC) process for due diligence of partners, regulated by internal Know-Your-Client Guidelines adopted and approved by the credit risk committee.

28. Decree on the self-supply of electricity from renewable energy sources (Official Gazette of RS, No 43/22).

The aim of the rules is to determine the principles, criteria and competencies employed when deciding whether to do business with potential partners. Within the KYC process, every potential partner is evaluated under several criteria and a decision taken on whether to work with them. The objectives of this process are to determine:

- whether the partner is involved in any VAT fraud, money laundering or terrorist financing, etc. activities;
- whether the partner is connected to other jurisdictions and individuals that could influence their operations (e.g. politically exposed persons, PEP);
- whether the partner appears as a sanctioned company or individual on the list regularly updated by the Council of the EU;
- any risk of a negative impact on the GEN-I Group's business reputation that could be caused by working with that partner.

If any irregularities are detected in a potential partner, the credit risk committee rejects cooperation with that partner. The rules also provide for a report on non-compliance being sent to the competent authorities (particularly in the case of irregularities in the fields of money laundering and terrorist financing).

In 2023, in relation to the purchase of energy from renewable sources, we upgraded our guidelines and criteria for establishing relations with partners that generate electricity from renewable sources. The KYC Process and Risks Mitigation Guidelines for mPPA do not differ from the aforementioned KYC process when it comes to the central criteria of acceptability for good and compliant company operations; rather, they merely constitute an upgrade of the rules by taking into account a number of special characteristics of investments in the production of energy from renewable sources that are not usually owned by "classic" energy companies.

It is also worth mentioning here that every approved partner is later periodically reevaluated to see whether they have subsequently been placed on the list of sanctioned companies and individuals. This ensures that key partners are evaluated on a rolling basis.

More information on the due diligence of partners and the management of other risks relating to business cooperation with partners can be found in the section on risk management.

Verification of partners involved in renewable energy and green technology projects

The GEN-I Group realises it mission of sustainability through the intensive promotion of investments in renewable sources and green technologies, where particular importance is also placed on responsible supply chain management.

As we have already mentioned, the Green Investment Committee (GIC), which takes decisions on renewable energy and related green projects and investments, began operating in 2023. In accordance with the rules on the operation of the Green Investment Committee, the project proposals, which also feature cooperation with various partners and suppliers, pass through a comprehensive multi-stage process of assessment of their suitability from the business, financial, technical, regulatory and legal points of view, and of the extent to which they guarantee the highest standards of sustainability. This assessment is then used to decide whether to implement a project or work with a specific partner or partners. The GEN-I Group takes the social and governance aspects of sustainability into account, in addition to that of environmental protection, for which special technical screening criteria have been formulated under Commission Delegated Regulation (EU) 2021/2139. In the course of the process of verification of partners and suppliers, criteria for assessing compliance with the minimum safeguards set out pursuant to Article 18 of the Taxonomy Regulation and covering respect for human rights (workers within the value chain), corruption prevention, tax compliance and fair competition are applied. Accordingly, the relevant checklist is designed for the evaluation of each individual project, with a specially formulated ESG KYC questionnaire forming part of this. It contains questions on the areas mentioned above, where an entity undergoing evaluation is expected to enclose evidence that demonstrates its compliance and that of its supply chain with social (respect for human rights) and governance (corruption prevention, tax compliance, fair competition) requirements. We believe that this process enables us to exercise an even stronger positive impact on society and to protect the rights of workers within the value chain.

As the country's leading promoter of solar power plants (particularly for self-supply), GEN-I SONCE d.o.o. promotes investments in renewable energy sources. Through its advanced self-supply solutions, it enables households and businesses to become energy self-sufficient and reduce their carbon footprint in a straightforward, economically efficient and more environmentally friendly way.

Its commitment and dedication to sustainable development and environmental conservation mean that GEN-I SONCE d.o.o. is careful, when selecting its business partners, to ensure that those partners' policies and visions accord with those of the GEN-I Group. To this end, the environmental compliance of the services, materials, products and technologies is very carefully examined before a decision is taken on whether to work with a particular business partner or supplier, either within or outside the supply chain. Checks are made as to the suitability of the origin of the equipment, the quality of supply, whether the documentation is comprehensive and complete, and the approach taken to those involved in the process of cooperation and to other employees. After a purchase has been made or contractual relationship concluded, responsible supply chain management continues with regular monitoring to ensure that the supplier is meeting its obligations and maintaining the quality of the services or products supplied. We strive to ensure that the suppliers with whom we work comply with the principles of sustainable development and, at the same time, provide society with opportunities for development in terms of investment, new technologies, employment and improving the quality of life.

The procurement process at GEN-I SONCE d.o.o. is carried out in compliance with the quality and environmental protection standards of ISO 9001:2015 and ISO 14001:2015.

For more information on business cooperation between the GEN-I Group and its partners, see the sections on risk management and reliable business partnerships.

Promoting more environmentally acceptable purchases and internal practices

The GEN-I Group is continuing to electrify its vehicle fleet, which comprises products by electric mobility pioneers as well as traditional car makers (the latter are becoming increasingly aware of the environmental benefits of electric mobility).

When it comes to other procurement processes at the company, employees responsible for ordering products follow management policies on price, material, composition, proximity of the supplier and place of manufacture, which are the criteria considered before a purchase decision is made. The environmental compliance of our suppliers is also one of the public procurement criteria by which we became bound in the second half of 2022.

The metrics and targets in the field of responsible supply chain management will be defined in more detail in the GEN-I Group Sustainability Strategy, which is due to be updated in 2024. In that strategy, the GEN-I Group intends to focus to an even greater extent on the management of its material impacts on workers within the supply chain and the associated material risks and opportunities.

3.4 Governance information

We continued to follow the highest requirements and ethical standards for the management and governance of the GEN-I Group in 2023. As far as the governance aspect is concerned, we disclose information on the following material sustainability-related matters/topics of the GEN-I Group:

- ethical business conduct;
- reliable business partner;
- shaping energy policy;
- business resilience.

3.4.1 ETHICAL BUSINESS CONDUCT

The GEN-I Group's commitment to doing business in compliance with ethical standards, the applicable regulations and best practice has its highest expression in the Code of Ethics of GEN-I, d.o.o. and the GEN-I Group, which weaves together and combines our basic values and the principles of business ethics. In order to ensure that they are implemented in the course of day-to-day business, issues and areas that the Code of Ethics addresses at the level of principle are addressed in other internal documents/bylaws as well. This enables us to create positive impacts on society, address ourselves to the opportunities and successfully manage the risks identified in the Double materiality assessment section. With their integrity, transparency, responsibility and professionalism, managers at all decision-making levels set an example to other employees by implementing the provisions of the Code of Ethics and other internal documents and bylaws on a daily basis.

Prevention of corruption, conflicts of interest, money laundering and terrorist financing

The GEN-I Group takes a clear zero tolerance approach to corruption and bribery, and prohibits any unethical, unprofessional or unlawful conduct on the part of its employees and business partners. From the moment an employee becomes part of the team at the GEN-I Group, we promote and reinforce high ethical standards and the creation of an organisational culture of lawful and transparent business operations in line with the values of the Group, with moral and legal principles, and with our internal documents and bylaws.

We are particularly careful to identify risks and take swift and appropriate action as soon as any such risks appear within the business processes of Group companies both in Slovenia and abroad. In our relationships with our customers, business partners and other relevant stakeholders, the principles of integrity and transparency are embodied in relevant contractual provisions on the requirements and on the sanctions that may be imposed in the event of a breach.

In accordance with the regulations intended to transpose Directive (EU) 2019/1937 on the protection of persons who report violations of Union law[29] into the Slovenian legal system, an internal procedure has been set up to report breaches of regulations, including in the areas of corruption prevention, conflicts of interest, money laundering and terrorist financing, public procurement and protection of competition. This internal procedure for reporting breaches, which is designed for employees and associates of all GEN-I Group companies, constitutes an effective mechanism for dealing with identified breaches by ensuring that the whistleblower's identity is protected, management bodies are notified of any breaches promptly and bona fide whistleblowers are protected against any retaliatory measures.

We ensure that the management of transactions involving company expenditure is transparent and cost-effective by assessing the company's needs in advance, and by overseeing the services to ensure that they are provided as agreed. The entire GEN-I Group adheres to extremely high standards when concluding business transactions with new and existing business partners. The process of verification and approving trading partners, which involves several departments and committees within the company, takes place in a standardised manner in accordance with the rules of the internal KYC process (for more details on this, see the Responsible supply chain management section). With every partner, a wide range of factors is checked during the KYC process and in the course of follow-up evaluation. These factors relate to their type and activity, their structure, the transparency of their operations and regulatory compliance, any participation of politically exposed individuals, actual owners, the geographical area from which they come, and the purpose and the planned nature of the business relationship. A special verification process has been set up via the Green Investment Committee for evaluating partners and suppliers on renewable energy and green technology projects. As set out in the Responsible supply chain management section, this process makes use of criteria/an ESG KYC questionnaire designed with reference to Article 18 of the Taxonomy Regulation, covering questions relating to respect for human rights, corruption prevention, tax compliance and fair competition.

In processes conducted under the Public Procurement Act (ZJN-3),[30] vetting takes place in accordance with the requirements of the sectoral legislation. The risk management office, the procurement and compliance department, and other departments involved in the process evaluate partners on the basis of data available from their annual reports and via external providers.

29. Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L 305, 26.11.1019, pp. 17–56).

30. Public Procurement Act (Official Gazette of RS, Nos 91/15, 14/18, 121/21, 10/22, 74/22 [Constitutional Court decision], 100/22 [ZNUZSZS], 28/23 and 88/23 [ZOPNN-F]).

The risks of corruption or money laundering and terrorist financing in the countries in which the GEN-I Group operates or in which its partners are established is also identified through the monitoring of legislation and notifications provided by the Office for Money Laundering Prevention (UPPD) or the Commission for the Prevention of Corruption (KPK). No company within the GEN-I Group was convicted of a breach of legislation on corruption and bribery in 2023. There were no cases tied to corruption or money laundering and terrorist financing identified in the course of due diligence checks or during the performance of our business transactions with partners, nor was any such conduct identified among employees.

Public policy

Owing to our participation in the adoption of sectoral regulations by European regulatory bodies, we are entered in the Transparency Register. This requires us to report regularly on any contacts with lobbyists and any financial assets received on the basis of our participation in European projects funded through non-refundable grants.

Ensuring competitiveness

A highly competitive environment requires all participants to show exceptional flexibility and make constant improvements to their business operations. This can only be achieved through the introduction of new products, services and business models, the implementation of promising technologies, and digital transformation. We should also note the numerous changes that we have witnessed on energy markets in the last few years. Environments of this type also offer many business opportunities. We use them to ensure competitive prices in all consumer segments, regardless of the situation on the markets. We feel a particular sense of responsibility towards our customers in the electricity supply segment, where we have a high market share, and endeavour to turn the positive impacts of our competitive advantage into benefits for them.

We reject any agreement that could lead to restrictive practices, which is why we ensure that we regularly point out the importance of adhering to competition protection regulations. We are professional in our dealings with our competitors, and take particular care to safeguard internal and other confidential information. We regularly cooperate with competition authorities both in Slovenia and abroad, and respond to requests for business data that those authorities require to carry out their work. No proceedings were initiated against any GEN-I Group company by competition authorities in 2023.

Conflicts of interest

One of the cornerstones for the ensuring that business is done ethically is, without doubt, the identification, prevention and elimination of conflicts of interest. In this area the company is bound by the requirements of the relevant sectoral legislation, such as the Companies Act (ZGD-1) and the Public Procurement Act (ZJN-3), as well as by internal rules that set out in detail the process that must be followed when concluding business transactions with related parties. There were no ongoing or relevant conflicts of interest at the GEN-I Group in 2023.

Ensuring compliance

The energy and sustainability regulation and compliance office is responsible for ensuring compliance on the part of the GEN-I Group. It keeps a close eye on the relevant legislation and on energy and sustainable development regulations, including all amendments and new developments; it also ensures that these are incorporated into work processes and the work of the Group's operational offices and departments. This was a particularly important process during the energy crisis, as the Group was required to ensure that obligations were discharged in connection with benefits for end-consumers pursuant to updated measures to control the crisis situation in energy supply and provide assistance to business to mitigate the effects of the energy crisis (regulation of electricity and natural gas prices, reduction of RES and CHP contributions, VAT, CO_2 levies), gas storage and other mechanisms for supplying end-consumers with sufficient quantities of gas, tax measures tied to the market income of participants on the electricity market, and so on. A swift response was also required to put emergency energy-related measures in place to deal with the consequences of the floods and landslides that occurred in August 2023.

Other specialist offices responsible for particular areas (e.g. the HR office for labour law, the procurement and compliance department for public contracts, as mentioned earlier) are in charge of ensuring the compliance of those areas, as well as for ensuring up-to-date and comprehensive compliance of work processes with the relevant sectoral legislation.

The two main indicators for monitoring the effectiveness of GEN-I's activities in terms of compliance are the timely identification of regulatory amendments, and the subsequent alignment of business activities with those amendments. We regularly monitor the processes of adoption of regulations relevant to various fields of operation at the company, including the prevention of corruption, money laundering and terrorist financing, while legal requirements and good practices are promptly incorporated into the business processes of all companies within the GEN-I Group.

No non-compliances with energy, environmental, social or economic legislation were identified, either internally or by the competent public authorities. This means that all activities have been assessed as compliant with the regulations applicable to each particular field.

More precise metrics and targets connected with business ethics will also be determined in the updated GEN-I Group Sustainability Strategy.

3.4.2 RELIABLE BUSINESS PARTNER

An understanding of the needs and demands of business partners and customers is key for the GEN-I Group. For this reason, we continually endeavour to introduce improvements that raise the level of our business cooperation and user experience while also helping to increase the satisfaction of our partners and customers. Putting reliable business partnerships in place is, like the topic of responsible supply chain management, part of the wider field of responsible Group governance set out in the Code of Ethics of GEN-I, d.o.o. and the GEN-I Group and the GEN-I Group Strategic Development Plan 2022–2030, which is focused on securing the positive and reducing the negative impacts on society and the environment described in the Double materiality assessment section.

In our dealings with consumers, customers and partners from other companies and organisations, we always act in accordance with all laws and regulations, bylaws, codes, guidelines and good business practices, and with the highest principles of ethical business practice. We act with respect, carefully and without discrimination in our business relations with consumers, customers and business partners. We respect their human rights as defined at national and international level, and always conduct ourselves with the requisite level of responsibility. We work with business partners who also operate transparently and fairly, adhere to high ethical standards in their business operations, respect human rights, and generally share our values and mission. By working to ethical principles every day, we are able to establish, maintain and build on mutual trust, which is based on open, honest and straightforward communication. This creates honest, open and conscientious relations. We stand by their side and provide them with the best possible solutions even in the most challenging situations. When handling data, documents and objects that are trade secrets within GEN-I Group companies or those of its partners, we operate in accordance with the principle of confidentiality.

Given the Group's wide geographical presence, it is worth pointing out that we have achieved excellent results in the region (Croatia, Serbia, Bosnia and Herzegovina, North Macedonia) in relation to investments in and the management of renewable energy sources, gaining a high level of trust among partners themselves as well as among other stakeholders on the broader market. GEN-I remains the most reliable partner in the region, thanks in part to the responsible attitude it takes to all stakeholders in the energy chain and its consistent maintenance of business relations with partners, where we are distinguished by our exceptional levels of responsiveness and efficiency.

We perceive many opportunities in this area, and more precise metrics and targets will be determined in the GEN-I Group Sustainability Strategy, which is due to be updated in 2024.

As a reliable business partner, the GEN-I Group adheres consistently to statutory payment terms and/or those agreed with partners when settling payments to partners and suppliers, paying due regard to standard market practice in the process. Trading-related payment practices generally involve payments in accordance with the EFET standard and daily settlement on energy exchanges. Infrastructure costs are paid in accordance with the rules set by infrastructure partners, while the contractually agreed payment deadlines are adhered to in business operations with other suppliers.

More information on the management of business relations with partners and suppliers can be found in the sections on responsible supply chain management and risk management.

3.4.3 SHAPING ENERGY POLICY

GEN-I is proactively involved in the development of energy and sustainable development regulations and legislative frameworks at regional and national level, within both the European Union and the Energy Community. This process involves the preparation of documents and position papers, and participation in public consultations and at public events intended for the professional, institutional and general public. The key opportunity for GEN-I in relation to shaping energy policy is the achievement of optimal solutions for the entire energy system and the resulting contribution to the efficient transition of the energy sector from fossil fuels to renewables, although there is a risk at the same time that the proposals that GEN-I puts forward at public consultations regarding the development of the energy and sustainability regulations on the various markets on which it operates are not accepted by the legislators.

At the GEN-I Group, regulatory and legislative developments in the field of energy and sustainability are monitored by the energy and sustainability regulation and compliance office. Two departments operate within this office: the energy regulation and compliance department and the sustainability regulation and compliance department, with both having responsibility for the timely and adequate incorporation of new developments into work processes or the work of the GEN-I Group's operational offices. The company's Management Board, which is responsible for the strategic directions taken by the Group as a whole, also plays an important role in the joint shaping of energy policy. Ensuring compliance with legislation and being involved in the adoption of that legislation are parts of the responsible governance and professional, correct and transparent operations of the GEN-I Group as embodied in the provisions of the Code of Ethics of GEN-I, d.o.o. and the GEN-I Group, and the GEN-I Group Strategic Development Plan 2022–2030.

The GEN-I Group also regularly takes part in public discussions of energy regulations (both in Slovenia and in other countries in which the Group is established), being committed above all to the following objectives for exercising a positive impact on the environment and society:

- the development of transparent liberalised markets in the CSEE region and the countries of the Energy Community;
- the efficient functioning of the energy market, transparent competition, the interconnection of energy networks and the general reliability of energy supply;
- regulations that promote the introduction of renewable sources (mostly solar energy) and the achievement of targets relating to decarbonisation and acceleration of the green transformation;
- legislation that removes administrative barriers to the granting of permits for projects in the field of renewable energy and provides consumers with easier access to carbon-free and renewable energy;
- a regulatory framework that promotes demand response with aggregation, active consumption, energy communities, flexibility services, e-mobility, energy efficiency and energy storage.

Independently or within various national (e.g. SVDEE in Slovenia) and international (e.g. EFET) organisations, the GEN-I Group is active in highlighting the improvements that can be made to existing regulations, as well as their potential for causing harm (in which case it argues for their abolition). This latter issue was particularly relevant during the energy crisis, when a large number of new emergency laws were adopted in a very short period of time. The energy crisis and conditions on the energy markets calmed somewhat in 2023. In addition to the extension of some of the EU-level emergency measures (aimed at increasing solidarity between Member States, accelerating the use of renewable sources and shielding EU citizens from excessively high energy prices), the year also saw the continuation of the "Fit For 55" package. The renewable energy and climate change mitigation regulations adopted included the Renewable Energy Directive,[31]

31. Directive (EU) 2023/2413 of the European Parliament and of the Council of 18 October 2023 amending Directive (EU) 2018/2001, Regulation (EU) 2018/1999 and Directive 98/70/EC as regards the promotion of energy from renewable sources, and repealing Council Directive (EU) 2015/652 (OJ L 2023/2413, 31.10.2023).

which set new EU climate targets, including the increase in the share of energy consumption from renewables to 45% by 2030, and Regulation (EU) 2023/956 establishing a carbon border adjustment mechanism (CBAM).[32] The measures adopted at EU level will also be reflected in the legislative changes made in Member States. The GEN-I Group is therefore planning a large number of activities during public discussion of these measures. In 2023 we focused on the drafting of Slovenian legislation, and on responding to the large number of public discussions by the line ministry and the Energy Agency. We submitted observations and proposals to the process of updating the Integrated National Energy and Climate Plan (NECP) and the rules to speed up the introduction of electricity from renewable sources. GEN-I, d.o.o. was also active in drafting positions and proposals for additional improvements in response to the commencement of use of the new network charge calculation model and tariff system, and the abolition of the integration of new self-supply consumers into the net metering system in 2024.

The importance of the GEN-I Group's activities and efforts to help create a suitable regulatory framework within the broader European region was also recognised by international experts from the most important international energy trading companies in Europe. In November 2022 they appointed a representative of the Group to serve as a member of the EFET board for two years. This member was also elected one of the two vice-chairs of the new EFET board for the year commencing November 2023. This means that he will occupy one of the three leading positions at the key European association of energy traders in 2024, working alongside representatives from Shell Energy Europe and EDF Trading. GEN-I is therefore once again recognised and positioned as one of the most important players on the European and global energy market. Appointment to the EFET board is particularly important this year as the organisation is celebrating its 25th anniversary. Moreover, very important European elections are expected, which means that GEN-I will, with this new role, be at the forefront of energy developments and activities at European level to an even greater extent than hitherto.

32. Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a carbon border adjustment mechanism (OJ L 130, 16.5.2023, pp. 52–104).

Given the particular importance of proactively monitoring the latest regulatory activities in the field of sustainability and advancing proposals for the incorporation of specific operations into the energy sector, including trading and supply, GEN-I, d.o.o. also joined Eurelectric and placed a representative on that organisation's newly established Sustainable Finance Working Group. Eurelectric is an association that represents the interests of European electricity companies from 32 countries. Its mission is to foster the development and competitiveness of the electricity industry, ensure that it is represented effectively in public affairs, and promote the role that low-carbon electricity generation can play in moving society forward.

Significant operating and capital expenditure has not been required for these activities. The metrics and targets in the field of shaping energy policy will be defined in more detail in the GEN-I Group Sustainability Strategy, which is due to be updated in 2024.

3.4.4 BUSINESS RESILIENCE

GEN-I ensures that its business operations are reliable and stable mainly through the effective and robust management of risks, including climate-related, credit, market and regulatory risks, in accordance with the adopted risk management policy. This is also evident in the positive impacts that the GEN-I Group is recognised as having on society.

More detailed information on business resilience through the implementation of relevant risk management policies, responsibilities and measures can be found in the section on risk management.

Strategic investments in the digital transformation of business and work processes are also important for ensuring business resilience. Alongside investments in human resources, they have been shown to be crucial to the success of the GEN-I Group in periods marked by the energy crisis and other geopolitical challenges, which have impacted the company's operations in the digital sense as well.

In 2023, after several years of intensive development, we put a new trading platform and system into operation. This will increase the scope of our operations in terms of both number of transactions and possibility of entering new markets. The new system will also reduce operational workloads and enable swifter response to opportunities on the markets on which we do business.

We continued with the digital transformation, automation and optimisation of our internal sales processes. By investing in the overhauling of processes and the parallel overhauling and upgrading of IT systems that support these processes, we have increased the productivity of our employees, reduced business risks and established platforms upon which to continue to develop and expand business in all the GEN-I Group's pillars. Considerable attention and resources have been devoted to adapting operations, processes and systems to the many legislative amendments and other consequences of changes to conditions on the Slovenian energy market and the markets on which the company operates. These constant changes have encompassed business with customers as well as adjustments to internal processes and systems, and required a high degree of responsiveness and an ability to act quickly.

Investments in the upgrading and development of IT systems and their integration with each other enable a high degree of flexibility and the swift provision of IT support for new and advanced products developed by the GEN-I Group. Our goal here is to take a uniform, straightforward and quick-acting approach to the introduction of new products, and maintain flexibility in development and modification of products and business models.

In relation to digital transformation in business with consumers and customers, we have continued to consolidate our digital channels so as to ensure a contemporary and secure user experience, one that we are constantly upgrading and improving. We are working hard towards offering a unified experience regardless of brand, market or customer segment, and will upgrade that experience on a continual basis.

The metrics and targets in the broader field of business resilience will be defined in more detail in the GEN-I Group Sustainability Strategy, which is due to be updated in 2024.

3.5 List of ESRS disclosure requirements complied with

To present sustainability-related information, the GEN-I Group follows the ESRS 1 General requirements, which contains the drafting conventions, the fundamental concepts used and the general reporting requirements.

CROSS-CUTTING ESRS			
ESRS disclosure requirements	**Full name of disclosure requirement**	**Section/page**	**Note**
ESRS 2 GENERAL DISCLOSURES			
BASIS FOR PREPARATION			
BP-1	General basis for preparation of sustainability statements	Background for preparation of the non-financial statement/p. 42	
BP-2	Disclosures in relation to specific circumstances	Background for preparation of the non-financial statement/p. 42, Double materiality assessment/p. 51	
GOVERNANCE			
GOV-1	The role of the administrative, management and supervisory bodies	Corporate governance statement/p. 14, Composition of management and supervisory bodies/p. 15, Management of companies within the GEN-I Group/p. 18, Operation of the management body/p. 16, Importance of sustainable development to the GEN-I Group and the strategic policies for its implementation/p. 42	Incorporation by reference
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Corporate governance statement/p. 14, Operation of the management body/p. 16, Importance of sustainable development to the GEN-I Group and the strategic policies for its implementation/p. 44	Incorporation by reference
GOV-3	Integration of sustainability-related performance in incentive schemes	Importance of sustainable development to the GEN-I Group and the strategic policies for its implementation/p. 44	
GOV-4	Statement on due diligence	Background for preparation of the non-financial statement/p. 42	
GOV-5	Risk management and internal controls over sustainability reporting	Corporate governance statement/p. 14, Operation of the management body/p. 16 Importance of sustainable development to the GEN-I Group and the strategic policies for its implementation/p. 44	Incorporation by reference
STRATEGY			
SBM-1	Strategy, business model and value chain	Importance of sustainable development to the GEN-I Group and the strategic policies for its implementation/p. 42, Contribution to the sustainable development goals (SDG)/p. 45, About the Group/p. 8, Activities by operating segment/p. 19, Human resources management/p. 70	Incorporation by reference
SBM-2	Interests and views of stakeholders	Interests and views of stakeholders/p. 52	
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Double materiality assessment/p. 45	
IMPACT, RISK AND OPPORTUNITY MANAGEMENT			
Disclosures on the materiality assessment process			
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Double materiality assessment/p. 45	
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	List of ESRS disclosure requirements complied with/p. 88	

Minimum disclosure requirement on policies and actions		
Policies MDR-P	Policies adopted to manage material sustainability matters	Disclosure included in every material sustainability matter/topic, including those specific to the GEN-I Group, in the section dedicated to the sustainability matter/topic in question
Measures MDR-A	Actions and resources in relation to material sustainability matters	Disclosure included in every material sustainability matter/topic, including those specific to the GEN-I Group, in the section dedicated to the sustainability matter/topic in question
METRICS AND TARGETS		
Metrics MDR-M	Metrics in relation to material sustainability matters	Disclosure included in every material sustainability matter/topic, including those specific to the GEN-I Group, in the section dedicated to the sustainability matter/topic in question
Targets MDR-T	Tracking effectiveness of policies and actions through targets	Disclosure included in every material sustainability matter/topic, including those specific to the GEN-I Group, in the section dedicated to the sustainability matter/topic in question
TOPICAL ESRS		
Environmental ESRS		
ESRS E1 CLIMATE CHANGE		
GOVERNANCE		
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	Importance of sustainable development to the GEN-I Group and the strategic policies for its implementation/p. 44
STRATEGY		
E1-1	Transition plan for climate change mitigation	Corporate carbon footprint/p. 53, Sustainable technology deployment /p. 56, Sustainable products and services/p. 57, Environmental impact of own operations/p. 58, Environmental impact of business activities/p. 61
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Double materiality assessment/p. 45
IMPACT, RISK AND OPPORTUNITY MANAGEMENT		
ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Double materiality assessment/p. 45
E1-2	Policies related to climate change mitigation and adaptation	Corporate carbon footprint/p. 53, Sustainable technology deployment /p. 56, Sustainable products and services/p. 57, Environmental impact of own operations/p. 58, Environmental impact of business activities/p. 61
E1-3	Actions and resources in relation to climate change policies	Corporate carbon footprint/p. 53, Sustainable technology deployment /p. 56, Sustainable products and services/p. 57, Environmental impact of own operations/p. 58, Environmental impact of business activities/p. 61
METRICS AND TARGETS		
E1-4	Targets related to climate change mitigation and adaptation	Corporate carbon footprint/p. 53, Sustainable technology deployment /p. 56, Sustainable products and services/p. 57, Environmental impact of own operations/p. 58, Environmental impact of business activities/p. 61
E1-5	Energy consumption and mix	Sustainable technology deployment/p. 56, Environmental impact of own operations/p. 58
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Corporate carbon footprint/p. 53
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	/
E1-8	Internal carbon pricing	/
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	/

ESRS E3 WATER AND MARINE RESOURCES		
IMPACT, RISK AND OPPORTUNITY MANAGEMENT		
ESRS 2 IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	Double materiality assessment/p. 45
E3-1	Policies related to water and marine resources	Environmental impact of own operations/p. 58, Environmental impact of business activities/p. 61
E3-2	Actions and resources related to water and marine resources	Environmental impact of own operations/p. 58, Environmental impact of business activities/p. 61
METRICS AND TARGETS		
E3-3	Targets related to water and marine resources	
E3-4	Water consumption	Environmental impact of own operations/p. 58
E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	/
ESRS E4 BIODIVERSITY AND ECOSYSTEMS		
STRATEGY		
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Double materiality assessment/p. 45
IMPACT, RISK AND OPPORTUNITY MANAGEMENT		
ESRS 2 IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	Double materiality assessment/p. 45
E4-2	Policies related to biodiversity and ecosystems	Sustainable technology deployment/p. 56, Environmental impact of business operations/p. 61
E4-3	Actions and resources related to biodiversity and ecosystems	Sustainable technology deployment/p. 56, Environmental impact of business operations/p. 61
METRICS AND TARGETS		
E4-4	Targets related to biodiversity and ecosystems	
E4-5	Impact metrics related to biodiversity and ecosystems change	
E4-6	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	/
ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY		
IMPACT, RISK AND OPPORTUNITY MANAGEMENT		
ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Double materiality assessment/p. 45
E5-1	Policies related to resource use and circular economy	Environmental impact of own operations/p. 58, Environmental impact of business activities/p. 61
E5-2	Actions and resources related to resource use and circular economy	Environmental impact of own operations/p. 58, Environmental impact of business activities/p. 61

METRICS AND TARGETS		
E5-3	Targets related to resource use and circular economy	Environmental impact of own operations/p. 58, Environmental impact of business activities/p. 61
E5-4	Resource inflows	
E5-5	Resource outflows	Environmental impact of own operations/p. 58, Environmental impact of business activities/p. 61
E5-6	Anticipated financial effects from resource use and circular economy-related risks and opportunities	/
Social ESRS		
ESRS S1 OWN WORKFORCE		
STRATEGY		
ESRS 2 SBM-2	Interests and views of stakeholders	Interests and views of stakeholders/p. 52
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Double materiality assessment/p. 45, Human resources management/p. 70
IMPACT, RISK AND OPPORTUNITY MANAGEMENT		
S1-1	Policies related to own workforce	Human resources management/p. 70
S1-2	Processes for engaging with own workers and workers' representatives about impacts	Human resources management/p. 70
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Human resources management/p. 70
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Human resources management/p. 70
METRICS AND TARGETS		
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Human resources management/p. 70
S1-6	Characteristics of the undertaking's employees	Human resources management/p. 70
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	Human resources management/p. 70
S1-8	Collective bargaining coverage and social dialogue	Human resources management/p. 70
S1-9	Diversity metrics	Human resources management/p. 70
S1-10	Adequate wages	Human resources management/p. 70
S1-11	Social protection	Human resources management/p. 70
S1-12	Persons with disabilities	Human resources management/p. 70
S1-13	Training and skills development metrics	Human resources management/p. 70
S1-14	Health and safety metrics	Human resources management/p. 70
S1-15	Work-life balance metrics	Human resources management/p. 70
S1-16	Compensation metrics (pay gap and total compensation)	Human resources management/p. 70
S1-17	Incidents, complaints and severe human rights impacts	Human resources management/p. 70

ESRS S2 WORKERS IN THE VALUE CHAIN		
STRATEGY		
ESRS 2 SBM-2	Interests and views of stakeholders	Interests and views of stakeholders/p. 52
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Double materiality assessment/p. 45
IMPACT, RISK AND OPPORTUNITY MANAGEMENT		
S2-1	Policies related to value chain workers	Responsible supply chain management/p. 82
ESRS S3 AFFECTED COMMUNITIES		
STRATEGY		
ESRS 2 SBM-2	Interests and views of stakeholders	Interests and views of stakeholders/p. 52
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Double materiality assessment/p. 45
IMPACT, RISK AND OPPORTUNITY MANAGEMENT		
S3-1	Policies related to affected communities	Communities' empowerment/p. 81
S3-2	Processes for engaging with affected communities about impacts	Communities' empowerment/p. 81
S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	Communities' empowerment/p. 81
METRICS AND TARGETS		
S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Communities' empowerment/p. 81
ESRS S4 CONSUMERS AND END-USERS		
STRATEGY		
ESRS 2 SBM-2	Interests and views of stakeholders	Interests and views of stakeholders/p. 52
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Double materiality assessment/p. 45
IMPACT, RISK AND OPPORTUNITY MANAGEMENT		
S4-1	Policies related to consumers and end-users	Customer rights and satisfaction/p. 80
S4-2	Processes for engaging with consumers and end-users about impacts	Customer rights and satisfaction/p. 80
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Customer rights and satisfaction/p. 80
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Customer rights and satisfaction/p. 80
METRICS AND TARGETS		
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Customer rights and satisfaction/p. 80

Governance ESRS

ESRS G1 BUSINESS CONDUCT			
GOVERNANCE			
ESRS 2 GOV-1	The role of the administrative, supervisory and management bodies	Corporate governance statement/p. 14	Incorporation by reference
IMPACT, RISK AND OPPORTUNITY MANAGEMENT			
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Double materiality assessment/p. 45	
G1-1	Business conduct policies and corporate culture	Ethical business conduct/p. 84	
G1-2	Management of relationships with suppliers	Ethical business conduct/p. 84, Responsible supply chain management /p. 82, Reliable business partner/p. 85	
G1-3	Prevention and detection of corruption or bribery	Ethical business conduct/p. 84	
METRICS AND TARGETS			
G1-4	Confirmed incidents of corruption or bribery	Ethical business conduct/p. 84	
G1-5	Political influence and lobbying activities	Ethical business conduct/p. 84	
G1-6	Payment practices	Ethical business conduct/p. 84, Reliable business partner/p. 85	

3.6 GRI content index

Statement of use
The GEN-I Group has reported the information cited in this GRI content index for the period from 1 January 2023 to 31 December 2023 with reference to the GRI Standards.

GRI 1 used
GRI 1: Foundation 2021

GENERAL STANDARD DISCLOSURES			
GRI standard and disclosures	**Description**	**Section/page**	**Note**
GRI 2: GENERAL DISCLOSURES 2021			
THE ORGANISATION AND ITS REPORTING PRACTICES			
2-1	Organisational details	About the Group/p. 8	
2-2	Entities included in the organisation's sustainability reporting	Background for preparation of the non-financial statement/p. 42	
2-3	Reporting period, frequency and contact point	Background for preparation of the non-financial statement/p. 42	
2-4	Restatements of information	Double materiality assessment/p. 45	
2-5	External assurance	-	We have not opted for an external audit.
ACTIVITIES AND WORKERS			
2-6	Activities, value chain and other business relationships	About the Group/p. 8, Activities by operating segment/p. 19, Responsible supply chain management/p. 82, Reliable and affordable supply/p. 78	
2-7	Employees	Human resources management/p. 70, Employment and the characteristics of the undertaking's employees/p. 72	
2-8	Workers who are not employees	Human resources management/p. 70, Characteristics of non-employee workers in the undertaking's own workforce/p. 73	

GOVERNANCE		
2-9	Governance structure and composition	Corporate governance statement with statement of compliance with the Code/p. 14, Composition of management and supervisory bodies/p. 15, Management of companies within the GEN-I Group/p. 18, Operation of the management body/p. 16, Importance of sustainable development to the GEN-I Group and the strategic policies for its implementation/p. 44
2-10	Nomination and selection of the highest governance body	Corporate governance statement with statement of compliance with the Code/p. 14, Process of appointing members of management bodies/p. 15
2-11	Chair of the highest governance body	Corporate governance statement with statement of compliance with the Code/p. 14, Operation of the management body/p. 16, Composition of the management body/p. 16
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate governance statement/p. 14, Operation of the management body/p. 16, Importance of sustainable development to the GEN-I Group and the strategic policies for its implementation/p. 44, Background for preparation of the non-financial statement/p. 42
2-13	Delegation of responsibility for managing impacts	Importance of sustainable development to the GEN-I Group and the strategic policies for its implementation/p. 42
2-14	Role of the highest governance body in sustainability reporting	Corporate governance statement/p. 14, Operation of the management body/p. 16 Importance of sustainable development to the GEN-I Group and the strategic policies for its implementation/p. 42
2-15	Conflicts of interest	Ethical business conduct/p. 84, Conflicts of interests/p. 85
2-16	Communication of critical concerns	Corporate governance statement/p. 14, Operation of the management body/p. 16, Importance of sustainable development to the GEN-I Group and the strategic policies for its implementation/p. 42
2-17	Collective knowledge of the highest governance body	Importance of sustainable development to the GEN-I Group and the strategic policies for its implementation/p. 44
2-18	Evaluation of the performance of the highest governance body	Importance of sustainable development to the GEN-I Group and the strategic policies for its implementation/p. 44
2-19	Remuneration policies	Importance of sustainable development to the GEN-I Group and the strategic policies for its implementation/p. 44 Human resources management/p. 70, Remuneration system/p. 77
2-20	Process to determine remuneration	Human resources management/p. 70, Remuneration system/p. 77

STRATEGIES, POLICIES AND PRACTICES		
2-22	Statement on sustainable development strategy	Letter from the President of the Management Board/p. 5
2-23	Policy commitments	Corporate governance statement/p. 14, Operation of the management body/p. 16, Ethical business conduct/p. 84, Reliable business partner/p. 85, Customer rights and satisfaction/p. 80, Human resources management /p. 70, Respect and care for employee rights/p. 70, Communities‘ empowerment/p. 81, Responsible supply chain management/p. 82
2-24	Embedding policy commitments	Corporate governance statement/p. 14, Operation of the management body/p. 16, Ethical business conduct/p. 84, Reliable business partner/p. 85, Customer rights and satisfaction/p. 80, Human resources management/p. 70, Respect and care for employee rights/p. 70, Communities‘ empowerment/p. 81, Responsible supply chain management/p. 82
2-25	Processes to remediate negative impacts	Ethical business conduct/p. 84, Reliable business partner/p. 85, Customer rights and satisfaction/p. 80, Human resources management/p. 70, Respect and care for employee rights/p. 70, Procedures for cooperating with employees and raising concerns/p. 71, Responsible supply chain management/p. 82
2-26	Mechanisms for seeking advice and raising concerns	Ethical business conduct/p. 84, Prevention of corruption, conflicts of interest, money laundering and terrorist financing/p. 84 Human resources management/p. 70, Procedures for cooperating with employees and raising concerns/p. 71
2-27	Compliance with laws and regulations	Ethical business conduct/p. 84, Ensuring compliance/p. 85
2-28	Membership associations	About the Group/p. 8, External initiatives and memberships of associations/organisations/p. 39
STAKEHOLDER ENGAGEMENT		
2-29	Approach to stakeholder engagement	Interests and views of stakeholders/p. 52
2-30	Collective bargaining agreements	Human resources management/p. 70, Employment and the characteristics of the undertaking’s employees/p. 72
GRI 3: MATERIAL TOPICS 2021		
3-1	Process to determine material topics	Double materiality assessment/p. 45
3-2	List of material topics	Double materiality assessment/p. 45
SPECIFIC STANDARD DISCLOSURES		
ECONOMIC IMPACTS		
GRI 201: ECONOMIC PERFORMANCE 2016		
3-3	Management of material topics	Business environment/p. 10
201-2	Financial implications and other risks and opportunities due to climate change	Business environment/p. 10 Double materiality assessment/p. 45
GRI 203: INDIRECT ECONOMIC IMPACTS 2016		
3-3	Management of material topics	Sale of energy services/p.
203-1	Infrastructure investments and services supported	Sale of energy services/p.

Ethical business conduct		
GRI 205: ANTI-CORRUPTION 2016		
3-3	Management of material topics	Ethical business conduct/p. 84, Prevention of corruption, conflicts of interest, money laundering and terrorist financing/p. 84
205-1	Operations assessed for risks related to corruption	Ethical business conduct/p. 84, Prevention of corruption, conflicts of interest, money laundering and terrorist financing/p. 84
205-2	Communication and training about anti-corruption policies and procedures	Ethical business conduct/p. 84, Prevention of corruption, conflicts of interest, money laundering and terrorist financing/p. 84
205-3	Confirmed incidents of corruption and actions taken	Ethical business conduct/p. 84, Prevention of corruption, conflicts of interest, money laundering and terrorist financing/p. 84
GRI 206: ANTI-COMPETITIVE BEHAVIOUR 2016		
3-3	Management of material topics	Ethical business conduct/p. 84, Ensuring competitiveness/p. 85
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Ethical business conduct/p. 84, Ensuring competitiveness/p. 85
ENVIRONMENTAL IMPACTS		
Environmental impact of own operations		
GRI 302: ENERGY 2016		
3-3	Management of material topics	Management of energy sources, water and waste/p. 58
302-1	Energy consumption within the organisation	Management of energy sources, water and waste/p. 58
302-4	Reduction of energy consumption	Management of energy sources, water and waste/p. 58
GRI 305: EMISSIONS 2016		
3-3	Management of material topics	Corporate carbon footprint/p. 53
305-1	Direct (Scope 1) GHG emissions	Corporate carbon footprint/p. 53
305-2	Energy indirect (Scope 2) GHG emissions	Corporate carbon footprint/p. 53
305-3	Other indirect (Scope 3) GHG emissions	Corporate carbon footprint/p. 53
305-4	GHG emissions intensity	Corporate carbon footprint/p. 53
305-5	Reduction of GHG emissions	Corporate carbon footprint/p. 53
SOCIAL IMPACTS		
Human resources management		
GRI 401: EMPLOYMENT 2016		
3-3	Management of material topics	Human resources management/p. 70, Employment and the characteristics of the undertaking's employees/p. 72
401-1	New employee hires and employee turnover	Human resources management/p. 70, Employment and the characteristics of the undertaking's employees/p. 72
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human resources management/p. 70, Employment and the characteristics of the undertaking's employees/p. 72, Social protection and work-life balance/p. 74
401-3	Parental leave	Human resources management/p. 70, Social protection and work-life balance/p. 74

GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018		
3-3	Management of material topics	Human resources management/p. 70, Occupational health and safety/p. 77
403-1	Occupational health and safety management system	Human resources management/p. 70, Occupational health and safety/p. 77
403-2	Hazard identification, risk assessment, and incident investigation	Human resources management/p. 70, Occupational health and safety/p. 77
403-3	Occupational health services	Human resources management/p. 70, Occupational health and safety/p. 77
403-4	Worker participation, consultation, and communication on occupational health and safety	Human resources management/p. 70, Occupational health and safety/p. 77
403-5	Worker training on occupational health and safety	Human resources management/p. 70, Occupational health and safety/p. 77
403-6	Promotion of worker health	Human resources management/p. 70, Occupational health and safety/p. 77
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Human resources management/p. 70, Occupational health and safety/p. 77
403-8	Workers covered by an occupational health and safety management system	Occupational health and safety/p. 77
403-9	Work-related injuries	Human resources management/p. 70, Occupational health and safety/p. 77
403-10	Work-related ill health	Occupational health and safety/p. 77
GRI 404: TRAINING AND EDUCATION 2016		
3-3	Management of material topics	Human resources management/p. 70, Employee development/p. 75
404-1	Average hours of training per year per employe	Human resources management/p. 70, Employee development/p. 75
404-2	Programmes for upgrading employee skills and transition assistance programmes	Human resources management/p. 70, Employee development/p. 75
404-3	Percentage of employees receiving regular performance and career development reviews	Human resources management/p. 70, Employee development/p. 75
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016		
3-3	Management of material topics	Human resources management/p. 70, Respect and care for employee rights/p. 70
405-1	Diversity of governance bodies and employees	Human resources management/p. 70, Respect and care for employee rights/p. 70
405-2	Ratio of basic salary and remuneration of women to men	Human resources management/p. 70, Respect and care for employee rights/p. 70
GRI 406: NON-DISCRIMINATION 2016		
3-3	Management of material topics	Human resources management/p. 70, Respect and care for employee rights/p. 70
406-1	Incidents of discrimination and corrective actions taken	Human resources management/p. 70, Respect and care for employee rights/p. 70
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016		
3-3	Management of material topics	Human resources management/p. 70, Procedures for cooperating with employees and raising concerns/p. 71
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human resources management/p. 70, Procedures for cooperating with employees and raising concerns/p. 71

GRI 413: LOCAL COMMUNITIES 2016			
3-3	Management of material topics	Communities' empowerment/p. 81	
413-1	Operations with local community engagement, impact assessments, and development programmes	Communities' empowerment/p. 81	We do not disclose the share.
413-2	Operations with significant actual and potential negative impacts on local communities	Communities' empowerment/p. 81	
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016			
3-3	Management of material topics	Responsible supply chain management/p. 82	
414-1	New suppliers that were screened using social criteria	Responsible supply chain management/p. 82	
GRI 415: PUBLIC POLICY 2016			
3-3	Management of material topics	Ethical business conduct/p. 84, Public policy/p. 85	
415-1	Political contributions	Ethical business conduct/p. 84, Public policy/p. 85	
GRI 418: CUSTOMER PRIVACY 2016			
3-3	Management of material topics	Customer rights and satisfaction/p. 80	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer rights and satisfaction/p. 80	

4 COMPANIES OF THE GEN-I GROUP

GEN-I SONCE d.o.o.
Management: Gregor Hudohmet
Website: https://gen-isonce.si
Participating interest of GEN-I, d.o.o. 100%

GEN-I SONCE d.o.o. was established in 2014 as GEN-I ESCO, energetske storitve, d.o.o.

It was established with the particular objective of developing and carrying out projects, and of developing new knowledge in the field of energy efficiency. Its initial activities were aimed at promoting the optimisation of the energy efficiency in buildings. In 2017 the company complemented this core activity with the sale, supply and installation of solar power plants and other products that increase energy efficiency in households (and in businesses from 2018). On 27 June 2016 the company was renamed GEN-I SONCE, energetske storitve, d.o.o. It is 100% owned by GEN-I, trgovanje in prodaja električne energije, d.o.o., Vrbina 17, 8270 Krško.

The company's core activity is the manufacture and sale of solar power plants. By the end of 2023, GEN-I SONCE d.o.o. had installed more than 8,100 micro solar power plants. In 2023 alone, it put 3,229 of these units into use.

In 2023 the company generated net sales revenue of EUR 68.38 million and net profit of EUR 7.15 million. As at 31 December 2023, the company's assets stood at EUR 74.13 million and its equity at EUR 13.21 million.

The company had 118 employees as at 31 December 2023.

ELEKTRO ENERGIJA d.o.o.
Management: Samo Žolger
Website: www.elektro-energija.si
Participating interest of GEN-I, d.o.o. 100%

ELEKTRO ENERGIJA d.o.o. The company is registered to carry out activities of purchase and sale of energy products on the retail and wholesale markets and other activities in accordance with its Act on association.

In 2023 the company generated net sales revenue of EUR 87.31 million and net profit of EUR 2.84 million. As at 31 December 2023, the company's assets stood at EUR 22.30 million and its equity at EUR 6.98 million.

The company had no employees as at 31 December 2023.

GEN-I d.o.o. Beograd
Management: Predrag Savić
Website: www.gen-i.si/rs/en/
Participating interest of GEN-I, d.o.o. 100%

GEN-I d.o.o. Beograd was established in 2006 and is 100% owned by GEN-I, trgovanje in prodaja električne energije, d.o.o., Vrbina 17, 8270 Krško.

It is engaged in electricity trading, constituting an important link in the chain between the electricity markets of Hungary, Bosnia and Herzegovina, Croatia and Slovenia.

In 2023 the company generated net sales revenue of EUR 262.13 million and net profit of EUR 0.57 million. As at 31 December 2023, the company's assets stood at EUR 13.54 million and its equity at EUR 1.43 million.

The company had 8 employees as at 31 December 2023.

GEN-I Hrvatska d.o.o.
Management: Sandi Kavalič and Andreja Zupan
Website: www.gen-i.si/hr/en/
Participating interest of GEN-I, d.o.o. 100%

GEN-I Hrvatska d.o.o. was established in 2006 and is 100% owned by GEN-I, trgovanje in prodaja električne energije, d.o.o., Vrbina 17, 8270 Krško.

The company's core activity is electricity trading and electricity sale. GEN-I Hrvatska d.o.o. has been present on the Croatian retail electricity market since 2010 and the Croatian natural gas retail market since 2015.

In 2023 the company generated sales revenue of EUR 263.33 million and net profit of EUR 63,456. As at 31 December 2023, the company's assets stood at EUR 32.23 million and its equity at EUR 7.35 million.

The company had 13 employees as at 31 December 2023.

GEN-I d.o.o. Sarajevo
Management: Predrag Savić
Website: www.gen-i.si/ba/
Participating interest of GEN-I, d.o.o. 100%

GEN-I d.o.o. Sarajevo was established in 2008 and is 100% owned by GEN-I, trgovanje in prodaja električne energije, d.o.o., Vrbina 17, 8270 Krško.

The company's core activity is electricity trading.

In 2023 the company generated sales revenue of EUR 182.76 million and net profit of EUR 177,279. As at 31 December 2023, the company's assets stood at EUR 13.37 million and its equity at EUR 0.69 million.

The company had 2 employees as at 31 December 2023.

GEN-I Tirana Sh.p.k

Management: Predrag Savić
Website: www.gen-i.si/al/
Participating interest of GEN-I, d.o.o. 100%

GEN-I Tirana Sh.p.k. was established in 2008 and is 100% owned by GEN-I, trgovanje in prodaja električne energije, d.o.o., Vrbina 17, 8270 Krško.

The company is the 100% owner of GEN-I Tirana Sh.p.k (Kosovo branch).

The company's core activity is the wholesale of electricity in the region, and electricity supply and purchase. The company began trading electricity in Albania in 2010.

In 2023 the company generated sales revenue of EUR 12.85 million and net profit of EUR 253,454. As at 31 December 2023, the company's assets stood at EUR 10.36 million and its equity at EUR 0.40 million.

The company had 3 employees as at 31 December 2023.

GEN-I Athens SMLLC

Management: Andreja Zupan
Website: www.gen-i.si/gr/
Participating interest of GEN-I, d.o.o. 100%
GEN-I Athens SMLLC was established in 2008 and is 100% owned by GEN-I, trgovanje in prodaja električne energije, d.o.o., Vrbina 17, 8270 Krško.

The company's core activity is electricity trading.

In 2023 the company generated sales revenue of EUR 107.94 million and net profit of EUR 404,630. As at 31 December 2023, the company's assets stood at EUR 11.18 million and its equity at EUR 1.15 million.

The company had 2 employees as at 31 December 2023.

GEN-I Vienna GmbH

Management: Sandi Kavalič and Andreja Zupan
Website: www.gen-i.si/at/en/
Participating interest of GEN-I, d.o.o. 100%

GEN-I Vienna GmbH was established in 2010 and is 100% owned by GEN-I, trgovanje in prodaja električne energije, d.o.o., Vrbina 17, 8270 Krško.

The trade in and generation and distribution of electricity and natural gas are its core activities.

In 2023 the company generated sales revenue of EUR 29.92 million and net profit of EUR 436,273. As at 31 December 2023, the company's assets stood at EUR 6.99 million and its equity at EUR 1.96 million.

The company had 1 employee as at 1 December 2023.

GEN-I Istanbul, Ltd.

Management: Sandi Kavalič and Andreja Zupan
Website: www.gen-i.si/tr/en/
Participating interest of GEN-I, d.o.o. 99%
GEN-I Istanbul Ltd. was established in 2012 and is 99% owned by GEN-I, trgovanje in prodaja električne energije, d.o.o., Vrbina 17, 8270 Krško. The remaining 1% is owned by GEN-I d.o.o. Beograd.

The company's core activity is the sale of electricity.

In 2023 the company generated sales revenue of EUR 15.43 million and net profit of EUR 367,592. As at 31 December 2023, the company's assets stood at EUR 2.91 million and its equity at EUR 0.43 million.

The company had 2 employees as at 31 December 2023.

GEN-I PRODAŽBA NA ENERGIJA DOOEL Skopje

Management: Predrag Savić
Website: www.gen-i.si/mk/
Participating interest of GEN-I, d.o.o. 100%
GEN-I Prodažba na energija was established in 2007 and is 100% owned by GEN-I, trgovanje in prodaja električne energije, d.o.o., Vrbina 17, 8270 Krško.

The company's core activity is electricity trading.

In 2023 the company generated sales revenue of EUR 137.34 million and net profit of EUR 453,230. As at 31 December 2023, the company's assets stood at EUR 12.09 million and its equity at EUR 0.56 million.

The company had 4 employees as at 31 December 2023.

GEN-I Energia S.r.l.

Management: Sandi Kavalič and Lidia Glavina
Website: www.gen-i.si/it/en/
Participating interest of GEN-I, d.o.o. 100%
GEN-I Energia s.r.l. was established in 2010 and is 100% owned by GEN-I, trgovanje in prodaja električne energije, d.o.o., Vrbina 17, 8270 Krško.

The company's core activity is electricity trading.

In 2023 the company generated no revenue, and posted a loss of EUR 183,497. As at 31 December 2023, the company's assets stood at EUR 0.53 million and its equity at EUR 0.16 million.

The company had no employees as at 31 December 2023.

GEN-I Sofia SpLLC
Management: Sandi Kavalič and Andreja Zupan
Website: www.gen-i.si/bg/
Participating interest of GEN-I, d.o.o. 100%
GEN-I Sofia SpLLC was established in 2010 and is 100% owned by GEN-I, trgovanje in prodaja električne energije, d.o.o., Vrbina 17, 8270 Krško.

Electricity sale is the company's core activity.

In 2023 the company generated sales revenue of EUR 10.30 million and a loss of EUR 95,262 million. As at 31 December 2023, the company's assets stood at EUR 5.86 million and its equity at -EUR 2.84 million.

The company had 2 employees as at 31 December 2023.

GEN-I Sunce Adria 1 d.o.o.
Management: Sandi Kavalič
Website: company does not have a website
Participating interest of GEN-I, d.o.o. 100%

GEN-I Sunce Adria 1 d.o.o. was established in 2022 and is 100% owned by GEN-I, trgovanje in prodaja električne energije, d.o.o., Vrbina 17, 8270 Krško.

The company's core activity is electricity production.

In 2023 the company generated no revenue, but posted a loss of EUR 38,886. As at 31 December 2023, the company's assets stood at EUR 68,401 and its equity at EUR 60,615.

The company had no employees as at 31 December 2023.

LLC GEN-I Kiev
Management: Sandi Kavalič
Website: www.gen-i.si/ua/en/
Participating interest of GEN-I, d.o.o. 100%
LLC GEN-I Kiev was established in 2015 and is 100% owned by GEN-I, trgovanje in prodaja električne energije, d.o.o., Vrbina 17, 8270 Krško.

The company's core activity is electricity production.

In 2023 the company generated no revenue (owing to the war in the local market), and posted a loss of EUR 126,293. As at 31 December 2023, the company's assets stood at EUR 1.48 million and its equity at EUR 0.18 million.

The company had 1 employee as at 31 December 2023.

GEN-I Tbilisi LLC
Management: Sandi Kavalič
Website: www.gen-i.si/ge/
Participating interest of GEN-I, d.o.o. 100%

GEN-I Tbilisi LLC was established in 2015 and is 100% owned by GEN-I, trgovanje in prodaja električne energije, d.o.o., Vrbina 17, 8270 Krško.

The company's core activity is electricity production.

In 2023 the company generated no revenue, but posted a loss of EUR 7,226. As at 31 December 2023, the company's assets stood at EUR 17,615 and its equity at EUR 12,419.

The company had no employees as at 31 December 2023.

GEN-I SONCE DOOEL
Management: Sandi Kavalič
Website: www.gen-i.si/mk/
Participating interest of GEN-I, d.o.o. 100%

GEN-I SONCE DOOEL Skopje was established in 2019 and is 100% owned by GEN-I, trgovanje in prodaja električne energije, d.o.o., Vrbina 17, 8270 Krško.

The company's core activity is electricity production.

In 2023 the company generated sales revenue of EUR 2.38 million and net profit of EUR 647,875. As at 31 December 2023, the company's assets stood at EUR 15.26 million and its equity at EUR 1.16 million.

The company had no employees as at 31 December 2023.

GEN-I ESCO d.o.o.
Management: Sandi Kavalič
Website: company does not have a website
Participating interest of GEN-I, d.o.o. 100%

GEN-I ESCO, pametna energija, d.o.o. was established in 2019 and is 100% owned by GEN-I, trgovanje in prodaja električne energije, d.o.o., Vrbina 17, 8270 Krško.

The company is the 100% owner of SOL-NAVITAS INVESTICIJE d.o.o.

The company's core activity is classed as "other production of electricity".

In 2023 the company generated sales revenue of EUR 167,442 and a net loss of EUR 36,146. As at 31 December 2023, the company's assets stood at EUR 2.24 million and its equity at EUR 0.40 million.

The company had no employees as at 31 December 2023.

SOL-NAVITAS INVESTICIJE d.o.o.
Management: Sandi Kavalič
Website: company does not have a website
Participating interest of GEN-I ESCO d.o.o.: 100%

SOL-NAVITAS INVESTICIJE d.o.o was established in 2011 and is 100% owned by GEN-I ESCO d.o.o., Ulica Vinka Vodopivca 45A, Kromberk, 5000 Nova Gorica.

The company's core activity is classed as "other production of electricity".

In 2023 the company generated sales revenue of EUR 27,201 and a net loss of EUR 4,486. As at 31 December 2023, the company's assets stood at EUR 40,395 and its equity at EUR 39,452.

The company had no employees as at 31 December 2023.

GEN-I Sunce d.o.o.
Management: Gregor Hudohmet
Website: company does not have a website
Participating interest of GEN-I SONCE d.o.o.: 100%

GEN-I Sunce d.o.o was established in 2023 and is 100% owned by GEN-I SONCE d.o.o., Dunajska cesta 119, 1000 Ljubljana.

The company's core activity is the manufacture and sale of solar power plants.

In 2023 the company generated no revenue, but posted a loss of EUR 1,263. As at 31 December 2023, the company's assets stood at EUR 0.50 million and its equity at EUR 0.50 million.

The company had no employees as at 31 December 2023.

GEN-I Tirana Sh.p.k (Kosovo branch)
Management: Predrag Savić
Website: www.gen-i.si/xk/
Participating interest of GEN-I Tirana Sh.p.k.: 100%

GEN-I Tirana Sh.p.k. (Kosovo branch) was established in 2009 and is 100% owned by GEN-I Tirana Sh.p.k.

The company's core activity is the wholesale of electricity in the region, and electricity supply and purchase.

In 2023 the company generated sales revenue of EUR 52.19 million and net profit of EUR 35,033. As at 31 December 2023, the company's assets stood at EUR 1.07 million and its equity at EUR 40,919.

The company had no employees as at 31 December 2023.

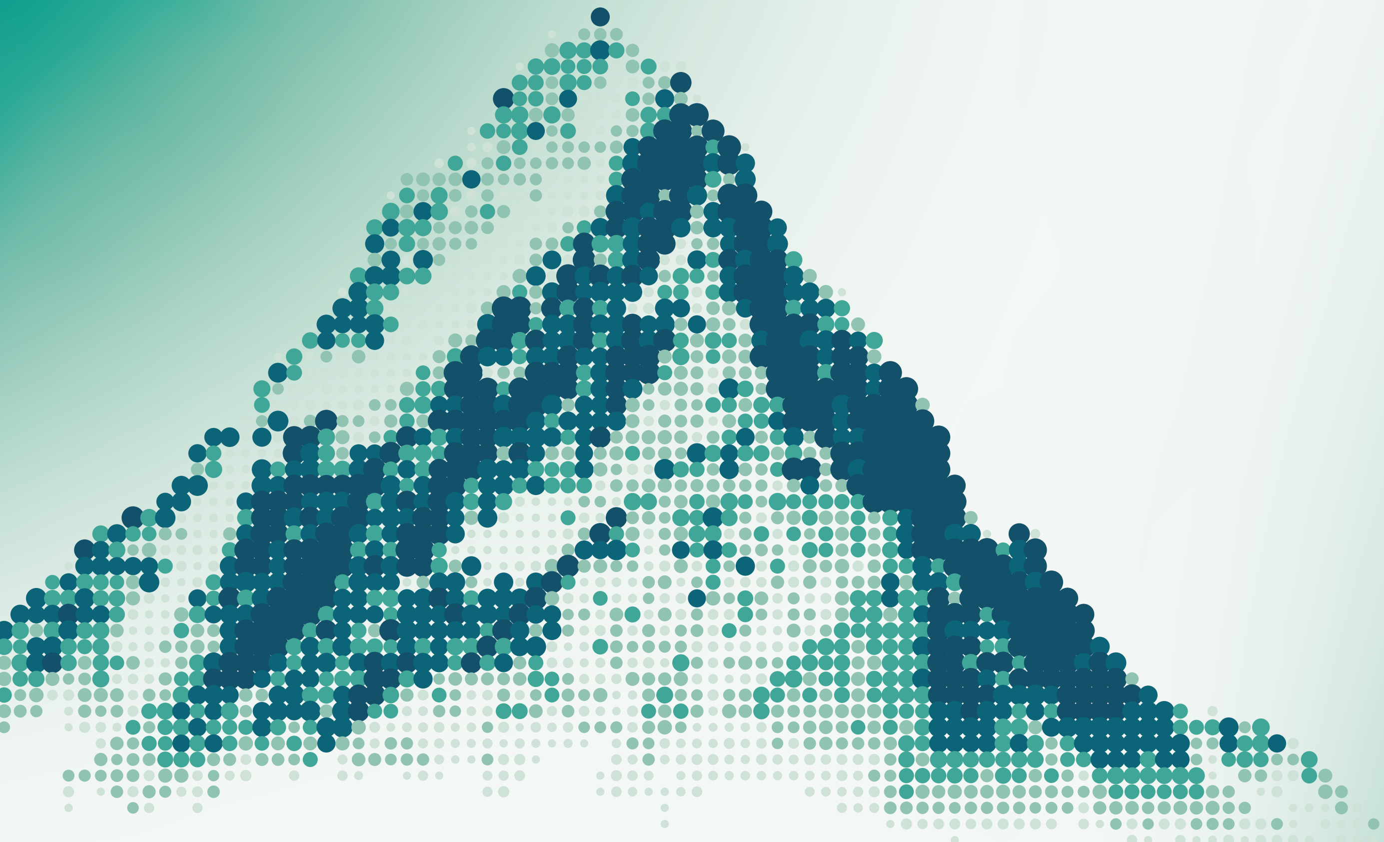
GEN-I KAV SONCE DOOEL
Management: Sandi Kavalič
Website: www.gen-i.si/mk/
Participating interest of GEN-I SONCE DOOEL: 100%

GEN-I SONCE DOOEL Skopje was established in 2022 and has been 100% owned by GEN-I SONCE DOOEL since 2023.

The company's core activity is electricity production.

In 2023 the company generated no net sale revenue, but did generate net profit of EUR 79,221. As at 31 December 2023, the company's assets stood at EUR 2.38 million and its equity at EUR 2.37 million.

The company had no employees as at 31 December 2023.



FINANCIAL REPORT **2023**

FINANCIAL REPORT OF THE GEN-I GROUP AND GEN-I, D.O.O.

5 FINANCIAL REPORT OF THE GEN-I GROUP AND GEN-I, D.O.O. FOR 2023

5.1 Introduction

The GEN-I Group (hereinafter referred to as “the Group”), for which consolidated financial statements have been drawn up, comprises the parent company, GEN-I, d.o.o. (hereinafter referred to as “the Company”) and the following subsidiaries in which GEN-I, d.o.o. has a 100% ownership share:

- GEN-I d.o.o. Beograd, Vladimira Popovića 6, Belgrade;
- GEN-I Hrvatska d.o.o., Radnička cesta 54, Zagreb;
- GEN-I d.o.o. Sarajevo, Ul. Fra Anđela Zvizdovića 1, Sarajevo;
- GEN-I Tirana Sh.p.k., Ish-Noli Business Center, Rruga Ismail Qemali Nr. 27, Tirana;
- GEN-I Athens SMLLC, 6 Anapafseos Street, Marousi;
- GEN-I Sofia EOOD, Bulgaria Blvd., Residential Quarter Bokar, Office Building 19C/D, Sofia;
- GEN-I Energia S.r.l., Corso di Porta Romana 6, Milan;
- GEN-I Vienna GmbH, Heinrichsgasse 4, Vienna;
- GEN-I Istanbul Ltd., Grand Pera, Hüseyinağa Mahallesi, İstiklal Cd. No: 56/58, Kat No: 3, Daire No: 5, 34435 Beyoğlu, İstanbul;
- GEN-I Prodažba na energija DOOEL, Skopje, Bulevar Partizanski odredi 15A/1, Skopje;
- GEN-I SONCE d.o.o., Dunajska cesta 119, Ljubljana;
- GEN-I Kiev LLC, 45-B Olesia Honchara Str., Kyiv;
- GEN-I Tbilisi LLC, Old Tbilisi District, Guadiashvili Square, N 4, Tbilisi;
- ELEKTRO ENERGIJA d.o.o., Dunajska cesta 119, Ljubljana;
- GEN-I SONCE DOOEL Skopje, Bulevar Partizanski odredi 15A/1, Skopje;
- GEN-I ESCO d.o.o., Ulica Vinka Vodopivca 45A, 5000 Nova Gorica;
- GEN-I SUNCE Adria 1 d.o.o., Radnička cesta 54, Zagreb;
- GEN-I SUNCE d.o.o., Radnička cesta 54, Zagreb – subsidiary of the subsidiary GEN-I Sonce d.o.o.;
- SOL NAVITAS d.o.o. – subsidiary of the subsidiary GEN-I ESCO d.o.o.;
- GEN-I KAV SONCE DOOEL – subsidiary of the subsidiary GEN-I SONCE DOOEL;
- GEN-I Tirana Sh.p.k. (Kosovo Branch).

GEN-I Istanbul Ltd., Grand Pera, Hüseyinağa Mahallesi, İstiklal Cd. No: 56/58, Kat No: 3, Daire No: 5, 34435 Beyoğlu, İstanbul is 99% owned by the parent company and 1% owned by GEN-I d.o.o. Beograd.

6 FINANCIAL STATEMENTS OF THE GEN-I GROUP AND GEN-I, D.O.O.

The notes to the financial statements are part of those statements and should be read together with them.

6.1 Statement of financial position of the GEN-I Group and GEN-I, d.o.o. as at 31/12

		GEN-I GROUP		GEN-I, D.O.O	
	NOTE	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Property, plant and equipment	1	25,547,668	23,039,743	7,164,718	7,859,152
Right-of-use assets	2	6,335,659	3,405,840	4,496,155	2,773,287
Intangible assets and goodwill	3	10,745,184	10,029,623	10,320,921	9,533,501
Investment property	4	1,642,968	1,709,072	0	0
Investments in subsidiaries	5	0	0	15,864,039	15,414,039
Investments in associates	5	22,471,041	22,450,565	22,551,310	22,551,310
Financial assets	6	353,169	346,902	353,169	346,902
Operating receivables	7	40,595,339	23,141,213	62,105	71,968
Deferred tax assets	22	626,642	825,635	253,768	266,626
NON-CURRENT ASSETS		108,317,670	84,948,593	61,066,184	58,816,786
Inventories	8	24,878,634	31,400,575	6,430,687	7,118,957
Operating receivables	9	183,377,650	126,818,556	184,592,453	157,970,708
Contract assets	10	98,614,893	97,041,629	79,056,244	71,827,471
Advances and other assets	11	13,325,285	22,465,168	7,264,721	12,459,134
Financial assets	12	39,683	39,794	71,064,655	55,698,834
Derivatives	13	0	161,601,682	0	162,398,866
Current income tax receivables	14	4,487,140	9,449,300	5,216,914	8,003,521
Cash and cash equivalents	15	123,922,752	69,320,323	110,772,412	54,561,104
CURRENT ASSETS		448,646,037	518,137,026	464,398,086	530,038,595
TOTAL ASSETS		556,963,707	603,085,620	525,464,270	588,855,381
Share capital	16	19,877,610	19,877,610	19,877,610	19,877,610
Legal reserves	16	1,987,761	1,987,761	1,987,761	1,987,761
Fair value reserve	16	268	134,877	268	134,877
Translation reserve	16	-1,031,019	-1,192,025	0	0
Net profit or loss for the accounting period	16	24,776,838	29,773,273	8,449,907	30,755,420
Retained earnings	16	163,545,448	141,800,395	166,635,873	142,552,859
CAPITAL OF MINORITY OWNERS		0	0	0	0
TOTAL EQUITY		209,156,906	192,381,891	196,951,419	195,308,526

		GEN-I GROUP		GEN-I, D.O.O	
	NOTE	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Financial liabilities	17	0	5,600,000	0	0
Lease liabilities	18	4,817,323	1,542,335	3,409,543	1,505,632
Operating liabilities	19	61,236	671,516	61,236	77,860
Provisions for termination benefits at retirement and jubilee benefits	20	1,852,951	1,448,556	1,651,599	1,299,709
Deferred income	21	359,185	218,911	50,850	94,966
NON-CURRENT LIABILITIES		7,090,695	9,481,318	5,173,228	2,978,166
Financial liabilities	17	52,606,066	105,376,762	49,678,784	105,303,425
Derivatives	13	31,287,385	0	36,301,530	0
Lease liabilities	18	1,655,280	1,343,338	1,175,701	1,340,994
Operating liabilities	23	199,299,925	217,959,088	188,830,644	228,970,445
Contract liabilities	24	7,537,462	19,392,767	2,111,943	10,625,749
Other liabilities	25	48,329,989	56,572,166	45,241,022	44,328,075
Income tax liabilities	26	0	578,292	0	0
CURRENT LIABILITIES		340,716,107	401,222,411	323,339,623	390,568,688
TOTAL LIABILITIES		347,806,801	410,703,729	328,512,851	393,546,855
TOTAL EQUITY AND LIABILITIES		556,963,707	603,085,620	525,464,270	588,855,381

6.

ANNUAL REPORT OF THE GEN-I GROUP AND GEN-I, D.O.O.

Financial report of the GEN-I Group and GEN-I, do.o. for 2023

6.2 Income statement of the GEN-I Group and GEN-I, d.o.o.

		GEN-I GROUP		GEN-I, D.O.O	
	NOTE	2023	2022	2023	2022
Sales revenue	28	2,883,476,545	4,076,128,595	2,850,813,824	4,297,022,164
Change in value of inventories	29	–4,054,517	7,009,807	0	0
Historical cost of goods sold	30	–2,712,300,956	–4,071,494,367	–2,715,791,789	–4,302,443,532
Other recurring operating income and expenses	28	–69,488,060	130,581,139	–75,301,855	125,572,576
GROSS PROFIT OR LOSS		97,633,011	142,225,174	59,720,180	120,151,208
Cost of materials	30	–1,354,053	–1,196,354	–1,126,650	–998,956
Cost of services	30	–19,886,135	–19,209,902	–14,615,886	–14,653,743
Labour costs	31	–38,581,468	–37,339,214	–32,129,728	–31,021,711
Other operating income and expenses	32	–908,617	–31,392,122	300,056	–30,319,690
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA)		36,902,738	53,087,582	12,147,971	43,157,108
Depreciation and amortisation	33	–5,946,824	–5,143,171	–3,978,120	–4,244,647
Impairment losses on trade receivables and contract assets	33	–686,441	–7,286,132	–1,177,691	–6,381,464
EARNINGS BEFORE INTEREST AND TAXES (EBIT)		30,269,473	40,658,278	6,992,160	32,530,997
Finance income	34	1,820,358	523,370	7,296,289	7,942,823
Finance costs	34	–3,993,978	–3,020,277	–4,658,249	–2,728,184
PROFIT/LOSS FROM FINANCING ACTIVITIES		–2,173,620	–2,496,908	2,638,040	5,214,639
SHARE OF PROFIT OF ASSOCIATES	34	876,857	–29,435	0	0
PROFIT BEFORE TAX		28,972,711	38,131,935	9,630,200	37,745,636
Taxes	35	4,195,873	8,358,660	1,180,293	6,990,216
NET PROFIT OR LOSS FOR THE ACCOUNTING PERIOD		24,776,838	29,773,273	8,449,907	30,755,420

6.3 Statement of other comprehensive income of the GEN-I Group and GEN-I, d.o.o.

	GEN-I GROUP		GEN-I, D.O.O	
COMPREHENSIVE INCOME	2023	2022	2023	2022
Net profit or loss for the accounting period	**24,776,838**	**29,773,273**	**8,449,907**	**30,755,420**
Items that are classified or will later be reclassified in profit or loss	**161,007**	**–179,678**	**0**	**0**
Translation differences	161,007	–179,678	0	0
Deferred tax on comprehensive income	0	0	0	0
Actuarial gains (losses) that will later not be reclassified in profit or loss	–57,015	560,168	–57,015	560,168
Other comprehensive income of the accounting period, net without tax	**103,992**	**380,490**	**–57,015**	**560,168**
TOTAL COMPREHENSIVE INCOME FOR THE ACCOUNTING PERIOD	24,880,830	30,153,763	8,392,892	31,315,588

6.4 Statement of cash flows of the GEN-I Group and GEN-I, d.o.o.

	GEN-I GROUP		GEN-I, D.O.O	
	2023	2022	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES				
Net profit or loss for the accounting period	24,776,838	29,773,273	8,449,907	30,755,420
Adjustments for				
Depreciation and amortisation	5,946,824	5,143,172	3,978,120	4,244,647
Write-offs of the value of operating receivables and property, plant and equipment	5,684	36,747	5,684	24,800
Impairments, value adjustments and write-offs of operating receivables and contract assets	686,441	7,286,132	1,177,691	6,381,464
Losses from the sale of property, plant and equipment, intangible assets and investment properties	0	0	0	3,840
Reversal of negative goodwill	–216,893	0	0	0
Income from the sale of property, plant and equipment, intangible assets and investment properties	0	0	0	0
Elimination of write-offs and write-offs of debt	–23,656	–38,398	0	0
Non-monetary expenses	–1,251,823	380,491	–57,014	560,168
Finance income	–1,783,005	–523,121	–7,322,502	–7,422,478
Finance expenses	3,814,812	2,320,038	3,501,990	2,197,762
Share of profit of associates using the equity method	–876,857	29,435	0	0
Income tax	4,195,873	8,358,660	1,180,293	6,990,217
PROFIT FROM OPERATING ACTIVITIES PRIOR TO CHANGES IN NET CURRENT ASSETS AND TAXES	35,274,238	52,766,427	10,914,169	43,735,840
CHANGES IN NET CURRENT ASSETS AND PROVISIONS				
Change in receivables	–51,227,272	11,624,649	–9,328,535	9,168,169
Change in inventories	6,521,941	–15,640,207	688,270	3,742,630
Change in advances granted and other assets	7,566,617	–31,148,994	–2,034,360	–19,203,264
Derivatives – non-past-due	221,773,577	–174,191,501	227,584,907	–170,560,255
Cash-settled derivatives – non-past-due	7,195,621	96,407,366	7,195,621	96,407,366
Cash-settled derivatives – past-due	–36,080,132	–80,711,933	–36,080,132	–80,669,084
Change in operating liabilities	–5,370,076	21,787,986	–30,149,081	30,355,024
Change in advances received and other liabilities	–20,097,482	49,241,331	–7,600,859	42,817,078
Change in provisions	404,394	–358,531	351,890	–404,016
Change in accrued income	140,274	–10,117	–44,116	–49,921
Income tax paid	–28,127,200	–18,950,980	–18,624,965	–28,590,416

6.

ANNUAL REPORT OF THE GEN-I GROUP AND GEN-I, D.O.O.

Financial report of the GEN-I Group and GEN-I, do.o. for 2023

	GEN-I GROUP		GEN-I, D.O.O	
	2023	2022	2023	2022
NET CASH FLOW FROM OPERATING ACTIVITIES	137,974,501	−89,184,504	142,872,809	−73,250,849
CASH FLOW FROM INVESTING ACTIVITIES				
Interest received	1,725,540	546,297	1,535,744	300,480
Dividends received	1,340,778	0	3,594,907	6,694,097
Receipts from the sale of property, plant, equipment and intangible assets	46,570	139,034	44,569	122,497
Receipts from loans granted	0	0	50,267,219	29,633,901
Payments for the purchase of property, plant, equipment and intangible assets	−7,057,409	−14,461,483	−2,534,803	−3,039,022
Payments for right-of-use assets	−1,395,369	−2,195,680	−1,526,238	−1,498,427
Payments for purchase of subsidiaries	0	0	−450,000	−99,728
Payments for purchase of associates	0	0	0	0
Payments for purchase of other financial investments	−6,158	−42,264	−6,267	−42,371
Payments for loans granted	0	0	−62,710,000	−61,977,000
NET CASH FLOW FROM INVESTING ACTIVITIES	−5,346,049	−16,014,096	−11,784,869	−29,905,574
CASH FLOW FROM FINANCING ACTIVITIES				
Interest paid	−3,617,247	−2,612,018	−3,369,736	−2,390,607
Payments for right-of-use assets	−236,266	−75,925	−134,385	−75,546
Repayment of long-term borrowings	−2,800,000	−2,800,000	0	0
Repayment of long-term borrowings	−654,963,778	−1,009,762,916	−654,963,778	−1,009,762,916
Proceeds from short-term borrowings	599,341,267	1,040,184,140	599,341,267	1,040,184,140
Dividends paid	−15,750,000	0	−15,750,000	0
NET CASH FLOW FROM FINANCING ACTIVITIES	−78,026,022	24,933,281	−74,876,631	27,955,071
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	69,320,323	149,585,642	54,561,104	129,762,456
NET INCREASE IN CASH AND CASH EQUIVALENTS	54,602,429	−80,265,321	56,211,308	−75,201,352
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	123,922,752	69,320,323	110,772,412	54,561,104

6.5 Statement of changes in equity of the GEN-I Group and GEN-I, d.o.o.

GEN-I Group

CHANGES IN EQUITY	SHARE CAPITAL	LEGAL RESERVES	FAIR VALUE RESERVE	TRANSLATION RESERVE	NET PROFIT OR LOSS	RETAINED EARNINGS	TOTAL EQUITY
BALANCE AS AT 1/1/2022	19,877,610	1,987,761	−331,741	−1,203,724	70,076,376	80,821,847	171,228,129
TOTAL COMPREHENSIVE INCOME FOR THE ACCOUNTING PERIOD							
Net profit or loss for the accounting period	0	0	0	0	29,773,273	0	29,773,273
OTHER COMPREHENSIVE INCOME							
Foreign exchange differences	0	0	0	11,699	0	−191,378	−179,679
Actuarial gains (losses)	0	0	466,618	0	0	93,550	560,168
TOTAL OTHER COMPREHENSIVE INCOME	0	0	466,618	11,699	0	−97,828	380,489
TOTAL COMPREHENSIVE PROFIT OR LOSS OF THE YEAR	0	0	466,618	11,699	29,773,273	−97,828	30,153,763
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY							
Distribution of the remaining portion of net profit to other equity components	0	0	0	0	−70,076,376	70,076,376	0
Transfer to the dividend payment obligation	0	0	0	0	0	−9,000,000	−9,000,000
Other eliminations of equity components	0	0	0	0	0	0	0
BALANCE AS AT 31/12/2022	19,877,610	1,987,761	134,877	−1,192,025	29,773,273	141,800,395	192,381,891
BALANCE AS AT 1/1/2023	19,877,610	1,987,761	134,877	−1,192,025	29,773,273	141,800,395	192,381,891
TOTAL COMPREHENSIVE INCOME FOR THE ACCOUNTING PERIOD							
Net profit or loss for the accounting period	0	0	0	0	24,776,838	0	24,776,838
OTHER COMPREHENSIVE INCOME							
Foreign exchange differences	0	0	0	161,006	0	0	161,006
Actuarial gains (losses)	0	0	−134,609	0	0	77,595	−57,014
TOTAL OTHER COMPREHENSIVE INCOME	0	0	−134,609	161,006	0	77,595	103,992
TOTAL COMPREHENSIVE PROFIT OR LOSS OF THE YEAR	0	0	−134,609	161,006	24,776,838	77,595	24,880,830
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY							
Distribution of the remaining portion of net profit to other equity components	0	0	0	0	−29,773,273	29,773,273	0
Dividends paid	0	0	0	0	0	−6,750,000	−6,750,000
Other eliminations of equity components	0	0	0	0	0	−1,355,815	−1,355,815
BALANCE AS AT 31/12/2023	19,877,610	1,987,761	268	−1,031,019	24,776,838	163,545,448	209,156,906

GEN-I, d.o.o.

CHANGES IN EQUITY	SHARE CAPITAL	LEGAL RESERVES	FAIR VALUE RESERVE	NET PROFIT OR LOSS	RETAINED EARNINGS	TOTAL EQUITY
BALANCE AS AT 1/1/2022	19,877,610	1,987,761	−331,741	73,508,964	77,950,345	172,992,938
TOTAL COMPREHENSIVE INCOME FOR THE ACCOUNTING PERIOD						
Net profit or loss for the accounting period	0	0	0	30,755,420	0	30,755,420
OTHER COMPREHENSIVE INCOME						
Actuarial gains (losses)	0	0	466,618	0	93,550	560,168
TOTAL OTHER COMPREHENSIVE INCOME	0	0	466,618	0	93,550	560,168
TOTAL COMPREHENSIVE PROFIT OR LOSS OF THE YEAR	0	0	466,618	30,755,420	93,550	31,315,588
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY						
Distribution of the remaining portion of net profit to other equity components	0	0	0	−73,508,964	73,508,964	0
Dividends paid	0	0	0	0	−9,000,000	−9,000,000
BALANCE AS AT 31/12/2022	19,877,610	1,987,761	134,876	30,755,420	142,552,859	195,308,526
BALANCE AS AT 1/1/2023	19,877,610	1,987,761	134,876	30,755,420	142,552,859	195,308,526
TOTAL COMPREHENSIVE INCOME FOR THE ACCOUNTING PERIOD						
Net profit or loss for the accounting period	0	0	0	8,449,907	0	8,449,907
OTHER COMPREHENSIVE INCOME						
Actuarial gains (losses)	0	0	−134,609	0	77,595	−57,015
TOTAL OTHER COMPREHENSIVE INCOME	0	0	−134,609	0	77,595	−57,015
TOTAL COMPREHENSIVE PROFIT OR LOSS OF THE YEAR	0	0	−134,609	8,449,907	77,595	8,392,893
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY						
Distribution of the remaining portion of net profit to other equity components	0	0	0	−30,755,420	30,755,420	0
Transfer to the dividend payment obligation	0	0	0	0	−6,750,000	−6,750,000
BALANCE AS AT 31/12/2023	19,877,610	1,987,761	268	8,449,907	166,635,873	196,951,419

7 NOTES TO THE FINANCIAL STATEMENTS

7.1 Reporting entity

GEN-I, trgovanje in prodaja električne energije, d.o.o. (hereinafter referred to as “the company” or “GEN-I, d.o.o.”) is established in Slovenia, with its official business address listed as Vrbina 17, 8270 Krško. Below are presented the consolidated financial statements of the GEN-I group and the separate financial statements of GEN-I, d.o.o., both for the year ending 31 December 2023. The consolidated financial statements cover the company, its subsidiaries and its participating interests in associates (hereinafter referred to collectively as “the Group” or “the GEN-I Group”). A more detailed overview of the Group is presented in the Introduction.

The consolidated annual report for the widest circle of companies within the Group is drawn up by the related party GEN energija d.o.o., Vrbina 17, Krško, and is published at http://www.gen-energija.si/.

The core activities of the Group include the sale of electricity and natural gas to end consumers, the purchase of electricity from large producers and producers that use renewable energy sources and high-efficiency cogeneration, the provision of services to advance the self-sufficiency, efficiency and independence of households in energy terms, the provision of state-of-the-art services to business partners, and trading in electricity and natural gas.

7.2 Basis of preparation

(A) DECLARATION OF CONFORMITY

The company’s financial statements and the Group’s consolidated financial statements were confirmed by the Management Board of the company on 26 April 2024.

The financial statements of GEN-I, d.o.o. and the consolidated financial statements of the GEN-I Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, the explanations adopted by the International Financial Reporting Interpretations Committee (IFRIC) and by the European Union, and in accordance with the provisions of the Companies Act (ZGD-1).

(B) BASIS OF MEASUREMENT

The financial statements of GEN-I, d.o.o. and the consolidated financial statements of the GEN-I Group have been prepared on a historical cost basis, with the exception of certain financial instruments, which are carried at fair value. If disclosed, it relates only to the presentation, not also measurement of financial instruments

(C) FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in euros (EUR), which is the parent company’s functional currency. All accounting information presented in euros is rounded to one unit. Due to the rounding of data values, minor discrepancies may occur in the totals set out in the tables. The financial statements contain information that can be compared to that of the previous period.

(D) USE OF JUDGMENTS AND ESTIMATES

In preparing these financial statements in conformity with the International Financial Reporting Standards (IFRS), management is required to make judgments and estimates that affect the application of the accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Any changes in accounting estimates, judgments and assumptions are recognised in the period when the change occurred, providing the change only affects that particular period. However, when the changes also impact future periods, they are recognised in the period in which the changes occurred and in future periods.

Judgments and assumptions are mainly applied in the following estimates:

- the estimate of the useful life of depreciable assets (point 7.3.e);
- the impairment of assets (point 7.3.i);
- the identification of lease agreements, determination of the duration and determination of the discount rate of lease (point 7.3.f);
- measurement of the allowances for trade receivables and contract assets for expected credit losses (point 7.3.i);
- employee benefits (point 7.3.kj);
- provisions (point 7.3.l);
- deferred tax assets (point 7.3.p);
- derivatives (point 7.3.c)(v)).

Verification of the going concern assumption
This is the basic assumption upon which a company prepares its financial statements. Since the Group and the company operated smoothly and without disruption, there is neither an intention nor a need to curtail or terminate business operations in the future. Since there is no going concern risk, the provisions of all accounting standards are applied to measure assets and liabilities. The amounts of property, plant and equipment and intangible assets in the financial statements are presented at their carrying amount, since the company plans to use them during their useful life and has no intention of selling them.

Liquidity risk

The Group and the company manage their resources and investments in a manner that allows them to comply with its due liabilities at any time. They plan their cash flows on a daily basis, thereby conducting a regular liquidity management policy as approved by the management. At the same time, measures are also in place for the potential prevention or elimination of the causes for insolvency.

Impairment of non-financial and financial assets
At the end of the 2023 financial year, the Group and company examined whether any additional impairment of assets was required. An additional impairment of receivables and contract assets was recognised compared to the previous year. Other than this, no major impacts of the reduced recovery of receivables were detected, although some customers did request a payment deferral. No significant changes in risk were detected. The reason for this may lie in our well-diversified portfolio of customers with solid credit ratings.

Net realisable value of inventories
The company values its inventories at fair value, which is equal to market value at the cut-off date, less the cost of disposal. The company therefore has no reason to impair the value of inventories.

The Group values inventories at subsidiaries at historical cost on initial recognition; this comprises the purchase price, import duties, other non-refundable purchase taxes and direct purchase costs. Non-refundable purchase taxes include VAT, which is not refunded. The purchase price is reduced accordingly by the value of the discounts received. Inventories are valued using the first-in, first-out (FIFO) method.

Inventories of work in progress and finished products are valued using variable producion costs in the narrower sense.

Maturity of liabilities due to non-fulfilment of financial covenants in loan contracts

The company regularly monitors financial covenants as set out in loan contracts. Failure to comply with indicators at the balance-sheet date could lead to contractual provisions being changed, for example a change to the repayment terms or a change of interest rate.

(E) CHANGES TO MATERIAL ACCOUNTING POLICIES

There were no changes to accounting policies in 2023.

7.3 Material accounting policies of the Group

The companies of the GEN-I Group consistently applied the accounting policies set out below for all periods presented in the enclosed consolidated financial statements.

(A) BASIS OF CONSOLIDATION

(i) Subsidiaries

Subsidiaries are companies controlled by the parent company. The Group controls a company when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the controlled company. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The accounting policies of subsidiaries are aligned with the policies of the Group.

(ii) Investments in associates

An associate is an entity in which the Group has significant influence, but not control over the financial and operating policies. A significant influence exists if the Group has at least 20% but no more than 50% of the voting rights, unless this can be proved to be false. Investments in associates are measured at historical cost on initial recognition, then accounted for using the equity method.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss of associates, calculated using the equity method, from the date on which significant influence commences until the date on which it ceases.

If the Group's share in the loss of an associate is higher than the value of its share in that company, the carrying amount of the Group's share is reduced to zero and additional losses are not recognised.

(iii) Transactions eliminated on consolidation

Consolidated financial statements exclude balances, transactions and all unrealised revenues and expenses arising from business transactions within the Group. Unrealised gains arising from transactions with associates and accounted for using the equity method are eliminated against the investment to the extent of the Group's interest in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(B) FOREIGN CURRENCY

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currencies of Group companies at the exchange rate at the reporting date. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency at the exchange rate on the day

The fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognised in profit or loss and disclosed within finance costs.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euros at the exchange rates at the reporting date. The revenue and expenses of foreign operations, with the exception of operations in a hyperinflationary economy, are translated into euros at the average exchange rates applicable over a specified period.

Foreign currency differences are recognised in other comprehensive income and disclosed in the translation reserve.

(C) FINANCIAL INSTRUMENTS

(i) Recognition and initial measurement

Trade receivables, loans and deposits are initially recognised on the date on which they were originated. All other financial assets and liabilities are initially recognised on the date on which the Group becomes a party to the contractual provisions of the instrument.

Financial assets (with the exception of trade receivables that do not have a significant financing component) and financial liabilities are initially measured at fair value, plus (for a financial asset or financial liability not measured at FVTPL) transaction costs that are directly attributable to its acquisition or issue. Trade receivables that do not have a significant financing component are initially measured at the trade price.

(ii) Classification and subsequent measurement of financial investments – Guidance

On initial recognition, financial instruments are classified into one of the following categories: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI) – investments in debt securities, FVOCI – investments in equity instruments or financial assets measured at fair value through profit or loss (FVTPL). Financial investments are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial investments, in which case all financial investments affected by the change are reclassified on the first day of the first reporting period following the change.

A financial asset is measured at amortised cost if it is not designated as a financial asset at FVTPL and meets both of the following conditions:

- the financial asset is held within a business model whose objective is to hold financial assets to collect the contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are exclusively payments of principal and interest on the outstanding amount of principal.

On initial recognition of an investment in an equity instrument not held for trading, the Group may irrevocably elect to present subsequent changes in the fair value of the investment in other comprehensive income. This decision is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivatives (see Note 7.7). The Group may, on initial recognition, irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment: Guidance
The Group assesses the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way that the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether the management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets managed within that business model) and how those risks are managed;
- how the managers responsible for the business transactions are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected);
- the frequency, volume and timing of sales in prior periods, the reasons for those sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets not held for trading and those that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment of whether contractual cash flows are solely payments of principal and interest: Guidance

For the purpose of this assessment, the principal is defined as the fair value of the financial assets on initial recognition. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes an assessment of whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium according to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant on initial recognition.

Financial assets – Subsequent measurement and gains and losses: Guidance

Financial assets measured at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However, Note (c)(v) should be consulted for derivatives designated as hedging instruments.

Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Investments in debt securities measured at fair value through other comprehensive income

These assets are subsequently measured at fair value. Interest income calculated under the effective interest method, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments measured at fair value through other comprehensive income

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the historical cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses: Guidance

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at fair value if it is classified as held for trading, is a derivative or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost under the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

See Note (c)(v) for financial liabilities designated as hedging instruments.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows of a financial asset are extinguished or when the Group transfers the rights to the contractual cash flows of a financial asset on the basis of a transaction by which substantially all the risks and rewards of ownership of the financial asset are transferred or by which the Group neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations expire or are discharged or cancelled. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Derivatives and hedge accounting

The Group uses derivatives to hedge against market and currency risks.

To hedge against market risks resulting from changes in electricity prices, the Group uses forward contracts and various trading financial instruments. To hedge against currency risks, the Group mainly uses FX forward contracts.

The Group uses forward contracts, i.e. contracts on the purchase or sale of the selected underlying instrument with the time limit in the future at the price set out upon conclusion of the contract, both for hedging against market risks due to electricity and natural gas prices and for hedging against currency risks. The prices of forward transactions are determined on the basis of the underlying financial instrument. Upon conclusion, the value of the contract equals zero, since the exercise price (the agreed clearing price) is the same as the forward price. Without considering the costs of delivery, the value of a forward contract upon maturity is the same as the difference between the current price of the underlying instrument upon maturity and the contractual forward price or agreed clearing price. For the duration of the contract, the forward price changes in accordance with changes to current market prices and the residual maturity of the forward contract.

Futures contracts are binding agreements on the purchase or sale of a standard quantity of a precisely described instrument of a standard quality on a standardised day in the future (standard specification), at the price agreed in the present. Standardisation is a prerequisite for stock market trading. The main advantage of standardisation is that it minimises the transaction costs of trading. This means that buyers and sellers do not have to discuss each individual element of a contract every time they conclude a business transaction; rather, they only need to agree the price of each individual forward contract. Transactions are concluded without the goods being physically present. A futures contract only enters into force when it is registered with a clearing (settlement) house. Because it is traded on the stock exchange, a futures contract is freely transferable, while its liquidity is conditional upon the scope of stock exchange trading. By contrast, forward contracts are illiquid because it is practically impossible to exchange them. Whether for purchase or sale, security coverage must be deposited with the clearing house when forward contracts are traded. This security coverage consists of initial coverage and a variation margin.

Derivatives also include option contracts, which are classified by the Group into the group of financial assets or financial liabilities at fair value through profit or loss. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If the transaction price is not the same as fair value at the measurement date, the difference in the market assets is recognised in profit or loss.

Contracts to buy or sell a non-financial asset (such as goods) which can be settled net (in cash or by exchanging financial instruments) fall within the scope of application of IFRS 9 and are calculated at fair value, unless they were concluded and are still owned for the purpose of receipt or delivery of a non-financial asset in accordance with the Group's expected purchase, sale or usage requirements (own use exemption, IFRS 9.2.4). Purchase contracts that fall within the scope of application of IFRS 9 are classed as derivatives and are valued at their market value through profit or loss, unless the management is able to opt for the calculation of hedging and does so.

Contracts that form the basis for the physical delivery of goods and for which the Group has no net settlement practice and which are not concluded for trading, speculative purposes or hedging are calculated as ordinary purchase or sale contracts, i.e. unrecognised executory contracts. Contracts based on which physical delivery of goods is performed and for which the Group has a net settlement practice and which also have other purposes in addition to the supply or purchase of electricity or natural gas itself are classed as derivatives and measured at fair value through profit or loss.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are generally recognised in profit or loss.

Financial investments or financial liabilities measured at fair value through profit or loss are remeasured at fair value at least once a year, during the preparation of the annual financial statements. Gains or losses arising from a change in fair value are recognised in profit or loss. The Group performs fair value adjustments for all outstanding derivatives with physical delivery of electricity and gas, concluded bilaterally (OTC – over-the-counter) with partners, for the credit risk/risk of default (CVA – credit valuation adjustment). More specifically, we measure the net exposure from derivatives at the level of each individual partner, and then consider those positions in the simulation of credit risks at the level of the entire portfolio. All input data considered in the calculation is obtained on the market and is independent.

The CVA depends on:

- Expected future exposure (EAD – exposure at default), which mainly represents the net fair value of all derivatives in relation to each individual partner, calculated on the basis of market prices (Level 1).
- The term structure of the probability of default (PD), which is, because of a lack of CDS (credit default swap) quotations, obtained by the Group from an external international provider on an annual basis.
- Loss given default (LGD), which is based on the assessment of credit rating agencies for a specific energy sector.

The CVA amount represents the appropriately evaluated market value of the insurance measure necessary for hedging against the counterparty's credit risk in OTC portfolios of derivatives of the Group.

Hedge accounting

The Group complies with the hedge accounting requirements for market risks related to changes in the prices of electricity and natural gas, in accordance with IFRS 9.

At the inception of certain hedging relationships, the Group documents the risk management objective and the hedging implementation strategy. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and the hedging instrument are expected to be mutually offset.

At the inception of the hedging relationship, and on an ongoing basis, the Group assesses whether a hedging relationship meets the hedging requirements. The assessment relates to expectations and is therefore only forward-looking. A hedging relationship qualifies for hedge accounting only if all of the following criteria are met:

there is an economic relationship between the hedged item and the hedging instrument;

the effect of credit risk does not dominate the value changes that result from that economic relationship;

the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the company actually uses to hedge that quantity of hedged item.

At each reporting date, the Group measures the hedge ineffectiveness, i.e. the extent to which the changes in the fair value or the cash flows of the hedging instrument are greater or less than those on the hedged item.

Ineffectiveness is measured as the difference between the change in the publicly announced price (stock exchange) between the hedging instrument and the hedged item. Under the GEN-I Group's hedging policy, the ineffective part is the discrepancy between the change in the price of the hedged item and the hedging instrument.

Fair value hedging
The Group accounts for fair value hedges of price change risks for futures and forward contracts by immediately recognising any changes in the fair value of the derivative in profit or loss. Any gains or losses for hedged items attributable to the hedged risk are corrected to the carrying value of the hedged item and recognised in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the cumulative change in the fair value of the firm commitment attributable to the hedged risk subsequent to its designation is recognised as an asset or a liability with a corresponding gain or loss recognised in profit or loss. The initial carrying amount of the asset or the liability that results from the Group meeting the firm commitment is adjusted to include the cumulative change in the fair value of the firm commitment attributable to the hedged risk that was previously recognised in the statement of financial position.

(D) EQUITY

Share capital
The Group's share capital comprises the shareholders' equity nominally defined in the company's articles of association, registered at the court and paid by its owners. Dividends for ordinary shares are recognised as liabilities in the period in which they were approved by the general meeting.

Legal reserves
Legal reserves comprise amounts retained from profits generated in previous years. They are primarily earmarked for the settlement of potential future losses. Under the Companies Act, surplus capital and legal reserves may be used to increase the share capital from company assets and to cover net losses brought forward if the profit reserves are not at the same time used to pay out capital gains to shareholders.

Treasury share reserve When the company purchases an ownership stake, the amount paid, including transaction costs excluding tax, is deducted from the overall equity as treasury shares until these shares are withdrawn, reissued or sold. When treasury shares are sold or reissued subsequently, all amounts received, excluding transaction costs and associated tax effects, are included in the capital reserves. Other profit reserves When the annual report is being compiled, the company may create other profit reserves up to the amount of 50% of the net profit for the financial year. Other profit reserves may be used for any purposes that accord with the law, the articles of association, business policy and general meeting resolutions. Fair value reserve The fair value reserve comprises the effect of the merger with Instalacija d.o.o. in 2013, the effects of the valuation of financial assets at fair value through other comprehensive income, and actuarial gains and losses in connection with provisions for employment and other non-current employee benefits. Hedging reserve The hedging reserve comprises the effect of the change in the fair value of derivatives that were defined as having hedge effectiveness against exposure to variability in cash flows.

Share capital is the called-up capital of shareholders. The entire equity of the Group comprises the share capital, legal reserves, fair value reserve, translation reserve and retained net profit or loss.

(E) PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

Property, plant and equipment are carried at cost, less accumulated depreciation and any accumulated impairment losses.

Historical cost includes the costs that can be directly attributed to the acquisition of a specific asset. Costs within the framework of a produced asset comprise the costs of materials, direct labour costs, and other costs that can be directly ascribed to making the asset fit for its intended use, and the costs of decommissioning and removal, the costs of restoring the site at which the property, plant or equipment was located, and the capitalised borrowing costs. Purchased software that is integral to the functionality of the assets must be capitalised as part of that equipment.

If parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Subsequent expenditure

The costs of replacing a certain part of an item of property, plant and equipment are recognised at the carrying amount of the asset if it is probable that it will increase the future economic benefits embodied in that part of the asset and its historical cost can be reliably measured. All other costs (e.g. the costs of daily maintenance) are recognised as expenses in profit or loss as soon as they are incurred.

(iii) Spare parts

Spare parts and servicing equipment of lesser value with a useful life of up to one year are usually carried as inventory and recognised as expenses in profit or loss. Spare parts and servicing equipment of higher value with an expected useful life of more than one year are recognised as property, plant and equipment.

(iv) Depreciation

Depreciation is calculated on a straight-line basis over the useful life of each individual item of property, plant and equipment. This method most accurately reflects the expected pattern of use of the asset. Leased assets are depreciated by taking into consideration the duration of the lease and its useful life. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- buildings: 33 years;
- fixtures and fittings: 16 years;
- plant and equipment: 2–5 years.

Investments in foreign fixed assets are depreciated during the term of the lease (1–10 years).

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted where appropriate. The evaluations of the useful life of plant and equipment were not adjusted during the financial year.

(F) RIGHT-OF-USE ASSETS

Right-of-use assets are addressed in IFRS 16 (Leases). Under IFRS 16, a lessee recognises assets and liabilities arising from a lease. A right-of-use asset is treated in a similar way to other non-financial assets and is depreciated accordingly. A lease liability is initially measured at the present value of lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee must use the incremental borrowing rate. Lessors classify leases as either an operating or a finance lease, depending on the nature of the lease in question. A lease is defined as a finance lease if nearly all of the risks and rewards incidental to ownership of the asset are transferred under that lease. Otherwise a lease is classified as an operating lease. The lessor recognises finance income based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The lessor recognises payments from operating lease income as income on a straight-line basis, unless another systematic basis is more representative of the time pattern in which use benefit is derived from the leased asset.

The Group examines and analyses lease contracts concluded for a duration of more than one year. Based on the costs of a lease and the duration of the lease agreements, it estimates the value of the right-of-use assets and lease liabilities, and recognises them in the statement of financial position. The values of right-of-use assets and lease liabilities are estimated on the basis of the discounting of future cash flows over the lease term. Cash flows are discounted using interest rates realised by the Group in the financing of non-current loans, and fluctuate between 1.7% and 2.8%. The costs of depreciation are calculated using depreciation rates estimated on the basis of the remaining term of the leases.

The Group uses a standard approach to the recognition and measurement of all leases, with the exception of short-term leases and leases of low-value assets of less than USD 5,000. Lease payments for leases of low-value assets and short-term leases are disclosed by the company as a cost in the period to which the lease relates.

(G) INTANGIBLE ASSETS AND GOODWILL

(i) Capitalised development costs

Development costs are the costs of transferring research findings or knowledge to a plan or project to produce new or substantially improved products or services before they are produced or rendered for sale.

The Group capitalises development costs if the following conditions are met:

- professional completion of the project in order to make it available for use or sale is feasible;
- there is an intention to complete a project and use or sell it;
- the project can be used or disposed of;
- it is likely that economic benefits will accrue to the project, including the existence of a market for the effects of the project or for the project itself or, if the project is used in the company, its utility;
- technical, financial and other factors are available for the completion of development or for the use or sale of the project;
- the costs attributable to the intangible asset during its development can be reliably measured.

Capitalised development costs comprise direct labour costs and other costs that can be directly attributed to making the asset fit for use.

The Group is required to estimate the useful life of the new product and, in accordance with this estimate, carefully allocate the development costs over that useful life so that it facilitates the emergence of economic benefits.

(ii) Other intangible assets and goodwill

Other intangible assets that are acquired by the Group and have finite useful lives are measured at historical cost less accumulated amortisation and any accumulated impairment losses.

An asset is impaired if its carrying amount exceeds its recoverable amount. For intangible assets, impairment losses are recognised as revaluation operating expenses. At each reporting date, the company reviews whether there is any indication that an asset could be impaired. If any such indication exists, it performs an impairment test and estimates the asset's recoverable amount. If no indication of loss exists, the company formally does not perform an impairment test and does not calculate the recoverable amount of the asset. The impairment process ends at this point. This means that the Group is not required to calculate the recoverable amount at each reporting date. It starts out by checking for indications that the asset is impaired. Only if it discovers that such indications exist does it perform an impairment test. When assessing indications of impairment, the company uses external and internal sources of information.

Goodwill arising on the acquisition of subsidiaries is measured at historical cost less accumulated impairment losses.

Subsequent to initial recognition, the Group examines, once a year, the existence of factors which could have an adverse impact on the future cash flows of the cash-generating unit obtained through acquisition of the subsidiary. In the financial statements, the decrease in the value of the cash-generating unit is recognised as the impairment of goodwill or assets of the cash-generating unit at the expense of the operating result.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other costs are recognised as expenses in profit or loss as soon as they are incurred.

(iv) Amortisation

Amortisation is calculated from the historical cost of the asset or another amount standing in for the historical cost.

Amortisation is recognised in profit or loss on a straight-line basis over the useful lives of intangible assets, other than goodwill, from the date that they are available for use. This method most accurately reflects the expected pattern of use of the future economic benefits associated with the asset. The estimated useful lives for current and comparative periods are as follows:

- software: 5 years.

Other intangible assets, such as licences for trading and sale, are amortised according to the value of the licence issued.

Amortisation methods, useful lives and other values are reviewed at each reporting date and adjusted where appropriate.

(H) INVESTMENT PROPERTY

Investment property is property held by the Group to earn rentals, for capital appreciation or both. Investment property is disclosed at historical cost less the accumulated depreciation and the accumulated impairment losses. Investment property is measured using the historical cost model. Depreciation is recognised in profit or loss under the straight-line method, with the estimated useful life standing at 25 years.

(I) IMPAIRMENT OF ASSETS

(i) Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for expected credit losses (ECL) for:

- financial assets measured at amortised cost;
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, i.e. ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset. The Group measures the ECLs of trade receivables and contract assets using a loss allowance matrix.

Loss rates are calculated under a “roll rate” method based on the probability of a receivable progressing through successive stages of delinquency to write off. Roll rates are calculated separately for exposures in different segments based on the common credit risk characteristics – type of customer (retail B2B, retail B2C and trading).

The Group assesses its exposure to credit risk on the basis of the insurance of receivables and of data and information predictive of the risk of loss (financial information about customers and their financial statements, available press information, past business relationships with customers and future-oriented information).

ECLs from trade receivables and contract assets are calculated for all outstanding receivables and contract assets which are up to 90 days past due, based on loss rates for various time intervals.

Impairments of the value of trade receivables and contract assets are recognised in the amount of 90% of the value of the trade receivable or contract asset that is past due by 90 days or more.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes data on the following circumstances:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or early repayment by the Group on terms that the Group would not consider otherwise;
- the probability that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the financial assets.

Write-off
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof, i.e. in the case of a final judicial ruling on the completion of bankruptcy, composition or enforcement proceedings or in relation to financial assets that the Group does not expect to recover. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's recovery procedures.

(ii) Cash, cash equivalents and other financial investments

ECLs for other financial assets are measured on the basis of the credit rating of the country in which the financial assets are placed.

(iii) Non-financial assets

At each reporting date, the Group reviews the residual carrying amount of its non financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment of goodwill and intangible assets with an indefinite useful life that are not yet available for use is examined at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value, less the costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows.

Impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

For other assets, the Group evaluates the impairment losses in previous periods on the balance-sheet date in order to ascertain whether there has been a reduction in the losses or if they even exist at all. An impairment loss is reversed if there has been a change in the estimates on which the Group determines the recoverable amount of an asset. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in previous years.

(J) INVENTORIES

Inventories of merchandise and materials are measured at the lower of historical cost and net realisable value. However, an exception applies to valuation of inventories for broker traders, where it is more appropriate to make the valuation at fair value less the costs of disposal. The management makes an assessment to ensure that the criteria for applying this exception have been met.

The fair value is the market price on the day of entry into inventories. The inventories are revalued at the market value applicable on the day the statement of financial position is compiled, less the costs of disposal. All discrepancies (positive and negative) between the fair value as calculated at the balance-sheet date and the carrying amount are included in profit or loss.

The Group values inventories at subsidiaries at historical cost on initial recognition; this comprises the purchase price, import duties, other non-refundable purchase taxes and direct purchase costs. Non-refundable purchase taxes include VAT, which is not refunded. The purchase price is reduced accordingly by the value of the discounts received. Inventories are valued using the first-in, first-out (FIFO) method.

Inventories of work in progress and finished products are valued using variable production costs in the narrower sense.

(K) EMPLOYEE BENEFITS

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(L) PROVISIONS

Provisions are recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions for termination benefits and jubilee benefits
In accordance with the applicable legislation, the collective agreement and internal rules, the Group is obliged to pay jubilee benefits to employees and termination benefits at retirement. Non-current provisions are created for these purposes. The Group has no other pension liabilities. The provisions are created in the amount of the estimated future payments for termination benefits and jubilee benefits, discounted to the end of the reporting period.

In 2023 the Group created non-current provisions for jubilee benefits and termination benefits at retirement as the current value of future payments necessary for the settlement of obligations arising from employees' employment in the current and previous periods, by taking into account the costs of termination benefits at retirement and the costs of all expected jubilee benefits until the day of retirement. Based on the published yields of high-quality corporate bonds (rating AA) denominated in EUR as at 31 December 2023, the discount rate for the calculation as at 29 December 2023 amounted to 3.3%.

Labour costs and interest costs are recognised in profit or loss, while the recalculation of post-employment benefits and unrealised actuarial gains or losses from termination benefits at retirement is recognised as a capital item in other comprehensive income.

(M) REVENUE

(i) Revenue from contracts with customers

The Group recognises revenue from its core business activities over time. In an electricity or natural gas supply contract, the seller gradually transfers control while the buyer simultaneously obtains and uses the benefits of the implementation of the obligation of the seller as it is being implemented; in doing so, the seller fulfils its performance obligation and recognises revenue over time , through the measurement of progress towards the complete fulfilment of the performance obligation of the supply of electricity or natural gas according to the output method, i.e. the method of calculated amounts based on the quantities of electricity or natural gas supplied. The same method is used for the sale of small power plants and services.

(ii) Revenue from services provided

Revenue from services provided is recognised in profit or loss with regard to the stage of completion of the transaction at the end of reporting period. The stage of completion is estimated by means of a survey of work performed.

(iii) Commission

Where the Group acts as an intermediary and not as the main party in a transaction, revenue is recognised in the amount of the net amount of the commission of the Group.

(iv) Rental income

Rental income is recognised as income on a straight-line basis over the lease term.

(N) GOVERNMENT GRANTS

Government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants are subsequently recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that the Group receives to cover expenses are recognised in profit or loss on a systematic basis in the periods in which those expenses are incurred.

(O) FINANCE INCOME AND FINANCE COSTS

Finance income comprises interest income, net gain on financial assets measured at fair value through profit or loss, and foreign currency gain. Interest income is recognised as it is earned at the contractual interest rate.

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

Finance costs comprise interest expense, net loss on financial assets measured at fair value through profit or loss, and foreign currency loss. Interest expense is recognised in profit or loss at the contractual interest rate.

(P) INCOME TAX

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable on the taxable profit for the financial year as measured using tax rates enacted at the end of the reporting period, and any adjustment to the tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is disclosed in the amount that is expected to be paid when the temporary differences are reversed, based on the laws applicable at the end of the reporting period.

The Group offsets deferred tax assets and liabilities if it has a legally enforceable right to do so and if deferred tax assets and liabilities are related to income tax levied by the same tax authority in relation to the same taxable entity or different taxable entities that intend to realise or receive the net amount or settle their liabilities and reverse assets.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used in the future. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(Q) SEGMENT REPORTING

Since the financial report includes financial statements and accompanying notes of both the Group and the company, only the business segments of the Group are disclosed.

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses relating to transactions between other companies of the Group. The management regularly reviews the operating results of business segments, using them to decide on the allocation of resources to each segment and assess the performance of the Group.

While management monitors detailed information about each operating segment, only the following two reportable segments were defined (this was due to the sensitive nature of information used for the preparation of those financial statements):

- trading and sale of electricity and natural gas;
- self-supply with electricity obtained from the sun, and advanced services.

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ANNUAL REPORT OF THE GEN-I GROUP AND GEN-I, D.O.O.

Notes to the financial statements

Operating segments of the Group in 2023

	TRADING AND SALE	SELF-SUPPLY AND ADVANCED SERVICES	STATEMENT OF PROFIT OR LOSS/STATEMENT OF FINANCIAL POSITION
External revenue	2,812,519,548	70,956,996	2,883,476,545
Inter-segment revenue	0	0	0
Segment profit (loss) before tax	19,230,243	9,742,467	28,972,711
Interest income	1,774,282	8,723	1,783,005
Interest expense	–1,039,296	–2,539,251	–3,578,547
Depreciation and amortisation	–4,227,489	–1,719,335	–5,946,824
Share of profit (loss) of associates and jointly controlled companies under the equity method	876,857	0	876,857
Total assets	462,390,719	94,572,988	556,963,707
Current and non-current operating and financial liabilities	270,927,015	76,879,786	347,806,801
REVENUE GENERATED AT HOME OR ABROAD	**HOME**	**REST OF THE WORLD**	**TOTAL**
Trading and sale	1,015,008,900	1,797,462,067	2,812,470,967
Self-supply and advanced services	68,576,391	2,380,605	70,956,996
Other	15,632	32,949	48,581
TOTAL REVENUE GENERATED AT HOME OR ABROAD	1,083,600,924	1,799,875,621	2,883,476,545

The GEN-I Group manages a single portfolio in which energy sources move between countries; therefore, the generation of profit by individual country is not relevant to the decisions of the management, which is why the revenues of individual operating segments are accounted for separately only as those generated abroad and those generated on the domestic market.

Operating segments of the Group in 2022

	TRADING AND SALE	SELF-SUPPLY AND ADVANCED SERVICES	STATEMENT OF PROFIT OR LOSS/STATEMENT OF FINANCIAL POSITION
External revenue	4,046,407,273	29,721,321	4,076,128,595
Inter-segment revenue	0	0	0
Segment profit (loss) before tax	36,867,103	1,264,832	38,131,935
Interest income	515,211	7,910	523,121
Interest expense	–1,964,237	–355,801	–2,320,038
Depreciation and amortisation	–4,777,255	–365,917	–5,143,172
Share of profit (loss) of associates and jointly controlled companies under the equity method	–29,435	0	–29,435
Total assets	540,374,381	62,711,239	603,085,620
Current and non-current operating and financial liabilities	354,020,056	56,683,675	410,703,731

REVENUE GENERATED AT HOME OR ABROAD	HOME	REST OF THE WORLD	TOTAL
Trading and sale	960,280,294	3,086,103,755	4,046,384,049
Self-supply and advanced services	29,721,322	0	29,721,322
Other	0	23,223	23,223
TOTAL REVENUE GENERATED AT HOME OR ABROAD	990,001,616	3,086,126,978	4,076,128,594

(R) INITIAL APPLICATION OF THE LATEST AMENDMENTS TO EXISTING STANDARDS EFFECTIVE IN THE CURRENT REPORTING PERIOD

In the course of this year the Group applied several of the amendments to the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the EU, and that are required to be applied for reporting periods commencing on or after 1 January 2023. Their adoption did not have a significant impact on disclosures or on the amounts set out in these financial statements, with the exception of the amendments to IAS 12 (International Tax Reform – Pillar Two Model Rules). We are still assessing the impact of the Minimum Tax Act on the GEN-I Group's tax policy and tax liabilities.

STANDARD	NAME
IFRS 17	New IFRS 17 standard (Insurance Contracts), including the amendments to IFRS 17 from June 2020 and December 2021.
Amendments to IAS 1	Presentation of Financial Statements
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules

(S) NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS ISSUED BY THE IASB, ADOPTED BY THE EU BUT NOT YET IN FORCE

As at the day these financial statements were approved, the Group was not applying the following amended International Financial Reporting Standards issued by the IASB, adopted by the EU but not yet in force.

STANDARD	NAME	EFFECTIVE DATE
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024

(T) NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS ISSUED BY THE IASB BUT NOT YET ADOPTED BY THE EU

The International Financial Reporting Standards as adopted by the EU do not currently differ significantly from those adopted by the International Accounting Standards Board (IASB), with the exception of the following new standards and amendments to existing standards that had not been approved by the EU by 3 April 2024.

STANDARD	NAME	ADOPTION STATUS IN EU
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current with Covenants (date of entry into force as determined by the IASB: 1 January 2024)	Not yet adopted in EU
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements (effective date as set by the IASB: 1 January 2024)	Not yet adopted in EU
Amendments to IAS 21	Lack of Exchangeability (effective date as set by the IASB: 1 January 2025)	Not yet adopted in EU
IFRS 14	Regulatory Deferral Accounts (effective date as set by the IASB: 1 January 2016)	The European Commission has decided not to commence the adoption procedure for this transitional standard and will await the final standard.
Amendments to IFRS 10 and IAS 28	Sales or Contributions of Assets Between an Investor and its Associate/ Joint Venture, and further amendments (the IASB has postponed the effective date indefinitely, but early application is permitted).	The approval procedure has been postponed indefinitely, until the research project on the equity method has been completed.

The Group does not expect the adoption of the above standards in upcoming periods to have a material impact on the Group's financial statements.

Accounting for exposure of the portfolio of financial assets and liabilities to risks, the principles of which have not been adopted by the EU, remains unregulated. The Group's assessment is that accounting for exposure of the portfolio of financial assets and liabilities to risks in accordance with **IAS 39 (Financial Instruments: Recognition and Measurement)** will not have a material impact on the financial statements if carried out on the balance-sheet date.

7.4 Material accounting policies of the Company

GEN-I d.o.o. consistently applied the accounting policies set out below for all periods presented in the enclosed financial statements.

(A) FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated into the company's functional currency at the exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency at the exchange rate on the day the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognised in profit or loss and disclosed within finance costs.

(B) INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are calculated at historical cost in the company's financial statements. The company recognises finance income from financial investments in the amount it receives from the distribution of the company's profits that accumulated following the date of acquisition of a particular financial investment.

If an investment is to be impaired in response to internal or external indicators, the amount of impairment loss is measured as the difference between the carrying amount of the investment and its recoverable amount. Under IAS 36, the recoverable amount is the higher of value in use and fair value less costs of disposal. The techniques set out in IAS 36 in conjunction with IFRS 13 are used when measuring the value.

(C) INVESTMENTS IN ASSOCIATES

An investment in a subsidiary is recognised at historical value. If an investment is to be impaired in response to internal or external indicators, the amount of impairment loss is measured as the difference between the carrying amount of the investment and its recoverable amount. Under IAS 36, the recoverable amount is the higher of value in use and fair value less costs of disposal. The techniques set out in IAS 36 in conjunction with IFRS 13 are used when measuring the value.

(D) FINANCIAL INSTRUMENTS

(i) Recognition and initial measurement

Trade receivables, loans and deposits are initially recognised on the date on which they were originated. All other financial assets and liabilities are initially recognised on the date on which the company becomes a party to the contractual provisions of the instrument.

Financial assets (with the exception of trade receivables that do not have a significant financing component) and financial liabilities are initially measured at fair value, plus (for a financial asset or financial liability not measured at FVTPL) transaction costs that are directly attributable to its acquisition or issue. Trade receivables that do not have a significant financing component are initially measured at the trade price.

(ii) Classification and subsequent measurement of financial investments – Guidance

(iii) Classification and subsequent measurement of financial investments – Guidance

On initial recognition, financial instruments are classified into one of the following categories: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI) – investments in debt securities, FVOCI – investments in equity instruments or financial assets measured at fair value through profit or loss (FVTPL).

Financial investments are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial investments, in which case all financial investments affected by the change are reclassified on the first day of the first reporting period following the change.

A financial asset is measured at amortised cost if it is not designated as a financial asset at FVTPL and meets both of the following conditions:

the financial asset is held within a business model whose objective is to hold financial assets to collect the contractual cash flows;

the contractual terms of the financial asset give rise on specified dates to cash flows that are exclusively payments of principal and interest on the outstanding amount of principal.

On initial recognition of an investment in an equity instrument not held for trading, the company may irrevocably elect to present subsequent changes in the fair value of the investment in other comprehensive income. This decision is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivatives (see Note 7.7). The company may, on initial recognition, irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment: Guidance

The company assesses the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way that the business is managed and information is provided to management. The information considered includes:

the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether the management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;

- how the performance of the portfolio is evaluated and reported to the company's management;
- the risks that affect the performance of the business model (and the financial assets managed within that business model) and how those risks are managed;
- how the managers responsible for the business transactions are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected);
- the frequency, volume and timing of sales in prior periods, the reasons for those sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the company's continuing recognition of the assets.

Financial assets not held for trading and those that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment of whether contractual cash flows are solely payments of principal and interest: Guidance

For the purpose of this assessment, the principal is defined as the fair value of the financial assets on initial recognition. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes an assessment of whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features;
- terms that limit the company's claim to cash flows from specified assets (e.g. non recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium according to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant on initial recognition.

Financial assets – Subsequent measurement and gains and losses: Guidance

Financial assets measured at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However, see Note (d)(v) for derivatives designated as hedging instruments.

Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Investments in debt securities measured at fair value through other comprehensive income
These assets are subsequently measured at fair value. Interest income calculated under the effective interest method, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments measured at fair value through other comprehensive income
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the historical cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses: Guidance
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at fair value if it is classified as held for trading, is a derivative or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value, with net gains and losses, including any interest expense, recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost under the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

See Note (b)(v) for financial liabilities designated as hedging instruments.

(iv) Derecognition

Financial assets
The company derecognises a financial asset when the contractual rights to receive the cash flows of a financial asset are extinguished or when the company transfers the rights to the contractual cash flows of a financial asset on the basis of a transaction by which substantially all the risks and rewards of ownership of the financial asset are transferred or by which the company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

The company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities
The company derecognises a financial liability when its contractual obligations expire or are discharged or cancelled. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(vi) Derivatives and hedge accounting

To hedge against market risks resulting from changes in electricity and natural gas prices, the company uses forward contracts and various trading financial instruments. To hedge against currency risks, the Group mainly uses FX forward contracts.

The company uses forward contracts, i.e. contracts on the purchase or sale of the selected underlying instrument with the time limit in the future at the price set out upon conclusion of the contract, both for hedging against market risks due to electricity and natural gas prices and for hedging against currency risks. The prices of forward transactions are determined on the basis of the underlying financial instrument. Upon conclusion, the value of the contract equals zero, since the exercise price (the agreed clearing price) is the same as the forward price. Without considering the costs of delivery, the value of a forward contract upon maturity is the same as the difference between the current price of the underlying instrument upon maturity and the contractual forward price or agreed clearing price. For the duration of the contract, the forward price changes in accordance with changes to current market prices and the residual maturity of the forward contract.

Futures contracts are binding agreements on the purchase or sale of a standard quantity of a precisely described instrument of a standard quality on a standardised day in the future (standard specification), at the price agreed in the present. Standardisation is a prerequisite for stock market trading. The main advantage of standardisation is that it minimises the transaction costs of trading. This means that buyers and sellers do not have to discuss each individual element of a contract every time they conclude a business transaction; rather, they only need to agree the price of each individual forward contract. Transactions are concluded without the goods being physically present. A futures contract only enters into force when it is registered with a clearing (settlement) house. Because it is traded on the stock exchange, a futures contract is freely transferable, while its liquidity is conditional upon the scope of stock exchange trading. By contrast, forward contracts are illiquid because it is practically impossible to exchange them. Whether for purchase or sale, security coverage must be deposited with the clearing house when forward contracts are traded. This security coverage consists of initial coverage and a variation margin.

Derivatives also include option contracts, which are classified by the company on initial recognition into the group of financial assets or financial liabilities at fair value through profit or loss. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If the transaction price is not the same as fair value at the measurement date, the difference in the market assets is recognised in profit or loss.

Contracts to buy or sell a non-financial asset (such as goods) which can be settled net (in cash or by exchanging financial instruments) fall within the scope of application of IFRS 9 and are calculated at fair value, unless they were concluded and are still owned for the purpose of receipt or delivery of a non-financial asset in accordance with the company's expected purchase, sale or usage requirements (own use exemption, IFRS 9.2.4). Purchase contracts that fall within the scope of application of IFRS 9 are classed as derivatives and are valued at their market value through profit or loss, unless the management is able to opt for the calculation of hedging and does so.

Contracts that form the basis for the physical delivery of goods and for which the company has no net settlement practice and which are not concluded for trading, speculative purposes or hedging are calculated as ordinary purchase or sale contracts, i.e. unrecognised executory contracts. Contracts based on which physical delivery of goods is performed and for which the company has a net settlement practice and which also have other purposes in addition to the supply or purchase of electricity or natural gas itself are classed as derivatives and measured at fair value through profit or loss.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are generally recognised in profit or loss.

Financial investments or financial liabilities measured at fair value through profit or loss are remeasured at fair value at least once a year, during the preparation of the annual financial statements. Gains or losses arising from a change in fair value are recognised in profit or loss.

The company performs fair value adjustments for all outstanding derivatives with physical delivery of electricity and gas, concluded bilaterally (OTC – over-the-counter) with partners, for the credit risk/ risk of default (CVA – credit valuation adjustment). More specifically, the net exposure from derivatives is measured at the level of each individual partner; those positions are then considered in the simulation of credit risks at the level of the entire portfolio. All input data considered in the calculation is obtained on the market and is independent.

The CVA depends on:

- Expected future exposure (EAD – exposure at default), which mainly represents the net fair value of all derivatives in relation to each individual partner, calculated on the basis of market prices (Level 1).
- The term structure of the probability of default (PD), which is, because of a lack of CDS (credit default swap) quotations, obtained by the company from an external international provider on an annual basis.
- Loss given default (LGD), which is based on the assessment of credit rating agencies for a specific energy sector.

The CVA amount represents the appropriately evaluated market value of the insurance measure necessary for hedging against the counterparty's credit risk in OTC portfolios of derivatives of the company.

Hedge accounting

The company complies with the hedge accounting requirements for market risks related to changes in the prices of electricity and natural gas, in accordance with IFRS 9.

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Notes to the financial statements

At the inception of certain hedging relationships, the company documents the risk management objective and the hedging implementation strategy. The company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and the hedging instrument are expected to be mutually offset.

At the inception of the hedging relationship, and on an ongoing basis, the company assesses whether a hedging relationship meets the hedging requirements. The assessment relates to expectations and is therefore only forward-looking. A hedging relationship qualifies for hedge accounting only if all of the following criteria are met:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship;
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the company actually uses to hedge that quantity of hedged item.

At each reporting date the company measures the hedge ineffectiveness, i.e. the extent to which the changes in the fair value or the cash flows of the hedging instrument are greater or less than those on the hedged item.

Ineffectiveness is measured as the difference between the change in the publicly announced price (stock exchange) between the hedging instrument and the hedged item. Under the GEN-I company's hedging policy, the ineffective part is the discrepancy between the change in the price of the hedged item and the hedging instrument.

Fair value hedging

The company accounts for fair value hedges of price change risks for futures and forward contracts by immediately recognising any changes in the fair value of the derivative in profit or loss. Any gains or losses for hedged items attributable to the hedged risk are corrected to the carrying value of the hedged item and recognised in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the cumulative change in the fair value of the firm commitment attributable to the hedged risk subsequent to its designation is recognised as an asset or a liability with a corresponding gain or loss recognised in profit or loss. The initial carrying amount of the asset or the liability that results from the company meeting the firm commitment is adjusted to include the cumulative change in the fair value of the firm commitment attributable to the hedged risk that was previously recognised in the statement of financial position.

(E) EQUITY

Share capital is the called-up capital of shareholders. The entire equity of the company comprises the share capital, legal reserves, fair value reserve, translation reserve and retained net profit or loss.

(F) PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

Property, plant and equipment are disclosed at historical cost, less accumulated depreciation and any accumulated impairment losses.

Historical cost includes the costs that can be directly attributed to the acquisition of a specific asset. Costs within the framework of a produced asset comprise the costs of materials, direct labour costs, and other costs that can be directly ascribed to making the asset fit for its intended use, and the costs of decommissioning and removal, the costs of restoring the site at which the property, plant or equipment was located, and the capitalised borrowing costs. Purchased software that is integral to the functionality of the assets must be capitalised as part of that equipment.

If parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Subsequent expenditure

The costs of replacing a certain part of an item of property, plant and equipment are recognised at the carrying amount of the asset if it is probable that it will increase the future economic benefits embodied in that part of the asset and its historical cost can be reliably measured. All other costs (e.g. the costs of daily maintenance) are recognised as expenses in profit or loss as soon as they are incurred.

(iii) Spare parts

Spare parts and servicing equipment of lesser value with a useful life of up to one year are usually carried as inventory and recognised as expenses in profit or loss. Spare parts and servicing equipment of higher value with an expected useful life of more than one year are recognised as property, plant and equipment.

(iv) Depreciation

The depreciation is calculated according to the straight-line method by taking into consideration the useful life of each individual part of a tangible asset; this method most accurately reflects the expected pattern of use of the asset. Leased assets are depreciated by taking into consideration the duration of the lease and its useful life. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- buildings: 33 years;
- fixtures and fittings: 16 years;
- plant and equipment: 2–5 years.

Investments in foreign fixed assets are depreciated during the term of the lease (1–10 years).

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted where appropriate. The evaluations of the useful life of plant and equipment were not adjusted during the financial year.

(G) RIGHT-OF-USE ASSETS

Under IFRS 16, a lessee recognises assets and liabilities arising from a lease. A right-of-use asset is treated in a similar way to other non-financial assets and is depreciated accordingly. A lease liability is initially measured at the present value of lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee must use the incremental borrowing rate. Lessors classify leases as either an operating or a finance lease, depending on the nature of the lease in question. A lease is defined as a finance lease if nearly all of the risks and rewards incidental to ownership of the asset are transferred under that lease. Otherwise a lease is classified as an operating lease. The lessor recognises finance income based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The lessor recognises payments from operating lease income as income on a straight-line basis, unless another systematic basis is more representative of the time pattern in which use benefit is derived from the leased asset.

The company examines and analyses lease contracts concluded for a duration of more than one year. Based on the costs of a lease and the duration of the lease agreements, it estimates the value of the right-of-use assets and lease liabilities, and recognises them in the statement of financial position. The values of right-of-use assets and lease liabilities are estimated on the basis of the discounting of future cash flows over the lease term. Cash flows are discounted using interest rates realised by the company in the financing of non-current loans, and fluctuate between 1.7% and 2.8%. The costs of depreciation are calculated using depreciation rates estimated on the basis of the remaining term of the leases.

The company uses a standard approach to the recognition and measurement of all leases, with the exception of short-term leases and leases of low-value assets of less than USD 5,000. Lease payments for leases of low-value assets and short-term leases are disclosed by the company as a cost in the period to which the lease relates.

(H) INTANGIBLE ASSETS

(i) Capitalised development costs

Development costs are the costs of transferring research findings or knowledge to a plan or project to produce new or substantially improved products or services before they are produced or rendered for sale.

The company capitalises development costs if the following conditions are met:

- professional completion of the project in order to make it available for use or sale is feasible;
- there is an intention to complete a project and use or sell it;
- the project can be used or disposed of;
- it is likely that economic benefits will accrue to the project, including the existence of a market for the effects of the project or for the project itself or, if the project is used in the company, its utility;
- technical, financial and other factors are available for the completion of development or for the use or sale of the project;
- the costs attributable to the intangible asset during its development can be reliably measured.

Capitalised development costs comprise direct labour costs and other costs that can be directly attributed to making the asset fit for use.

The company is required to estimate the useful life of the new product and, in accordance with this estimate, carefully allocate the development costs over that useful life so that it facilitates the emergence of economic benefits.

(ii) Other intangible assets

Other intangible assets that are acquired by the company and have finite useful lives are measured at historical cost less accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other costs are recognised as expenses in profit or loss as soon as they are incurred.

(iv) Amortisation

Amortisation is calculated from the historical cost of the asset or another amount standing in for the historical cost.

Amortisation is recognised in profit or loss on a straight-line basis over the useful lives of intangible assets, other than goodwill, from the date that they are available for use. This method most accurately reflects the expected pattern of use of the future economic benefits associated with the asset. The estimated useful lives for current and comparative periods are as follows:

- software: 5–10 years.

Other intangible assets, such as licences for trading and sale, are amortised according to the value of the licence issued.

Amortisation methods, useful lives and other values are reviewed at each reporting date and adjusted where appropriate.

(I) IMPAIRMENT OF ASSETS

(i) Non-derivative financial assets

Financial instruments and contract assets

The company recognises loss allowances for expected credit losses (ECL) for:

- financial assets measured at amortised cost;
- contract assets.

The company measures loss allowances at an amount equal to lifetime ECLs, i.e. ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of expected credit losses

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the company in accordance with the contract and the cash flows that the company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

The company measures the ECLs of trade receivables and contract assets using a loss allowance matrix.

Loss rates are calculated under a “roll rate” method based on the probability of a receivable progressing through successive stages of delinquency to write off. Roll rates are calculated separately for exposures in different segments based on the common credit risk characteristics – type of customer (retail B2B, retail B2C and trading).

The company assesses its exposure to credit risk on the basis of the insurance of receivables and of data and information predictive of the risk of loss (financial information about customers and their financial statements, available press information, past business relationships with customers and future-oriented information).

ECLs from trade receivables and contract assets are calculated for all outstanding receivables and contract assets which are up to 90 days past due, based on loss rates for various time intervals.

Impairments of the value of trade receivables and contract assets are recognised in the amount of 90% of the value of the trade receivable or contract asset that is past due by 90 days or more.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes data on the following circumstances:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- a reprogrammed loan or early repayment by the company under conditions that would otherwise not have been considered by the company;
- the probability that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the financial assets.

Write-off

The gross carrying amount of a financial asset is written off when the company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof, i.e. in the case of a final judicial ruling on the completion of bankruptcy, composition or enforcement proceedings or in relation to financial assets that the company does not expect to recover. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company’s recovery procedures.

(ii) Cash, cash equivalents and other financial investments

ECLs for other financial assets are measured on the basis of the credit rating of the country in which the financial assets are placed.

(iii) Non-financial assets

At each reporting date, the company reviews the residual carrying amount of its non financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment of goodwill and intangible assets with an unlimited useful life that are not yet available for use is examined at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value, less the costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows.

Impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

For other assets, the company evaluates the impairment losses in previous periods on the balance-sheet date in order to ascertain whether there has been a reduction in the losses or if they even exist at all. An impairment loss is reversed if there has been a change in the estimates on which the company determines the recoverable amount of an asset. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in previous years.

(J) INVENTORIES

Inventories of merchandise and materials are measured at the lower of historical cost and net realisable value. However, an exception applies to valuation of inventories for broker traders, where it is more appropriate to make the valuation at fair value less the costs of disposal. The management makes an assessment to ensure that the criteria for applying this exception have been met.

The fair value is the market price on the day of entry into inventories. The inventories are revalued at the market value applicable on the day the statement of financial position is compiled, less the costs of disposal. All discrepancies (positive and negative) between the fair value as calculated at the balance-sheet date and the carrying amount are included in profit or loss.

(K) EMPLOYEE BENEFITS

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(L) PROVISIONS

Provisions are recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions for termination benefits and jubilee benefits

In accordance with the applicable legislation, the collective agreement and internal rules, the company is obliged to pay jubilee benefits to employees and termination benefits at retirement. Non-current provisions are created for these purposes. The company has no other pension liabilities. The provisions are created in the amount of the estimated future payments for termination benefits and jubilee benefits, discounted to the end of the reporting period.

In 2023 the company created non-current provisions for jubilee benefits and termination benefits at retirement as the current value of future payments necessary for the settlement of obligations arising from employees' employment in the current and previous periods, by taking into account the costs of termination benefits at retirement and the costs of all expected jubilee bonuses until the day of retirement. Based on the published yields of high-quality corporate bonds (rating AA) denominated in EUR as at 31 December 2023, the discount rate for the calculation as at 29 December 2023 amounted to 3.3%.

Labour costs and interest costs are recognised in profit or loss, while the recalculation of post-employment benefits and unrealised actuarial gains or losses from termination benefits at retirement is recognised as a capital item in other comprehensive income.

(M) REVENUE

(i) Revenue from contracts with customers

The company recognises revenue from its core business activities on a gradual basis. In an electricity or natural gas supply contract, the seller gradually transfers control while the buyer simultaneously obtains and uses the benefits of the implementation of the obligation of the seller as it is being implemented; in doing so, the seller fulfils its performance obligation and recognises income gradually, through the measurement of progress towards the complete fulfilment of the performance obligation of the supply of electricity or natural gas according to the output method, i.e. the method of calculated amounts based on the quantities of electricity or natural gas supplied. The same method is used for the sale of small power plants and services.

The company generates by far the greatest amount of revenue through trading, while a smaller (but nevertheless important) source of revenue comes from the sale of electricity and natural gas to end customers. The company also generates revenue from a number of other sources; however, these tend to constitute only a negligible part of the revenue structure.

The company recognises revenue when it complies with its performance obligation with the transfer of the promised goods or services, i.e. the supply of electricity and natural gas, or when the buyer obtains control over a particular asset. When determining the transaction price, the company complies with the conditions set out in the contract in question. The transaction price is the amount of compensation to which the company expects to be entitled in exchange for the transfer of electricity and natural gas to the buyer, with the exception of amounts that are being collected on behalf of third parties. The compensation promised in the contract concluded with the buyer includes the fixed amounts of the supplied quantities of electricity and gas in the field of trading and supply to end customers.

For the energy supplied to customers in the current period which will be invoiced to them at the beginning of the next period, the company recognises contractual assets amounting to the evaluated value of the energy (electricity or natural gas) supplied. The amount is evaluated based on the concluded contracts and information about the energy supplied to each individual customer.

The amounts invoiced to end customers, which substantially represent the amounts collected in the name and on behalf of third parties, are not recognised as revenue.

(ii) Revenue from services provided

Revenue from services provided is recognised in profit or loss with regard to the stage of completion of the transaction at the end of reporting period. The stage of completion is estimated by means of a survey of work performed.

(iii) Commission

Where the company acts as an intermediary and not as the main party in a transaction, revenue is recognised in the amount of the net amount of the commission of the company.

(iv) Rental income

Rental income is recognised as income on a straight-line basis over the lease term.

(N) GOVERNMENT GRANTS

Government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the company will comply with the conditions associated with the grant. Grants are subsequently recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that the company receives to cover expenses are recognised in profit or loss on a systematic basis in the periods in which those expenses are incurred.

The company’s policy for recognising and measuring state aid related to the additional measures for mitigating the consequences of the Covid-19 pandemic is to record the impacts on the basis of the net principle, which entails reducing labour costs.

(O) FINANCE INCOME AND FINANCE COSTS

Finance income comprises dividend income from interests in subsidiaries and associates, interest income, net gain on financial assets measured at fair value through profit or loss, and foreign currency gain. Interest income is recognised as it is earned at the contractual interest rate.

Dividend income is recognised in profit or loss on the date on which the company’s right to receive payment is established.

Finance costs comprise interest expense, net loss on financial assets measured at fair value through profit or loss, and foreign currency loss. Interest expense is recognised in profit or loss at the contractual interest rate.

(P) INCOME TAX

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable on the taxable profit for the financial year as measured using tax rates enacted at the end of the reporting period, and any adjustment to the tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is disclosed in the amount that is expected to be paid when the temporary differences are reversed, based on the laws applicable at the end of the reporting period.

The company offsets deferred tax assets and liabilities if it has a legally enforceable right to do so and if deferred tax assets and liabilities are related to income tax levied by the same tax authority in relation to the same taxable entity or different taxable entities that intend to realise or receive the net amount or settle their liabilities and reverse assets.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used in the future. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(Q) SEGMENT REPORTING

An operating segment is a component of the company that engages in business activities from which it earns revenues and incurs expenses relating to transactions between other companies of the Group.

Since the financial report includes financial statements and accompanying notes of both the Group and the company, only the business segments of the Group are disclosed.

(S) INITIAL APPLICATION OF THE LATEST AMENDMENTS TO EXISTING STANDARDS EFFECTIVE IN THE CURRENT REPORTING PERIOD

In the course of this year the company applied several of the amendments to the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the EU, and that are required to be applied for reporting periods commencing on or after 1 January 2023. Their adoption did not have a significant impact on disclosures or on the amounts set out in these financial statements, with the exception of the amendments to IAS 12 (International Tax Reform – Pillar Two Model Rules). We are still assessing the impact of the Minimum Tax Act on the tax policy and tax liabilities of GEN-I, d.o.o.

STANDARD	NAME
IFRS 17	New IFRS 17 standard (Insurance Contracts), including the amendments to IFRS 17 from June 2020 and December 2021.
Amendments to IAS 1	Presentation of Financial Statements
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules

(T) NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS ISSUED BY THE IASB, ADOPTED BY THE EU BUT NOT YET IN FORCE

As at the day these financial statements were approved, the company was not applying the following amended International Financial Reporting Standards issued by the IASB, adopted by the EU but not yet in force.

STANDARD	NAME	EFFECTIVE DATE
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024

(U) NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS ISSUED BY THE IASB BUT NOT YET ADOPTED BY THE EU

The International Financial Reporting Standards as adopted by the EU do not currently differ significantly from those adopted by the International Accounting Standards Board (IASB), with the exception of the following new standards and amendments to existing standards that had not been approved by the EU by 3 April 2024.

STANDARD	NAME	ADOPTION STATUS IN EU
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current with Covenants (effective date as set by the IASB: 1 January 2024)	Not yet adopted in EU
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements (effective date as set by the IASB: 1 January 2024)	Not yet adopted in EU
Amendments to IAS 21	Lack of Exchangeability (effective date as set by the IASB: 1 January 2025)	Not yet adopted in EU
IFRS 14	Regulatory Deferral Accounts (effective date as set by the IASB: 1 January 2016	The European Commission has decided not to commence the adoption procedure for this transitional standard and will await the final standard
Amendments to IFRS 10 and IAS 28	Sales or Contributions of Assets Between an Investor and its Associate/Joint Venture, and further amendments (the IASB has postponed the effective date	The approval procedure has been postponed indefinitely, until the research project on the equity method has been completed.

The company does not expect the adoption of the above standards in upcoming periods to have a material impact on the Group's/company's financial statements.

Accounting for exposure of the portfolio of financial assets and liabilities to risks, the principles of which have not been adopted by the EU, remains unregulated. The company's assessment is that accounting for exposure of the portfolio of financial assets and liabilities to risks in accordance with IAS 39 (Financial Instruments: Recognition and Measurement) will not have a material impact on the financial statements if carried out on the balance-sheet date.

7.5 Consolidated and separate statements of cash flows

The company and Group prepare statements of cash flows using the indirect method.

7.6 Notes to the financial statements

7.6.1 Note 1: **Property, plant and equipment**

	GEN-I GROUP		GEN-I, D.O.O.	
PROPERTY, PLANT AND EQUIPMENT	2023	2022	2023	2022
Land	4,772,381	2,470,248	2,445,049	2,445,049
Buildings	2,947,064	3,133,578	2,446,787	2,622,962
Production plant and machinery	12,173,512	12,796,963	0	0
Other plant and equipment	4,039,506	3,868,249	1,384,275	2,316,075
Property, plant and equipment under construction, and advances	1,615,205	770,705	888,607	475,066
TOTAL PROPERTY, PLANT AND EQUIPMENT	25,547,668	23,039,743	7,164,718	7,859,152

The bulk of the company’s property, plant and equipment comprises the building and corresponding plot of land at Kromberk and Brdo. At Group level, this is joined by an investment in a solar power plant in North Macedonia and the purchase of the enterprise with corresponding land. The remainder of other plant and equipment at the company and Group comprises vehicles, computer equipment, fixtures and fittings, and other equipment.

The property, plant and equipment of the company and the Group are free of encumbrance.

Investments in property, plant and equipment at the GEN-I Group totalled EUR 5,354,038 in 2023. These investments related to the acquisition of land along with an investment in an enterprise in North Macedonia (EUR 2,302,133) and other investments in computer equipment, the purchase of office furniture and other equipment, and investments in foreign fixed assets.

Investments in property, plant and equipment at GEN-I, d.o.o. totalled EUR 899,944 (computer equipment, purchase of office furniture and other equipment, and investments in foreign fixed assets).

Changes in property, plant and equipment of the GEN-I Group

PROPERTY, PLANT AND EQUIPMENT	LAND	BUILDINGS	PRODUCTION PLANT AND MACHINERY	OTHER PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION, AND ADVANCES	TOTAL
HISTORICAL COST						
BALANCE AS AT 1/1/2022	2,470,248	7,327,591	0	11,896,045	597,688	22,291,572
New acquisitions	0	0	0	0	12,479,674	12,479,674
Assets internally developed	0	0	0	0	31,015	31,015
Write-offs	0	–614,328	0	–425,552	0	–1,039,880
Disposals	0	0	0	–473,781	0	–473,781
Transfers from/to intangible assets	0	0	0	0	2,668,065	2,668,065
Transfers within property, plant and equipment	0	112,484	13,124,965	1,768,414	–15,005,863	0
Foreign exchange differences	0	0	0	–334	126	–208
BALANCE AS AT 31/12/2022	2,470,248	6,825,747	13,124,965	12,764,792	770,705	35,956,457
ACCUMULATED DEPRECIATION						
BALANCE AS AT 1/1/2022	0	4,037,257	0	7,777,650	0	11,814,907
Acquisitions through business combinations	0	0	0	0	0	0
Write-offs	0	–614,328	0	–425,552	0	–1,039,880
Disposals	0	0	0	–296,391	0	–296,391
Transfers from/to intangible assets	0	0	0	1,198	0	1,198
Foreign exchange differences	0	0	712	–465	0	247
Depreciation in the period	0	269,240	327,290	1,840,104	0	2,436,634
BALANCE AS AT 31/12/2022	0	3,692,169	328,002	8,896,544	0	12,916,715
CARRYING AMOUNT AS AT 1/1/2022	2,470,248	3,290,334	0	4,118,395	597,688	10,476,665
CARRYING AMOUNT AS AT 31/12/2022	2,470,248	3,133,578	12,796,963	3,868,249	770,705	23,039,743

PROPERTY, PLANT AND EQUIPMENT	LAND	BUILDINGS	PRODUCTION PLANT AND MACHINERY	OTHER PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION, AND ADVANCES	TOTAL
HISTORICAL COST						
BALANCE AS AT 1/1/2023	2,470,248	6,825,747	13,124,965	12,764,792	770,705	35,956,457
New acquisitions	0	0	0	0	5,354,038	5,354,038
Write-offs	0	–1,814	0	–194,010	0	–195,824
Disposals	0	0	0	–105,033	0	–105,033
Transfers from/to intangible assets	0	0	0	39,053	0	39,053
Transfers within property, plant and equipment	2,302,133	94,905	154,094	1,926,178	–4,477,310	0
Other transfers	0	0	0	0	–32,236	–32,236
Foreign exchange differences	0	0	–4,700	390	8	–4,302
BALANCE AS AT 31/12/2023	4,772,381	6,918,838	13,274,359	14,431,370	1,615,205	41,012,153
ALLOWANCE						
BALANCE AS AT 1/1/2023	0	3,692,169	328,002	8,896,544	0	12,916,715
Write-offs	0	–1,814	0	–193,390	0	–195,203
Disposals	0	0	0	–75,100	0	–75,100
Transfers from/to intangible assets	0	0	0	34,890	0	34,890
Other transfers	0	0	–109,295	4,180	0	–105,115
Foreign exchange differences	0	0	987	168	0	1,155
Depreciation in the period	0	281,419	881,153	1,724,572	0	2,887,143
BALANCE AS AT 31/12/2023	0	3,971,774	1,100,847	10,391,864	0	15,464,485
CARRYING AMOUNT AS AT 1/1/2023	2,470,248	3,133,578	12,796,963	3,868,249	770,705	23,039,743
CARRYING AMOUNT AS AT 31/12/2023	4,772,381	2,947,064	12,173,512	4,039,506	1,615,205	25,547,667

Changes in property, plant and equipment of GEN-I, d.o.o.

PROPERTY, PLANT AND EQUIPMENT	LAND	BUILDINGS	OTHER PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION, AND ADVANCES	TOTAL
HISTORICAL COST					
BALANCE AS AT 1/1/2022	2,445,049	5,245,374	8,989,996	563,070	17,243,490
New acquisitions	0	0	0	1,077,543	1,077,543
Write-offs	0	–611,983	–423,249	0	–1,035,233
Disposals	0	0	–299,991	0	–299,991
Transfers within property, plant and equipment	0	112,484	1,053,062	–1,165,547	0
BALANCE AS AT 31/12/2022	2,445,049	4,745,875	9,319,818	475,066	16,985,809
ALLOWANCE					
BALANCE AS AT 1/1/2022	0	2,518,904	6,109,282	0	8,628,186
Write-offs	0	–611,983	–423,249	0	–1,035,232
Disposals	0	0	–196,609	0	–196,609
Depreciation in the period	0	215,992	1,514,319	0	1,730,312
BALANCE AS AT 31/12/2022	0	2,122,913	7,003,743	0	9,126,656
CARRYING AMOUNT AS AT 1/1/2022	2,445,049	2,726,471	2,880,713	563,070	8,615,303
CARRYING AMOUNT AS AT 31/12/2022	2,445,049	2,622,962	2,316,075	475,066	7,859,152
HISTORICAL COST					
BALANCE AS AT 1/1/2023	2,445,049	4,745,875	9,319,818	475,066	16,985,809
New acquisitions	0	0	0	899,944	899,944
Write-offs	0	–1,814	–191,454	0	–193,267
Disposals	0	0	–93,477	0	–93,477
Transfers within property, plant and equipment	0	49,112	437,291	–486,402	0
BALANCE AS AT 31/12/2023	2,445,049	4,793,174	9,472,178	888,607	17,599,009
ALLOWANCE					
BALANCE AS AT 1/1/2023	0	2,122,913	7,003,743	0	9,126,656
Write-offs	0	–1,814	–190,833	0	–192,647
Disposals	0	0	–64,901	0	–64,901
Depreciation in the period	0	225,288	1,339,895	0	1,565,182
BALANCE AS AT 31/12/2023	0	2,346,387	8,087,904	0	10,434,291
CARRYING AMOUNT AS AT 1/1/2023	2,445,049	2,622,962	2,316,075	475,066	7,859,152
CARRYING AMOUNT AS AT 31/12/2023	2,445,049	2,446,787	1,384,275	888,607	7,164,718

We have reclassified several items for 2022 in the table of changes to enable more suitable data comparisons to be made.

7.6.2 Note 2: **Right-of-use assets**

RIGHT-OF-USE ASSETS	GEN-I GROUP 31/12/2023	GEN-I GROUP 31/12/2022	GEN-I, D.O.O. 31/12/2023	GEN-I, D.O.O. 31/12/2022
Buildings	6,204,646	3,286,771	4,443,713	2,654,218
Other	131,013	119,069	52,442	119,069
TOTAL RIGHT-OF-USE ASSETS	6,335,659	3,405,840	4,496,155	2,773,287

The Group and company lease office premises in Ljubljana, Krško, Celje and Maribor, and warehouse premises in Celje; these have been capitalised pursuant to IFRS 16. They also lease licences. The durations of the leases vary, from two to ten years.

Payment of the lessee’s liabilities arising from the lease of assets are not secured. Lease amounts are contractually defined and are fixed.

Changes in right-of-use assets of the GEN-I Group

RIGHT-OF-USE ASSETS	BUILDINGS	VEHICLES	OTHER	TOTAL
HISTORICAL COST				
BALANCE AS AT 01/01/2022	6,273,427	487,330	194,839	6,955,596
New acquisitions	1,146,657	0	0	1,146,657
Disposals	0	–180,211	0	–180,211
Other transfers	0	0	0	0
BALANCE AS AT 31/12/2022	7,420,084	307,119	194,839	7,922,042
ALLOWANCE				
BALANCE AS AT 01/01/2022	2,535,046	487,330	10,824	3,033,200
Disposals	0	–180,211	0	–180,211
Other transfers	41,695	0	0	41,695
Depreciation in the period	1,556,572	0	64,946	1,621,518
BALANCE AS AT 31/12/2022	4,133,312	307,119	75,770	4,516,202
CARRYING AMOUNT AS AT 1/1/2022	3,738,381	0	184,015	3,922,396
CARRYING AMOUNT AS AT 31/12/2022	3,286,771	0	119,069	3,405,840
HISTORICAL COST				
BALANCE AS AT 1/1/2023	7,420,084	307,119	194,839	7,922,042
New acquisitions	5,050,585	0	0	5,050,585
Disposals	0	–78,440	–3,697	–82,137
Termination of lease	–79,486	0	0	–79,486
Other transfers	7,375	0	0	7,375
BALANCE AS AT 31/12/2023	12,398,558	228,679	191,142	12,818,379
ALLOWANCE				
BALANCE AS AT 1/1/2023	4,133,312	307,119	75,770	4,516,202
Disposals	0	0	0	0
Foreign exchange differences	41	0	0	41
Disposals	0	–78,440	0	–78,440
Other transfers	–7,563	0	0	–7,563
Depreciation in the period	1,989,551	0	62,930	2,052,481
BALANCE AS AT 31/12/2023	6,115,339	228,679	138,700	6,482,719
CARRYING AMOUNT AS AT 1/1/2023	3,286,771	0	119,069	3,405,840
CARRYING AMOUNT AS AT 31/12/2023	6,283,218	0	52,442	6,335,659

Changes in right-of-use assets of GEN-I, d.o.o.

RIGHT-OF-USE ASSETS	BUILDINGS	VEHICLES	OTHER	TOTAL
HISTORICAL COST				
BALANCE AS AT 01/01/2022	6,166,504	366,798	194,839	6,728,141
New acquisitions	451,567	0	0	451,567
Disposals	0	–148,541	0	–148,541
BALANCE AS AT 31/12/2022	6,618,071	218,257	194,839	7,031,167
ALLOWANCE				
Balance as at 01/01/2022	2,510,577	366,798	10,824	2,888,199
Disposals	0	–148,541	0	–148,541
Depreciation in the period	1,453,275	0	64,946	1,518,222
BALANCE AS AT 31/12/2022	3,963,852	218,257	75,770	4,257,879
CARRYING AMOUNT AS AT 1/1/2022	3,655,927	0	184,015	3,839,942
CARRYING AMOUNT AS AT 31/12/2022	2,654,218	0	119,069	2,773,287
HISTORICAL COST				
BALANCE AS AT 1/1/2023	6,618,071	218,257	194,839	7,031,167
New acquisitions	3,268,551	0	0	3,268,551
Disposals	0	–78,440	–3,697	–82,137
BALANCE AS AT 31/12/2023	9,886,622	139,817	191,142	10,217,581
ALLOWANCE				
BALANCE AS AT 1/1/2023	3,963,852	218,257	75,770	4,257,880
Disposals	0	–78,440	0	–78,440
Depreciation in the period	1,479,057	0	62,930	1,541,987
BALANCE AS AT 31/12/2023	5,442,909	139,817	138,700	5,721,427
CARRYING AMOUNT AS AT 1/1/2023	2,654,218	0	119,069	2,773,287
CARRYING AMOUNT AS AT 31/12/2023	4,443,713	0	52,442	4,496,155

We have reclassified several items for 2022 in the table of changes to enable more suitable data comparisons to be made.

7.6.3 Note 3: **Intangible assets and goodwill**

INTANGIBLE ASSETS	GEN-I GROUP 31/12/2023	31/12/2022	GEN-I, D.O.O. 31/12/2023	31/12/2022
Non-current deferred operating costs	20,779	18,554	0	0
Goodwill	340,595	339,894	0	0
Other intangible assets	8,465,118	2,774,517	8,402,228	2,636,843
Intangible assets under construction and development, and advances	1,334,412	6,098,165	1,334,412	6,098,165
Capitalised development costs	584,281	798,493	584,281	798,493
TOTAL INTANGIBLE ASSETS	10,745,184	10,029,623	10,320,921	9,533,501

Other intangible assets of the company and the Group mainly include property rights (specifically, software and long-term licences for trading on foreign markets).

Goodwill at the Group increased in 2023 as a result of the purchase of GEN-I KAV SONCE DOOEL in North Macedonia. There were no signs of impairment of goodwill in 2023.

In 2023 investments in intangible assets totalled EUR 1,662,471 at the Group and EUR 1,658,370 at the company. These investments related to software designed to provide IT support to joint offices and trading, the support to the sale of electricity to end consumers, and server support.

Capitalised development costs relate to:

- the development of a trading system that will significantly increase trading volumes. The ETRM is also linked to the realisation of higher planned trading volumes, which were activated in 2023;
- support in the field of retail (Mecoms), which facilitates the high-quality calculation of services performed for customers and, of course, all necessary background data analytics.

Today and in the future, these are the two key systems covering the core activities of the GEN-I Group and GEN-I, d.o.o. when it comes to digital transformation.

Changes in the intangible assets of the GEN-I Group

INTANGIBLE ASSETS	NON-CURRENT DEFERRED OPERATING COSTS	GOODWILL	OTHER INTANGIBLE ASSETS	INTANGIBLE ASSETS UNDER CONSTRUCTION AND DEVELOPMENT, ADVANCES AND CAPITALISED DEVELOPMENT COSTS	TOTAL
HISTORICAL COST					
BALANCE AS AT 1/1/2022	16,808	339,894	10,901,028	8,939,060	20,196,790
New acquisitions	0	0	0	2,078,857	2,078,857
Write-offs	0	0	–893,718	0	–893,718
Transfers from/to property, plant and equipment	0	0	0	–2,668,065	–2,668,065
Transfers within intangible assets	1,746	0	1,464,481	–1,466,227	0
Other transfers	0	0	–434,369	0	–434,369
Foreign exchange differences	0	0	1,334	13,033	14,367
BALANCE AS AT 31/12/2022	18,554	339,894	11,038,756	6,896,658	18,293,862
ALLOWANCE					
BALANCE AS AT 1/1/2022	0	0	8,573,275	0	8,573,275
Write-offs	0	0	–889,826	0	–889,826
Transfers from/to property, plant and equipment	0	0	–1,198	0	–1,198
Other transfers	0	0	–434,369	0	–434,369
Foreign exchange differences	0	0	–2,559	0	–2,559
Depreciation in the period	0	0	1,018,916	0	1,018,916
BALANCE AS AT 31/12/2022	0	0	8,264,239	0	8,264,239
CARRYING AMOUNT AS AT 1/1/2022	16,808	339,894	2,327,753	8,939,060	11,623,515
CARRYING AMOUNT AS AT 31/12/2022	18,554	339,894	2,774,517	6,896,658	10,029,623
HISTORICAL COST					
BALANCE AS AT 1/1/2023	18,554	339,894	11,038,756	6,896,658	18,293,862
New acquisitions	0	701	0	1,662,471	1,663,172
Write-offs	0	0	–7,248	0	–7,248
Transfers from/to property, plant and equipment	0	0	–39,053	0	–39,053
Transfers within intangible assets	2,225	0	6,638,211	–6,640,436	0
Foreign exchange differences	0	0	–5,672	0	–5,672
BALANCE AS AT 31/12/2023	20,779	340,595	17,624,995	1,918,693	19,905,061

ALLOWANCE					
BALANCE AS AT 1/1/2023	0	0	8,264,239	0	8,264,239
Write-offs	0	0	–7,248	0	–7,248
Transfers from/to property, plant and equipment	0	0	–34,890	0	–34,890
Other transfers	0	0	0	0	0
Foreign exchange differences	0	0	–3,321	0	–3,321
Depreciation in the period	0	0	941,097	0	941,097
BALANCE AS AT 31/12/2023	0	0	9,159,877	0	9,159,877
CARRYING AMOUNT AS AT 1/1/2023	18,554	339,894	2,774,517	6,896,658	10,029,623
CARRYING AMOUNT AS AT 31/12/2023	20,779	340,595	8,465,118	1,918,693	10,745,184

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Changes in the intangible assets of GEN-I, d.o.o.

INTANGIBLE ASSETS	OTHER INTANGIBLE ASSETS	INTANGIBLE ASSETS UNDER CONSTRUCTION AND DEVELOPMENT, AND ADVANCES	TOTAL
HISTORICAL COST			
BALANCE AS AT 1/1/2022	9,727,465	6,284,029	16,011,494
New acquisitions	0	1,946,381	1,946,381
Write-offs	–893,718	0	–893,718
Transfers within intangible assets	1,333,751	–1,333,751	0
BALANCE AS AT 31/12/2022	10,167,498	6,896,658	17,064,156
ALLOWANCE			
BALANCE AS AT 1/1/2022	7,424,367	0	7,424,367
Write-offs	–889,826	0	–889,826
Depreciation in the period	996,114	0	996,114
BALANCE AS AT 31/12/2022	7,530,655	0	7,530,655
CARRYING AMOUNT AS AT 1/1/2022	2,303,098	6,284,029	8,587,127
CARRYING AMOUNT AS AT 31/12/2022	2,636,843	6,896,658	9,533,501
HISTORICAL COST			
BALANCE AS AT 1/1/2023	10,167,498	6,896,658	17,064,156
New acquisitions	0	1,658,370	1,658,370
Write-offs	–7,248	0	–7,248
Transfers within intangible assets	6,636,335	–6,636,335	0
BALANCE AS AT 31/12/2023	16,796,585	1,918,693	18,715,278
ALLOWANCE			
BALANCE AS AT 1/1/2023	7,530,655	0	7,530,655
Write-offs	–7,248	0	–7,248
Depreciation in the period	870,951	0	870,951
BALANCE AS AT 31/12/2023	8,394,357	0	8,394,357
CARRYING AMOUNT AS AT 1/1/2023	2,636,843	6,896,658	9,533,501
CARRYING AMOUNT AS AT 31/12/2023	8,402,228	1,918,693	10,320,921

7.6.4 Note 4: **Investment property**

INVESTMENT PROPERTY	GEN-I GROUP 31/12/2023	GEN-I GROUP 31/12/2022	GEN-I, D.O.O. 31/12/2023	GEN-I, D.O.O. 31/12/2022
Investment property – buildings	1,239,443	1,305,547	0	0
Investment property – land	403,525	403,525	0	0
TOTAL INVESTMENT PROPERTY	1,642,968	1,709,072	0	0

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Notes to the financial statements

In 2018 GEN-I Sofia SpLLC acquired an additional investment property in Bulgaria in the course of bankruptcy proceedings against the Bulgarian electricity supplier. The company now leases that property. Since the carrying amount of investment properties does not exceed their fair value, which stands at EUR 5,814,400, no requirement for impairment was identified.

INVESTMENT PROPERTY	INVESTMENT PROPERTY – BUILDINGS	INVESTMENT PROPERTY – LAND	TOTAL
HISTORICAL COST			
BALANCE AS AT 1/1/2022	1,652,592	403,525	2,056,117
New acquisitions	0	0	0
BALANCE AS AT 31/12/2022	1,652,592	403,525	2,056,117
ALLOWANCE			
BALANCE AS AT 1/1/2022	280,941	0	280,941
Depreciation in the period	66,104	0	66,104
BALANCE AS AT 31/12/2022	347,044	0	347,044
CARRYING AMOUNT AS AT 1/1/2022	1,371,651	403,525	1,775,176
CARRYING AMOUNT AS AT 31/12/2022	1,305,547	403,525	1,709,072
HISTORICAL COST			
BALANCE AS AT 1/1/2023	1,652,592	403,525	2,056,117
New acquisitions	0	0	0
BALANCE AS AT 31/12/2023	1,652,592	403,525	2,056,117
ALLOWANCE			
BALANCE AS AT 1/1/2023	347,044	0	347,044
Depreciation in the period	66,104	0	66,104
BALANCE AS AT 31/12/2023	413,148	0	413,148
CARRYING AMOUNT AS AT 1/1/2023	1,305,547	403,525	1,709,072
CARRYING AMOUNT AS AT 31/12/2023	1,239,443	403,525	1,642,968

7.6.5 Note 5: **Investments in subsidiaries and associates**

Investments in subsidiaries

INVESTMENTS IN SUBSIDIARIES	GEN-I GROUP 31/12/2023	31/12/2022	GEN-I, D.O.O. 31/12/2023	31/12/2022
Value of investments in subsidiaries	0	0	15,864,039	15,414,039
TOTAL INVESTMENTS IN SUBSIDIARIES	0	0	15,864,039	15,414,039

As at 31 December 2023, investments in the subsidiaries of parent company GEN-I, d.o.o. stood at EUR 15,864,039. The value of these investments increased in comparison with the previous year on account of the EUR 450,000 recapitalisation of GEN-I ESCO d.o.o. by parent company GEN-I, d.o.o. (the Group's ownership interest did not change). When compiling the financial statements, the company's management assessed whether there were any indicators of impairment of financial investments in subsidiaries as at 31 December 2023. The assessment concluded that impairment indicators only existed in relation to GEN-I Energia S.r.l., GEN-I Sofia SpLLC and LLC GEN-I Kiev.

The management's assessment is that, given the planned additional activities by GEN-I Energia S.r.l., there are no grounds for impairment. In relation to the subsidiary GEN-I Sofia SpLLC in Bulgaria, a decision was taken, on the basis of an evaluation of investment properties, that there were no grounds for impairment. A decision was also taken not to impair the investment in the Ukrainian subsidiary LLC GEN-I Kiev in response to the current social and political situation.

SUBSIDIARIES	REGISTERED OFFICE OF COMPANY	OWNERSHIP INTEREST		CARRYING AMOUNT OF INVESTMENT		EQUITY OF SUBSIDIARY		NET PROFIT OR LOSS OF SUBSIDIARY	
		31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
GEN-I Athens SMLLC	6 Anapafseos Street, 15126 Marousi, Grčija	100.00%	100.00%	600,000	600,000	1,148,101	936,470	404,630	202,660
GEN-I d.o.o. Beograd	Vladimira Popovića 6, 11070 Beograd, Srbija	100.00%	100.00%	150,000	150,000	1,430,416	1,350,556	568,271	692,798
GEN-I SONCE d.o.o.	Dunajska cesta 119, 1000 Ljubljana, Slovenija	100.00%	100.00%	1,000,000	1,000,000	13,208,630	5,998,951	7,145,944	1,055,599
GEN-I Istanbul, Ltd. Şti	Grand Pera, Hüseyinağa Mahallesi, İstiklal Cd. No: 56/58, Kat No: 3, Daire No: 5, 34435 Beyoğlu/İstanbul	99.00%	99.00%	844,566	844,566	434,145	371,123	367,592	137,178
Gen-I Energia S.r.l.	Corso di Porta Romana 6, 20122 Milano, Italija	100.00%	100.00%	380,000	380,000	162,666	346,169	–183,497	–180,861
GEN-I Prodažba	Bulevar Partizanski odredi 15A/1, 1000 Skopje, Makedonija	100.00%	100.00%	39,951	39,951	562,429	468,217	453,230	358,767
GEN-I d.o.o. Sarajevo	Ul. Fra Anđela Zvizdovića br. 1, 71000 Sarajevo, Bosna in Hercegovina	100.00%	100.00%	512,847	512,847	688,570	813,581	177,279	302,290
GEN-I Sofia SpLLC	Bulgaria Blvd., residential quarter Bokar, Office Building 19C/D, 1404 Sofija, Bolgarija	100.00%	100.00%	100,830	100,830	–2,843,457	–2,749,335	–95,262	133,759
GEN-I Tirana Sh.p.k.	Ish-Noli Business Center, Rruga Ismail Qemali Nr. 27, 1001 Tirana, Albanija	100.00%	100.00%	46,452	46,452	398,119	414,665	253,454	170,908
Gen-I Vienna GmbH	Heinrichsgasse 4, 1010 Dunaj, Avstrija	100.00%	100.00%	50,000	50,000	1,961,010	1,524,156	436,273	711,246
GEN-I Hrvatska d.o.o.	Radnička cesta 54, 10000 Zagreb, Hrvaška	100.00%	100.00%	991,692	991,692	7,347,408	1,633,254	63,456	638,968
LLC GEN-I Kiev	45-B Olesia Honchara Str., Kyiv, 01054, Ukraine	100.00%	100.00%	248,224	248,224	176,254	319,887	–126,293	–394,508
GEN-I Tbilisi LLC	129a, Aghmashenebeli Avenue, Tbilisi, 0102, Georgia	100.00%	100.00%	50,000	50,000	12,419	19,988	–7,226	–8,504
ELEKTRO ENERGIJA d.o.o.	Dunajska cesta 119, 1000 Ljubljana	100.00%	100.00%	10,149,750	10,149,750	6,981,726	4,138,221	2,843,505	–981,122
GEN-I SONCE DOOEL	Bulevar Partizanski odredi 15A/1, 1000 Skopje, Makedonija	100.00%	100.00%	100,000	100,000	1,158,348	411,665	647,875	401,120
GEN-I ESCO d.o.o.	Ulica Vinka Vodopivca 45A, Kromberk, 5000 Nova Gorica	100.00%	100.00%	500,000	50,000	396,267	–17,710	–36,146	–14,026
GEN-I SUNCE Adria 1 d.o.o.	Radnička cesta 54, 10000 Zagreb, Hrvaška	100.00%	100.00%	99,727	99,727	60,615	99,474	–38,886	–42
TOTAL				15,864,039	15,414,039	33,283,665	16,079,332	12,874,197	3,226,230

Investments of other companies in the Group

OTHER SUBSIDIARIES	REGISTERED OFFICE OF COMPANY	OWNERSHIP INTEREST		CARRYING AMOUNT OF INVESTMENT		EQUITY OF SUBSIDIARY		NET PROFIT OR LOSS OF SUBSIDIARY	
		31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
SOL NAVITAS INVESTICIJE d.o.o. – owner GEN-I ESCO d.o.o.	Opekarniška cesta 15B, 3000 Celje, Slovenija	100.00%	100.00%	128,000	128,000	39,452	46,322	–4,486	14,949
GEN-I Tirana Sh.p.k (Kosovo branch)	Gustav Mayer 16, 10000 Priština, Kosovo	100.00%	100.00%	0	0	40,919	5,886	35,033	134,884
GEN-I SUNCE d.o.o. – owner GEN-I Sonce d.o.o.	Radnička cesta 54, 10000 Zagreb, Hrvaška	100.00%	0	500,000	0	498,737	0	–1,263	0
GEN-I KAV SONCE DOOEL – owner GEN-I SONCE DOOEL	Bulevar Partizanski odredi 15A/1, 1000 Skopje, Makedonija	100.00%	0	2,369,116	0	2,369,733	0	79,221	0
TOTAL				2,997,116	128,000	2,948,841	52,209	108,505	149,833

Investments in associates

INVESTMENTS IN ASSOCIATES	GEN-I GROUP		GEN-I, D.O.O.	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Value of investments in associates	22,471,041	22,450,565	22,551,310	22,551,310
TOTAL INVESTMENTS IN ASSOCIATES	22,471,041	22,450,565	22,551,310	22,551,310

In 2023, the investment in GEN-EL naložbe d.o.o., registered office at Vrbina 17, Krško, remained unchanged from the situation at the end of 2022. The share in the investment remains at 50%. Following an analysis of the articles of association, the Group/company concluded that it did not control GEN-EL naložbe d.o.o.; as a result, that company appears among investments in associates.

As at 31 December 2023, the equity of GEN-EL naložbe d.o.o. totalled EUR 48,257,332 and its net profit EUR 2,290,950.

7.6.6 Note 6: **Financial assets**

	GEN-I GROUP		GEN-I, D.O.O.	
FINANCIAL ASSETS	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Financial assets	353,169	346,902	353,169	346,902
TOTAL FINANCIAL ASSETS	353,169	346,902	353,169	346,902

The financial investments of the Group and the company amounting to EUR 353,169 relate to life insurance with saving contracts signed.

7.6.7 Note 7: **Non-current operating receivables**

	GEN-I GROUP		GEN-I, D.O.O.	
NON-CURRENT OPERATING RECEIVABLES	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Non-current operating receivables	40,595,339	23,141,213	62,105	71,968
TOTAL NON-CURRENT OPERATING RECEIVABLES	40,595,339	23,141,213	62,105	71,968

The Group's non-current operating receivables mainly comprise receivables from the sale of small solar power plants at the GEN-I SONCE d.o.o. subsidiary falling due for payment within one to seven years (contracts for repayment by instalment).

7.6.8 Note 8: **Inventories**

INVENTORIES	GEN-I GROUP 31/12/2023	GEN-I GROUP 31/12/2022	GEN-I, D.O.O. 31/12/2023	GEN-I, D.O.O. 31/12/2022
Material	13,555,908	15,624,180	0	0
Work in progress	4,749,284	8,649,328	0	0
Products and merchandise	6,573,441	7,127,067	6,430,687	7,118,957
TOTAL INVENTORIES	24,878,634	31,400,575	6,430,687	7,118,957

Inventories of material and work in progress are related to the manufacture of small self-supply solar power plants.

The subsidiary GEN-I SONCE d.o.o. provides Slovenian household consumers and small businesses with turnkey micro solar power plants, thus enabling them to secure energy independence.

In addition to the inventory necessary for the construction of solar power plants, a large share of the inventory also consists of physical gas storage provided by the parent company. The company warehouses physical gas intended for resale. On the date of entry into inventory, the gas is evaluated at the market price. At the end of the year, inventories are evaluated at market prices.

The Group and the company disclosed no write-offs as expenses or reversed write-offs as a reduction in expenses arising from inventories in 2023.

The inventories of the Group and the company contain no inventory pledged as security for liabilities.

The Group examined the value of inventories as at 31 December 2023 at those companies that value inventories at historical cost. It was able to conclude that the net realisable value of the inventories was higher than the historical cost of the goods. No impairment of these inventories was therefore necessary in 2023.

7.6.9 Note 9: **Operating receivables**

	GEN-I GROUP		GEN-I, D.O.O.	
OPERATING RECEIVABLES	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Trade receivables – subsidiaries	0	0	43,024,172	69,945,302
Trade receivables – others	136,512,526	101,484,083	112,138,881	76,813,419
TRADE RECEIVABLES	136,512,526	101,484,083	155,163,053	146,758,722
Default interest receivables	241,819	184,354	26,828	17,810
Other receivables	46,623,306	25,150,119	29,402,572	11,194,177
TOTAL OPERATING RECEIVABLES	183,377,650	126,818,556	184,592,453	157,970,708

Trade receivables at the Group totalled EUR 136,512,526 in 2023 (2022: 101,484,083). At the company this figure was, with the addition of receivables from subsidiaries, EUR 155,163,053 (2022: EUR 146,758,722). Other receivables amounting to EUR 46,623,306 at the Group (2022: EUR 25,150,119) and EUR 29,402,572 at the company (2022: 11,194,177 EUR) mostly related to VAT receivables (Group EUR 44,709,698, 2022: EUR 21,198,613; company EUR 27,918,583, 2022: EUR 8,694,646) and other receivables from government institutions and operating receivables on behalf of others.

Some trade receivables on the wholesale electricity market in Southeast Europe are insured by special credit insurance companies. Information on the Group's exposure to credit and market risks and losses due to the impairment of trade receivables can be found in Chapter 7.7.

7.6.10 Note 10: **Contract assets**

	GEN-I GROUP		GEN-I, D.O.O.	
CONTRACT ASSETS	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Current accrued revenues	98,614,893	97,041,629	78,796,952	71,827,471
Current accrued revenues – subsidiaries	0	0	259,292	0
TOTAL CONTRACT ASSETS	98,614,893	97,041,629	79,056,244	71,827,471

Contract assets amounting to EUR 98,614,893 at the Group (2022: EUR 97,041,629) and EUR 79,056,244 at the company (2022: EUR 71,827,471) are mainly current accrued revenues from buyers of electricity and natural gas whose purchases for 2023 will be billed in 2024 under the contractual provisions in place.

The Group and the company calculate the expected credit losses for contract assets (see Note 33).

7.6.11 Note 11: **Advances and other assets**

ADVANCES AND OTHER ASSETS	GEN-I GROUP 31/12/2023	31/12/2022	GEN-I, D.O.O. 31/12/2023	31/12/2022
Current advances and securities granted – subsidiaries	0	0	633,699	1,277,561
Current advances and securities granted – others	5,802,075	8,428,686	1,498,202	5,212,006
Current deferred costs or expenses	6,896,602	8,853,355	5,132,819	5,969,567
Advances for inventories	626,608	5,183,127	0	0
TOTAL ADVANCES AND OTHER ASSETS	13,325,285	22,465,168	7,264,721	12,459,134

Advances and securities granted by the Group of EUR 5,802,075 (2022: EUR 8,428,686) and the company of EUR 2,131,902 (2022: EUR 6,489,567) chiefly concern advances for the purchase of electricity, natural gas and cross-border transmission capacities.

At Group level, advances for inventories of EUR 626,608 (2022: EUR 5,183,127) concern inventories of goods and materials for the construction of solar power plants.

The bulk of the Group's current deferred costs and expenses of EUR 6,896,602 (2022: EUR 8,853,355) and those of the company of EUR 5,132,819 (2022: EUR 5,969,567) comprise deferred expenses for the purchase of cross-border transmission capacities, deferred expenses for the purchase of electricity and natural gas from the first quarter of 2024, and VAT on advances received.

7.6.12 Note 12: **Current financial assets**

FINANCIAL ASSETS	GEN-I GROUP 31/12/2023	31/12/2022	GEN-I, D.O.O. 31/12/2023	31/12/2022
Short-term loans granted – subsidiaries	0	0	70,642,870	55,520,000
Financing interest receivables – subsidiaries	0	0	421,785	178,832
Short-term deposits	39,683	39,794	0	0
TOTAL FINANCIAL ASSETS	39,683	39,794	71,064,655	55,698,834

Interest on short-term loans given to subsidiaries by the parent company GEN-I, d.o.o. that fall due for payment in 2024 is charged in accordance with the interest rates recognised for tax purposes under the Rules on recognised interest rates. They are classified as financial assets measured at amortised cost.

7.6.13 Note 13: **Current derivatives**

CURRENT DERIVATIVES	GEN-I GROUP 31/12/2023	31/12/2022	GEN-I, D.O.O. 31/12/2023	31/12/2022
Derivatives to hedge currency risk	1,755	1,535	1,755	1,535
Firm commitments recognised for fair value hedging	–7,155,328	–96,407,366	–7,155,328	–96,407,366
Fair value of commodity contracts under IFRS 9	–24,133,812	258,007,513	–29,147,957	258,804,696
TOTAL CURRENT DERIVATIVES	–31,287,385	161,601,682	–36,301,530	162,398,866

The fair value of commodity contracts under IFRS 9 at the Group amounting to EUR -24,133,812 (2022: EUR 258,007,513) relates to future periods and is also adjusted for the evaluated business partner credit risk:

- 2024 financial year: EUR -28,825,551;
- 2025 financial year: EUR 4,849,589;
- 2026 financial year: EUR -157,851.

The fair value of commodity contracts under IFRS 9 at the company amounting to EUR -29,147,957 (2022: EUR 258,804,696) relates to future periods and is also adjusted for the evaluated business partner credit risk:

- 2024 financial year: EUR -33,968,550;
- 2025 financial year: EUR 4,897,464;
- 2026 financial year: EUR -76,872.

Firm commitments recognised for fair value hedging at the Group and the company, amounting to EUR -7,155,328 (2022: EUR -96,407,366), mainly consist of fair value adjustments of physical contracts for the purchase and sale of electricity that are hedged using derivatives (futures contracts) and that relate to:

- 2024 financial year: EUR -14,456,120;
- 2025 financial year: EUR 6,615,668;
- 2026 financial year: EUR 685,124.

The significant year-on-year changes stem from the difference between the market and contractual prices and the level of the open positions.

7.6.14 Note 14: **Current income tax receivables**

	GEN-I GROUP		GEN-I, D.O.O.	
CURRENT INCOME TAX RECEIVABLES	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Income tax assets	4,487,140	9,449,300	5,216,914	8,003,521
TOTAL CURRENT INCOME TAX RECEIVABLES	4,487,140	9,449,300	5,216,914	8,003,521

7.6.15 Note 15: **Cash and cash equivalents**

	GEN-I GROUP		GEN-I, D.O.O.	
CASH AND CASH EQUIVALENTS	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Cash in bank accounts	123,688,099	66,740,265	110,652,237	53,406,039
Redeemable term deposits	52,686	30,277	0	2,385
Deposits with a maturity of up to 3 months	181,211	2,548,994	120,175	1,152,680
Cash in hand	755	787	0	0
TOTAL CASH AND CASH EQUIVALENTS	123,922,752	69,320,323	110,772,412	54,561,104

7.6.16 Note 16: **Equity and reserves**

In 2023 the share capital of the Group and the company comprised cash deposits of the owners in the amount of EUR 19,877,610. This figure remained unchanged from the previous year.

Reserves

	GEN-I GROUP		GEN-I, D.O.O.	
RESERVES	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Legal reserves	1,987,761	1,987,761	1,987,761	1,987,761
Fair value reserve	268	134,877	268	134,877
Translation reserve	–1,031,019	–1,192,027	0	0
TOTAL RESERVES	957,010	930,611	1,988,029	2,122,638

The legal reserves of the Group and the company total EUR 1,987,761, which is the same as in 2022. They account for 10% of the share capital. At the Group and the company, fair value reserves arising from actuarial calculations amounted to EUR 268 at the end of 2023 (2022: EUR 134,877).

Foreign exchange differences arising during the recalculation of financial statements of subsidiaries abroad are recognised as a translation reserve in the other comprehensive income of the Group.

Retained earnings

RETAINED EARNINGS	GEN-I GROUP 31/12/2023	31/12/2022	GEN-I, D.O.O. 31/12/2023	31/12/2022
Net profit or loss for the accounting period	24,776,838	29,773,273	8,449,907	30,755,420
Retained earnings	163,545,448	141,800,395	166,635,873	142,552,859
TOTAL RETAINED EARNINGS	188,322,286	171,573,668	175,085,780	173,308,278

The retained earnings of the Group, which amounted to EUR 171,573,668 at the end of last year, was increased by net profit of EUR 29,773,273 (EUR 77,595 was related to the actuarial calculation) and reduced by the liability for payments of dividends to the owners of the parent company (EUR 6,750,000) and by additional corporate income tax charges at the subsidiary GEN-I Hrvatska d.o.o. (EUR 1,355,815).

In the 2023 financial year, the previous years' retained earnings of GEN-I, d.o.o. (EUR 142,552,859) were increased by net profit of EUR 30,755,420 and actuarial gains of EUR 77,595, and reduced pursuant to a resolution of the general meeting that took place in June 2023 and recognised a liability for the payment of dividends to shareholders of EUR 6,750,000. The remaining profit remained undistributed.

Distributable profit

DISTRIBUTABLE PROFIT	GEN-I GROUP 31/12/2023	31/12/2022	GEN-I, D.O.O. 31/12/2023	31/12/2022
Net profit or loss for the accounting period	24,776,838	29,773,273	8,449,907	30,755,420
Retained earnings	163,545,448	141,800,395	166,635,873	142,552,859
Non-current deferred development costs	–584,281	–798,493	–584,281	–798,493
TOTAL DISTRIBUTABLE PROFIT	187,738,005	170,775,175	174,501,499	172,509,785

The distributable profit of GEN-I, d.o.o. as at 31 December 2023 was EUR 174,501,499, and consisted of net profit for the 2023 financial year of EUR 8,449,907, retained earnings from previous years of EUR 166,635,873 and non-current deferred development costs, which reduced the distributable profit by EUR 584,281.

Pursuant to Article 20 of the articles of association and to the provisions of Article 494 of the ZGD-1, the company's Management Board will propose to the general meeting that distributable profit of EUR 8,000,000 be distributed for the 2023 financial year, where, with reference to the provisions of Article 554 of the ZGD-1, this sum will be paid to the two shareholders as follows:

- o shareholder GEN energija d.o.o. 50% (EUR 4,000,000);
- to shareholder GEN-EL d.o.o. 25% (EUR 2,000,000)*.

* Given the mutual capital ties between GEN-I, d.o.o. and GEN-EL naložbe d.o.o., the exercise of rights from participating interests in the other company is limited to no more than one quarter of all the participating interests of the other company (Article 554 of the ZGD-1). Therefore, if capital ties still exist between GEN-I, d.o.o. and GEN-EL naložbe d.o.o. at the moment the decision is taken to divide the distributable profit, GEN-EL naložbe d.o.o. will only be entitled to 25% of the distributable profit earmarked for distribution to the two shareholders, with the bulk of the distributable profit remaining undistributed.

The remaining portion of the distributable profit of EUR 168,501,499 remains undistributed.

7.6.17 Note 17: **Financial liabilities**

	GEN-I GROUP		GEN-I, D.O.O.	
NON-CURRENT FINANCIAL LIABILITIES	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Non-current liabilities based on bonds	0	5,600,000	0	0
TOTAL LONG-TERM BORROWINGS	0	5,600,000	0	0

	GEN-I GROUP		GEN-I, D.O.O.	
CURRENT FINANCIAL LIABILITIES	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Bank loans	321,884	29,976,175	321,884	29,976,175
Current liabilities from bonds	2,800,000	0	0	0
Loans received from others	90,513	0	0	0
Current liabilities for interest	36,769	75,469	0	2,131
Other current financial liabilities	49,356,900	75,325,118	49,356,900	75,325,118
TOTAL SHORT-TERM LOANS	52,606,066	105,376,762	49,678,784	105,303,425

The Group discloses non-current and current financial liabilities arising from bonds. Non-current (EUR 0) and current (EUR 2,800,000) are bonds issued in 2017 at GEN-I SONCE d.o.o. The Group and the company have no non-current financial liabilities.

As at 31 December 2023, the Group and the company had one short-term bank loan of EUR 321,884.

Other current financial liabilities at the Group and the company amounting to EUR 49,356,900 are related to commercial paper with maturity until 8 April 2024.

Loans are initially recognised at fair value less the costs of acquisition. They were measured at amortised cost less repayment of the principal at the reporting date, taking into consideration the costs, discounts and premiums upon acquisition.

Costs and maturity of financial liabilities

In 2017 and 2018 the Group issued bonds with a maturity until 2024. In 2018 the bonds were listed on the regulated market of Ljubljana Stock Exchange. The company has no liabilities based on bonds.

At the reporting date, the Group and company have only current liabilities arising from bank loans in the amount of EUR 321,884 (2022: EUR 29,976,175).

Short-term funding is subject to interest at a fixed interest rate of between 0.75% and 4.738%.

Interest expense for the Group and the company in the 2023 financial year arising from short-term and revolving loans from commercial banks, commercial paper, bonds, finance leases and default interest amounted to EUR 3,578,547 (2022: EUR 2,320,038), and for the company EUR 3,367,605 (2022: EUR 2,135,296).

Current liabilities for interest as at 31 December 2023 were EUR 36,769 at the Group (2022: EUR 75,469) and EUR 0 at the company (2022: EUR 2,131).

The principal of short-term revolving loans with Slovenian commercial banks was reduced by EUR 29,654,291 over the financial year. At the same time, the principal of the bonds issued within the Group, amounting to EUR 2,800,000, was repaid, with the remainder being transferred to the current portion.
In addition, the principal of the commercial paper, amounting to EUR 75,000,000, was repaid in 2023, with new commercial paper also being issued to a value of EUR 50,000,000.

7.6.18 Note 18: **Lease liabilities**

	GEN-I GROUP		GEN-I, D.O.O.	
LEASE LIABILITIES	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Non-current lease liabilities	4,817,323	1,542,335	3,409,543	1,505,632
Current lease liabilities	1,655,280	1,343,338	1,175,701	1,340,994
TOTAL LEASE LIABILITIES	6,472,603	2,885,673	4,585,244	2,846,626

The Group discloses liabilities based on contracts for leased assets concluded, the value of which was calculated in accordance with IFRS 16, among lease liabilities. Note 39 contains information on liquidity risk.

Changes in non-current and current lease liabilities of the GEN-I Group

CHANGES IN NON-CURRENT LEASE LIABILITIES	BUILDINGS	OTHER	TOTAL
BALANCE AS AT 01/01/2022	2,489,135	120,337	2,609,472
Increases	478,020	0	478,020
Transfer to current portion	–1,479,942	–65,215	–1,545,157
BALANCE AS AT 31/12/2022	1,487,213	55,122	1,542,335
BALANCE AS AT 1/1/2023	1,487,213	55,122	1,542,335
Increases	5,723,066	–3,697	5,719,369
Interruption	–153,985	0	–153,985
Transfer to current portion	–2,238,971	–51,425	–2,290,396
BALANCE AS AT 31/12/2023	4,817,322	0	4,817,322

CHANGES IN CURRENT LEASE LIABILITIES	BUILDINGS	OTHER	TOTAL
BALANCE AS AT 01/01/2022	1,232,762	63,937	1,296,699
Transfer from non-current portion	1,479,942	65,215	1,545,157
Interest	72,911	2,635	75,546
Lease payments	–1,507,401	–66,663	–1,574,064
BALANCE AS AT 31/12/2022	1,278,214	65,124	1,343,338
BALANCE AS AT 1/1/2023	1,278,214	65,124	1,343,338
Transfer from non-current portion	2,238,971	51,425	2,290,395
Interest	240,341	4,415	244,754
Termination of lease	–14,652	0	–14,652
Lease payments	–2,141,893	–66,663	–2,208,556
BALANCE AS AT 31/12/2023	1,600,980	54,300	1,655,280

Changes in non-current and current lease liabilities of GEN-I, d.o.o.

CHANGES IN NON-CURRENT LEASE LIABILITIES	BUILDINGS	OTHER	TOTAL
BALANCE AS AT 1/1/2022	2,476,452	120,336	2,596,788
Increases	451,656	0	451,656
Transfer to current portion	–1,477,598	–65,214	–1,542,813
BALANCE AS AT 31/12/2022	1,450,510	55,122	1,505,632
BALANCE AS AT 1/1/2023	1,450,510	55,122	1,505,632
Increases	3,267,318	–3,697	3,263,620
Transfer to current portion	–1,308,285	–51,425	–1,359,710
BALANCE AS AT 31/12/2023	3,409,543	0	3,409,543

CHANGES IN CURRENT LEASE LIABILITIES	BUILDINGS	OTHER	TOTAL
BALANCE AS AT 1/1/2022	1,232,762	63,937	1,296,699
Transfer from non-current portion	1,477,598	65,214	1,542,812
Interest	72,911	2,635	75,546
Lease payments	–1,507,401	–66,663	–1,574,064
BALANCE AS AT 31/12/2022	1,275,870	65,123	1,340,993
BALANCE AS AT 1/1/2023	1,275,870	65,123	1,340,993
Transfer from non-current portion	1,308,285	51,425	1,359,710
Interest	129,962	4,414	134,376
Lease payments	–1,592,716	–66,663	–1,659,378
BALANCE AS AT 31/12/2023	1,121,401	54,300	1,175,701

7.6.19 Note 19: **Non-current trade and other liabilities**

NON-CURRENT TRADE AND OTHER LIABILITIES	GEN-I GROUP 31/12/2023	GEN-I GROUP 31/12/2022	GEN-I, D.O.O. 31/12/2023	GEN-I, D.O.O. 31/12/2022
Non-current trade and other liabilities	0	593,656	0	0
Assets of the consortium fund	61,236	77,860	61,236	77,860
TOTAL NON-CURRENT TRADE AND OTHER LIABILITIES	61,236	671,516	61,236	77,860

7.6.20 Note 20: **Provisions**

PROVISIONS	GEN-I GROUP PROVISIONS FOR TERMINATION BENEFITS AND JUBILEE BENEFITS		GEN-I, D.O.O. PROVISIONS FOR TERMINATION BENEFIT AND JUBILEE BENEFITS	
	2023	2022	2023	2022
OPENING BALANCE AS AT 1/1	1,448,556	1,807,088	1,299,709	1,703,724
Provisions made	557,568	420,076	498,926	370,697
Provisions used	–57,335	–23,831	–50,537	–20,466
Provisions reversed	–95,838	–754,777	–96,499	–754,246
CLOSING BALANCE AS AT 31/12	1,852,951	1,448,556	1,651,599	1,299,709

The Group and the company have formed provisions for jubilee benefits, termination benefits at retirement and severance pay as the current value of the employer's liability to the employee. In 2023 the parent company formed additional provisions of EUR 498,926 and GEN-I Sonce d.o.o. additional provisions of EUR 58,641.

The provisions are created in the amount of the estimated future payments for termination benefits and jubilee benefits, discounted to the end of the reporting period. A calculation is made for each employee, taking into account the costs of termination benefits and the costs of all the expected jubilee benefits until retirement.

The calculation of provisions for post-employment and other non-current employee benefits is based on an actuarial calculation that has been prepared by a certified actuary and that applied the following nominally determined financial assumptions.

Rates of growth in average wages and amounts set out in relevant Slovenian decree:

- For 2024 to 2025, the rates of increase in average wages in Slovenia (monthly and annual) are taken from the Institute of Macroeconomic Analysis and Development's Spring Forecast, September 2023. From 2026 on, average wages in Slovenia are expected to rise in line with inflation (IMF, October 2023) and by 1.4% in real terms.

Rates of growth in wages at the GEN-I Group and GEN-I, d.o.o.

- Basic gross wages and the variable portions of wages at the company are presumed to grow in line with annual inflation, increased by a 0.4% growth in real terms, but no more than the anticipated growth in wages in Slovenia.
- The assumption is that average wages in the EEA will grow in line with average wages in Slovenia.
- The wage growth resulting from promotion is 0.5% of the annual salary.
- The length-of-service increment is 0.5% of the basic salary for every completed year of service, except in the case of some individual contracts.
- A discount rate of 3.3% was set for the calculation as at 31 December 2023 (2022: 3.7%), which reflects the yields on high-quality (AA-rated) corporate bonds denominated in euros as at 29 December 2023, taking into account the average weighted duration of the company's liabilities (based on the calculated amount of liabilities prior to discounting) from the balance-sheet date until repayment as per the type of benefit involved (21.7 years).

GEN-I Group sensitivity analysis

ACTUARIAL ASSUMPTION	CHANGE IN ASSUMPTION* (BY PERCENTAGE POINTS)	CHANGE IN THE PRESENT VALUE OF A LIABILITY FOR JUBILEE BENEFITS AS AT 31/12/2023	JUBILEE BENEFITS AS AT 31/12/2022	TERMINATION BENEFITS AT RETIREMENT AS AT 31/12/2023	TERMINATION BENEFITS AT RETIREMENT AS AT 31/12/2022
Return	+0.5	–22,447	–16,377	–132,611	–103,697
	–0.5	24,556	17,932	150,167	117,824
Wage growth	+0.5	25,191	18,520	151,122	119,202
	–0.5	–23,196	–17,068	–133,775	–105,216
Employee turnover	+0.5	–23,776	–17,335	–138,876	–108,770
	–0.5	23,735	17,143	104,935	79,600

*The lowest employee turnover is assumed to equal 0%.

In accordance with IAS 19, the following sensitivity analysis has been performed in which a calculation is made of how much the current values of the liabilities for jubilee benefits and termination benefits at retirement have changed (as at 31 December 2023, with a comparison with 31 December 2022).

GEN-I, d.o.o. sensitivity analysis

ACTUARIAL ASSUMPTION	CHANGE IN ASSUMPTION* (BY PERCENTAGE POINTS)	CHANGE IN THE PRESENT VALUE OF A LIABILITY FOR JUBILEE BENEFITS AS AT 31/12/2023	JUBILEE BENEFITS AS AT 31/12/2022	TERMINATION BENEFITS AT RETIREMENT AS AT 31/12/2023	TERMINATION BENEFITS AT RETIREMENT AS AT 31/12/2022
Return	0.5	–19,327	–14,449	–121,634	–96,482
	–0.5	21,137	15,818	137,652	109,553
Wage growth	0.5	21,684	16,338	138,525	110,796
	–0.5	–19,972	–15,059	–122,694	–97,864
Employee turnover	0.5	–20,467	–15,291	–127,355	–101,190
	–0.5	20,417	15,104	95,351	73,396

*The lowest employee turnover is assumed to equal 0%..

7.6.21 Note 21: **Deferred income**

DEFERRED INCOME	GEN-I GROUP 31/12/2023	31/12/2022	GEN-I, D.O.O. 31/12/2023	31/12/2022
Deferred income from government grants	359,185	218,911	50,850	94,966
TOTAL DEFERRED INCOME	359,185	218,911	50,850	94,966

The bulk of the recognised deferred income of the Group and the company comprises subsidies received for electric vehicles, which are transferred to income on a monthly basis.

7.6.22 Note 22: **Deferred tax assets**

DEFERRED TAXES RELATING TO	GEN-I GROUP 2023	2022	GEN-I, D.O.O. 2023	2022
Intangible assets, property, plant and equipment	173,975	177,507	173,975	177,484
Property, plant and equipment	1,707	6,604	0	0
Operating receivables	334,882	530,348	0	0
Provisions for termination benefits and jubilee benefits	106,631	111,176	79,793	89,142
Tax losses	9,447	0	0	0
DEFERRED TAX ASSETS (LIABILITIES)	626,642	825,635	253,768	266,626

The Group and the company have formed deferred tax assets for operating receivables, the provisions formed for jubilee benefits and termination benefits, and the differences between the amortisation of intangible assets and the depreciation of property, plant and equipment for business and tax purposes, and tax losses.

Deferred tax assets with an influence on the profit or loss are recognised in profit or loss.

Changes in temporary differences at the GEN-I Group

CHANGES IN TEMPORARY DIFFERENCES IN THE PERIOD	1/1/2022	DISCLOSED IN PROFIT OR LOSS	DISCLOSED IN OTHER COMPERHENSIVE INCOME	31/12/2022	DISCLOSED IN PROFIT OR LOSS	DISCLOSED IN OTHER COMPERHENSIVE INCOME	31/12/2023
Intangible assets, property, plant and equipment	176,500	1,006	1,006	177,506	–3,531	0	173,975
Property, plant and equipment	11,953	–5,348	–5,348	6,604	–4,897	0	1,707
Operating receivables	656,454	–126,108	–126,108	530,348	–195,466	0	334,882
Provisions for termination benefits and jubilee benefits	178,773	–67,596	–67,596	111,177	–4,546	0	106,631
Tax losses	0	0	0	0	9,447	0	9,447
TOTAL	1,023,680	–198,045	–198,045	825,635	–198,993	0	626,642

Changes in temporary differences at GEN-I, d.o.o.

CHANGES IN TEMPORARY DIFFERENCES IN THE PERIOD	1/1/2022	DISCLOSED IN PROFIT OR LOSS	DISCLOSED IN OTHER COMPERHENSIVE INCOME	31/12/2022	DISCLOSED IN PROFIT OR LOSS	DISCLOSED IN OTHER COMPERHENSIVE INCOME	31/12/2023
Intangible assets	176,500	984	0	177,484	–3,509	0	173,975
Provisions for termination benefits and jubilee benefits	161,854	–72,712	0	89,142	–9,349	0	79,793
TOTAL	338,354	–71,728	0	266,626	–12,858	0	253,768

Deferred tax assets for the Group and the company are calculated at the rate of 19%.

Owing to the increase in the corporate income tax rate, the effect to be recognised in the following years is an increase of EUR 24,060.24 in deferred tax expense. The change to the corporate income tax rate will come into effect in 2024.

7.6.23 Note 23: **Current trade and other liabilities**

CURRENT TRADE AND OTHER LIABILITIES	GEN-I GROUP 31/12/2023	GEN-I GROUP 31/12/2022	GEN-I, D.O.O. 31/12/2023	GEN-I, D.O.O. 31/12/2022
Trade liabilities	180,117,210	178,590,336	173,697,493	197,630,648
Current operating liabilities on behalf of others	229,870	229,870	229,870	229,870
Current liabilities towards employees	12,391,749	18,904,488	11,776,358	17,966,433
Current liabilities towards state and other institutions	6,286,804	11,186,170	3,120,221	4,127,565
Current liabilities towards others	274,292	9,048,223	6,702	9,015,928
TOTAL CURRENT TRADE AND OTHER LIABILITIES	199,299,925	217,959,088	188,830,644	228,970,444

The Group's trade liabilities amount to EUR 180,117,210 (2022: EUR 178,590,336) and those of GEN-I, d.o.o., to EUR 173,697,493 (2022: EUR 197,630,648). The increase in these figures is the result of the increase in electricity prices.

Current liabilities towards employees, amounting to EUR 12,391,749 at the Group (2022: EUR 18,904,488) and EUR 11,776,358 at the company (2022: EUR 17,966,433), constitute liabilities for December's salaries, awards and other employee benefits.

The Group's and the company's other tax liabilities towards state and other institutions are mainly liabilities for VAT, excise duty and CO_2, along with taxes and contributions for December's salaries and other employee benefits that the employer is required to pay.

7.6.24 Note 24: **Contract liabilities**

CONTRACT LIABILITIES	GEN-I GROUP 31/12/2023	GEN-I GROUP 31/12/2022	GEN-I, D.O.O. 31/12/2023	GEN-I, D.O.O. 31/12/2022
Current liabilities based on advances	7,298,161	18,747,479	2,018,878	10,290,594
Current deferred income	239,301	645,288	93,065	335,155
TOTAL CONTRACT LIABILITIES	7,537,462	19,392,767	2,111,943	10,625,749

Current operating liabilities based on advances are related to advances arising from the sale of electricity and natural gas to domestic and foreign companies, and advances from the installation of solar power plants.

7.6.25 Note 25: **Other liabilities**

OTHER LIABILITIES	GEN-I GROUP 31/12/2023	31/12/2022	GEN-I, D.O.O. 31/12/2023	31/12/2022
Accrued costs or expenses	48,329,989	56,572,166	45,241,022	44,328,075
TOTAL OTHER LIABILITIES	48,329,989	56,572,166	45,241,022	44,328,075

Accrued costs or expenses, which amount to EUR 48,329,989 at the Group (2022: EUR 56,572,166) and EUR 45,241,022 at the company (2022: EUR 44,328,075), relate mainly to purchases of electricity and natural gas which were taken into account during the preparation of financial statements based on contracts concluded with business partners in 2023 but for which the company had not yet received invoices by the time the annual report was being drafted, and a provision of EUR 32,740,845 created in 2022 for a possible additional contribution liability resulting from the regulatory measures introduced in Southeastern Europe for electricity and gas traders linked to measures to achieve reliable supply to end consumers on electricity and natural gas markets.

7.6.26 Note 26: **Current income tax liabilities**

INCOME TAX LIABILITIES	GEN-I GROUP 31/12/2023	31/12/2022	GEN-I, D.O.O. 31/12/2023	31/12/2022
Income tax liabilities	0	578,292	0	0
TOTAL CURRENT INCOME TAX LIABILITIES	0	578,292	0	0

7.6.27 Note 27: **Contingent liabilities and assets**

	GEN-I GROUP		GEN-I, D.O.O.	
CONTINGENT LIABILITIES	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Guarantees and securities given	112,335,728	148,154,452	112,335,728	148,154,452
Guarantees and securities given – domestic subsidiaries	3,015,152	3,312,603	0	0
Guarantees and securities given – foreign subsidiaries	51,338,191	58,305,592	33,633,703	47,263,349
Other contingent liabilities	112,855,910	116,729,369	8,872,747	10,256,965
TOTAL CONTINGENT LIABILITIES	279,544,981	326,502,016	154,842,178	205,674,766

Contingent liabilities are liabilities arising from bank guarantees that have been issued to the benefit of various beneficiaries by banks at the request of GEN-I, d.o.o. and its subsidiaries. They are performance bonds, tender bonds and guarantees for timely payment for goods and services.

Other contingent liabilities are related to guarantees for the timely payment and framework short-term loans available from banks.

	GEN-I GROUP		GEN-I, D.O.O.	
CONTINGENT ASSETS	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Bank guarantees received	6,698,400	22,388,255	4,731,734	19,101,355
Bills of exchange received	16,553,567	18,673,413	16,553,567	18,673,413
Securities received	12,607,472	14,050,000	6,107,472	11,500,000
Other contingent assets	385,603	1,429,774	0	1,105,104
TOTAL CONTINGENT ASSETS	36,245,042	56,541,442	27,392,773	50,379,872

In addition to contingent liabilities, the Group and the company also have receivables from guarantees, sureties and other contingent receivables received of EUR 36,245,042 at the Group (2022: EUR 56,541,442), and EUR 27,392,773 at the company (2022: EUR 50,379,872). These relate to the securing of timely and reliable payment and to guarantees for securing the proper performance of a business transaction.

7.6.28 Note 28: **Revenue**

SALES REVENUE	GEN-I GROUP 2023	2022	GEN-I, D.O.O. 2023	2022
Revenue from sale of goods and materials	2,753,964,528	3,900,203,930	2,779,347,008	4,144,486,385
Revenue from sale of services	129,463,435	175,901,442	71,458,865	152,509,609
Rental income	48,581	23,223	7,952	26,169
TOTAL SALES REVENUE	2,883,476,545	4,076,128,595	2,850,813,824	4,297,022,163

Revenue from the sale of goods, materials and services of the Group amounting to EUR 2,883,427,964 EUR (2022: EUR 4,076,105,372) comprises revenue from trading in energy products, the supply of electricity and natural gas to end consumers, the sale of services and technologies, and electricity production.

Revenue from the sale of goods, materials and services of the company amounting to EUR 2,850,805,872 (2022: EUR 4,296,995,994) comprise revenue from trading in energy products of EUR 2,399,376,431 (2022: EUR 3,948,033,033) and from the supply of electricity and natural gas to end consumers of EUR 451,429,442 (2022: EUR 348,962,961).

Revenue from the sale of services mainly includes revenue from cross-border transfer capacities and other services related to trading in electricity and natural gas.

The Group and the company recognise revenue from core business activities over time. In an electricity or natural gas supply contract, the seller over time transfers control while the buyer simultaneously obtains and uses the benefits of the implementation of the obligation of the seller as it is being implemented; in doing so, the seller fulfils its performance obligation and recognises revenue over time, through the measurement of progress towards the complete fulfilment of the performance obligation of the supply of electricity or natural gas according to the output method, i.e. the method of calculated amounts based on the quantities of electricity or natural gas supplied. The same method is used for the sale of small power plants and services. Rental income is recognised on a straight-line basis over the lease term.

REVENUE GENERATED AT HOME OR ABROAD	GEN-I GROUP SLOVENIA 2023	 REST OF THE WORLD 2023	 TOTAL	GEN-I, D.O.O SLOVENIA	 REST OF THE WORLD	 TOTAL
Revenue from sale of goods and materials	1,004,770,470	1,749,194,058	2,753,964,528	999,961,742	1,779,385,266	2,779,347,008
Revenue from sale of services	78,814,821	50,648,614	129,463,435	10,818,546	60,640,319	71,458,865
Rental income	15,632	32,949	48,581	7,952	0	7,952
TOTAL REVENUE GENERATED AT HOME OR ABROAD	1,083,600,924	1,799,875,621	2,883,476,545	1,010,788,239	1,840,025,585	2,850,813,824

REVENUE GENERATED AT HOME OR ABROAD	GEN-I GROUP SLOVENIA 2022	 REST OF THE WORLD 2022	 TOTAL	GEN-I, D.O.O SLOVENIA	 REST OF THE WORLD	 TOTAL
Revenue from sale of goods and materials	947,495,705	2,952,708,225	3,900,203,930	948,752,903	3,195,733,482	4,144,486,385
Revenue from sale of services	42,505,913	133,395,529	175,901,442	12,316,812	140,192,797	152,509,609
Rental income	0	23,223	23,223	26,169	0	26,169
TOTAL REVENUE GENERATED AT HOME OR ABROAD	990,001,617	3,086,126,977	4,076,128,595	961,095,884	3,335,926,279	4,297,022,163

In 2023 the Group generated 62.42% of its revenue on foreign markets and 37.58% on the domestic market (the respective figures for the company were 64.51% and 35.49%).

Breakdown of other recurring operating income and expenses

OTHER RECURRING OPERATING INCOME AND EXPENSES	GEN-I GROUP 2023	 2022	GEN-I, D.O.O. 2023	 2022
Fair value from commodity-based contracts	–169,670,176	195,959,801	–175,483,971	192,285,708
Fair value from financial contracts	96,275,696	–65,665,136	96,275,696	–65,665,136
Ineffective part of fair value hedging	3,926,361	–2,567,260	3,926,361	–2,567,260
Fair value from currency contracts	–19,942	2,853,734	–19,942	1,519,265
TOTAL OTHER RECURRING OPERATING INCOME AND EXPENSES	–69,488,060	130,581,139	–75,301,855	125,572,576

7.6.29 Note 29: **Change in value of inventories**

CHANGE IN VALUE OF INVENTORIES	GEN-I GROUP 2023	2022	GEN-I, D.O.O. 2023	2022
Change in value of inventories	−4,054,517	7,009,807	0	0
TOTAL CHANGE IN VALUE OF INVENTORIES	−4,054,517	7,009,807	0	0

7.6.30 Note 30: **Cost of goods, materials and services**

HISTORICAL COST OF GOODS AND MATERIALS SOLD	GEN-I GROUP 2023	2022	GEN-I, D.O.O. 2023	2022
Cost of goods and materials sold	2,712,300,956	4,071,494,367	2,715,791,789	4,302,443,532
TOTAL HISTORICAL COSTS OF GOODS AND MATERIALS SOLD	2,712,300,956	4,071,494,367	2,715,791,789	4,302,443,532

The cost of goods sold comprises the cost of electricity and natural gas and related costs, as well as the cost of goods sold for the construction of small solar power plants.

COST OF MATERIALS	GEN-I GROUP 2023	2022	GEN-I, D.O.O. 2023	2022
Energy costs	861,548	638,898	689,779	517,231
Material and spare parts	127,500	174,627	102,894	153,341
Office supplies	343,283	334,599	319,115	297,980
Other costs of materials	21,722	48,230	14,862	30,404
TOTAL COST OF MATERIALS	1,354,053	1,196,354	1,126,650	998,956

COST OF SERVICES	GEN-I GROUP 2023	2022	GEN-I, D.O.O. 2023	2022
Maintenance	1,627,787	1,664,080	1,254,708	1,528,377
Rents	1,944,382	1,859,031	1,746,345	1,519,215
Bank charges and other fees	2,865,185	3,533,147	2,506,856	2,980,871
Intellectual services	2,832,020	2,238,110	1,824,114	1,347,676
Contractual work, attendance fees and student work	1,113,793	1,150,773	732,436	760,046
Advertising, promotion and public relations	621,257	292,594	215,375	250,738
Sponsorships	511,909	469,899	502,609	454,824
Insurance	887,786	886,277	560,441	647,173
Entertainment	41,476	65,750	19,845	36,022
Employees' work-related travel	221,277	137,047	159,956	86,293
Telecommunications	3,043,927	2,926,018	1,793,269	1,792,592
Transport	284,681	183,477	136,942	124,373
Utility services	48,261	44,214	27,064	22,347
Security and protection	155,234	83,805	53,696	42,989
Cleaning	531,513	574,156	476,577	542,873
Education	256,889	317,439	281,416	300,035
Costs of IT services	200,357	163,078	194,314	156,394
Other services	2,698,399	2,621,007	2,129,924	2,060,906
TOTAL COST OF SERVICES	19,886,135	19,209,902	14,615,886	14,653,743

In comparison with the previous year, the cost of services rose at the Group and fell at the company.

The costs of other services mainly relate to the costs of access to databases for trading in electricity and natural gas.

The Group and the company disclose the costs of short-term leases and the costs of low-value leases under lease expense, as permitted by the exemptions set out in IFRS 16.

AUDITING SERVICES	GEN-I GROUP 2023	2022	GEN-I, D.O.O. 2023	2022
Auditing of annual report	183,500	152,060	38,554	37,000
Other auditing services	17,087	0	14,260	0
TOTAL AUDITING SERVICES	200,587	152,060	52,814	37,000

7.6.31 Note 31: **Labour costs**

LABOUR COSTS	GEN-I GROUP 2023	2022	GEN-I, D.O.O. 2023	2022
Wages and salaries	28,437,162	28,705,043	23,779,420	24,004,949
Social security contributions	4,858,448	4,877,431	3,859,350	3,904,396
Other labour costs	5,285,858	3,756,740	4,490,958	3,112,366
TOTAL LABOUR COSTS	38,581,468	37,339,214	32,129,728	31,021,711

In 2023 the Group and the company accounted for labour costs in accordance with the collective bargaining agreements for the electricity sector in the countries where the parent company GEN-I, d.o.o. and its subsidiaries were operating, the job position classification systems in place at companies within the GEN-I Group, and individual employment contracts.

Labour costs consist of the costs of salaries and benefits, including the variable portion of the salary related to Group and company performance, the costs of social security insurance and additional pension insurance, and other labour costs.

Other labour costs include the costs of transport and meal allowances, holiday pay, remuneration for additional pension insurance, termination benefits, jubilee benefits and bonuses.

7.6.32 Note 32: **Other operating income and expenses**

OTHER OPERATING INCOME AND EXPENSES	GEN-I GROUP 2023	2022	GEN-I, D.O.O. 2023	2022
Income from the use and reversal of non-current provisions	0	3,840	0	3,840
Receipts from the sale of property, plant, equipment and intangible assets	46,570	139,034	44,569	122,497
Write-offs of liabilities and inventory surpluses	23,656	34,558	0	0
Other operating income	1,210,814	4,488,935	1,798,855	4,675,676
Income from subsidies, grants and compensations	407,234	134,445	380,990	110,538
Reversal of negative goodwill	216,893	0	0	0
TOTAL OTHER OPERATING INCOME	1,905,167	4,800,813	2,224,414	4,912,551
Various duties	–984,105	–788,708	–380,572	–332,209
Losses for sale of property, plant and equipment and intangible assets, and write-offs and impairments of property, plant and equipment	–5,684	–36,747	–5,684	–24,800
Donations	–193,602	–1,061,346	–176,602	–1,031,027
Other operating expenses	–1,630,393	–34,158,194	–1,361,500	–33,844,204
Reversal of goodwill	0	–147,941	0	0
TOTAL OTHER OPERATING EXPENSES	–2,813,784	–36,192,936	–1,924,358	–35,232,240
TOTAL OTHER OPERATING INCOME OR EXPENSES	–908,617	–31,392,122	300,056	–30,319,689

The majority of other operating income comprised invoiced and paid reminders, penalties paid for withdrawing from contracts, the reversal of over-accrued costs from the previous year, and subsidies for electric vehicles, while at the company it also comprised income from the reversal of expected credit losses amounting to EUR 515,500 and from impaired receivables paid and amounting to EUR 238,298 (see Note 33).

Other operating expenses of the Group amounting to EUR 1,630,393 (2022: EUR 34,158,194) and of the company amounting to EUR 1,361,500 (2022: EUR 33,844,204) relate mainly to membership fees, compensation, awards and scholarships to school and higher education students, non-deductible expenses and taxes.

The total other operating expenses were slightly lower at the Group and the company in comparison with the previous year; this was because a provision was created in the previous year for a possible additional contribution liability resulting from the regulatory measures introduced in Southeastern Europe for electricity and gas traders linked to measures to achieve reliable supply to end consumers on electricity and natural gas markets.

DONATIONS	GEN-I GROUP 2023	2022	GEN-I, D.O.O. 2023	2022
Humanitarian purposes	31,832	985,323	31,832	985,323
Charitable purposes	113,471	41,408	108,471	11,600
Education and scientific purposes	7,500	11,800	7,500	11,800
Sports purposes	23,300	16,615	23,300	16,104
Cultural purposes	17,000	3,700	5,000	3,700
Religious and health-related purposes	500	0	500	2,000
General donations	0	2,500	0	500
TOTAL DONATIONS	193,602	1,061,346	176,602	1,031,027

7.6.33 Note 33: **Depreciation and amortisation**

DEPRECIATION AND AMORTISATION	GEN-I GROUP 2023	2022	GEN-I, D.O.O. 2023	2022
Amortisation of intangible assets	941,097	1,018,916	870,951	996,114
Depreciation of investment property	66,104	66,104	0	0
Depreciation of property, plant and equipment	2,887,143	2,436,634	1,565,182	1,730,312
Depreciation of right-of-use assets	2,052,480	1,621,518	1,541,987	1,518,222
TOTAL DEPRECIATION AND AMORTISATION	5,946,824	5,143,171	3,978,120	4,244,647

Impairment losses on trade receivables and contract assets

IMPAIRMENT LOSSES ON TRADE RECEIVABLES AND CONTRACT ASSETS	GEN-I GROUP 2023	2022	GEN-I, D.O.O. 2023	2022
Impairment losses, allowances and write-offs on trade receivables and contract assets	686,441	7,286,132	1,177,691	6,381,464
TOTAL IMPAIRMENT LOSSES ON TRADE RECEIVABLES AND CONTRACT ASSETS	686,441	7,286,132	1,177,691	6,381,464

In 2023 the Group formed additional impairments and expected credit losses totalling EUR 716,333 (2022: EUR 7,301,480), wrote off receivables of EUR 208,407 (2022: EUR -15,349) and reduced impairment losses by the payments received from impaired receivables (reduction of EUR 238,298, 2022: EUR 0). At the end of 2023, the Group applied a lower expected default rate in its calculations than it had done in 2022.

In 2023 the company created additional impairments of EUR 1,153,259 (2022: EUR 6,415,471), reversed expected credit losses in the amount of EUR 515,500 of receivables (see Note 32) and wrote off EUR 24,432 of trade receivables, which it charged to expenses (2022: EUR 34,007). At the same time, it posted income from the receipt of payment of already impaired receivables of EUR 238,298 (see Note 32). The company applied a lower expected default rate in its calculations at the end of 2023

Information on the age structure of receivables and on changes in the allowances for trade receivables at the Group and the company are shown in Note 38.

7.6.34 Note 34: **Profit or loss from financing activities**

PROFIT OR LOSS FROM FINANCING ACTIVITIES	GEN-I GROUP 2023	2022	GEN-I, D.O.O. 2023	2022
Dividend income from interests in subsidiaries	0	0	2,214,765	6,694,097
Dividend income from interests in associates	0	0	856,382	484,396
Interest income	1,783,005	523,121	4,224,851	728,381
Net foreign exchange income	0	0	0	35,704
Other finance income	37,353	249	291	245
FINANCE INCOME	1,820,358	523,370	7,296,289	7,942,823
Interest expense	–3,578,547	–2,320,038	–3,367,605	–2,135,296
Net negative foreign exchange differences	–179,166	–624,316	–1,156,259	–517,334
Other finance costs	–236,266	–75,924	–134,385	–75,554
FINANCE COSTS	–3,993,978	–3,020,278	–4,658,249	–2,728,184
PROFIT/LOSS FROM FINANCING ACTIVITIES	–2,173,620	–2,496,908	2,638,040	5,214,639

The finance income of the Group and the company mainly comprises default interest, interest on deposits and interest on positive account balances.

The interest expense of the Group and the company comprises interest on commercial paper, bonds, loans received from banks and other institutions, finance leases, default interest and interest on negative account balances. Negative exchange rate differences resulting from fluctuations in the exchange rates of the Turkish lira and the Ukrainian hryvnia accounted for the bulk of the finance costs.

Share of profit of associates

In 2023 the Group shared in the profit of the associate GEN-EL d.o.o. in the amount of EUR 876,857, which derived from the current results of the company and the dividends received.

7.6.35 Note 35: **Taxes**

TAXES	GEN-I GROUP 2023	2022	GEN-I, D.O.O. 2023	2022
Current tax	3,997,220	8,190,104	1,167,759	6,951,116
Deferred tax	198,653	168,556	12,534	39,101
TOTAL TAXES	4,195,873	8,358,660	1,180,293	6,990,216

Effective tax rate

	GEN-I GROUP		GEN-I, D.O.O.	
	2023	2022	2023	2022
Gross profit before tax	**28,972,711**	**38,131,935**	**9,630,200**	**37,745,636**
Applicable tax rate	19%	19%	19%	19%
Tax at the applicable tax rate before any changes in the tax base	5,504,815	7,245,067	1,829,738	7,171,671
Untaxed income	–1,390,721	0	–629,795	–1,378,425
Non-deductible expenses	615,471	1,813,091	441,954	1,680,128
Deductions	–555,761	–610,307	–474,138	–522,258
Unrecognised receivables for tax losses	54,670	–3,595	0	0
Different tax rates	–32,603	–85,596	12,534	39,101
Effective tax rate	**14.48%**	**21.92%**	**12.26%**	**18.52%**
Current and deferred income tax	**4,195,873**	**8,358,660**	**1,180,293**	**6,990,216**

The effective tax rate fell in 2023 in comparison with the year before, mainly on account of fewer non-deductible expenses from the revaluation of receivables (under the Corporate Income Tax Act, these are not tax deductible).

7.6.36 Note 36: **Related party disclosures**

Gross receipts

	GEN-I GROUP		GEN-I, D.O.O.	
INFORMATION ON GROUPS OF PERSONS – MANAGEMENT	2023	2022	2023	2022
Gross remuneration	811,473	566,959	509,287	318,836
Benefits and other remuneration	243,177	106,609	72,116	49,105
TOTAL GROSS RECEIPTS	1,054,650	673,568	581,403	367,941

The information presented below comprises disclosures under IAS 24 (Related party disclosures).

Net remuneration of Management Board members in 2023

2023 REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD	FIXED REMUNERATION	VARIABLE COMPONENT OF REMUNERATION	NET REIMBURSEMENT OF EXPENSES	PERFORMANCE BONUSES	OTHER REMUNERATION*	TOTAL
Igor Koprivnikar, PhD**	18,671	0	119	0	959	19,749
Andrej Šajn**	16,434	0	279	0	796	17,509
Maks Helbl***	71,975	0	653	0	6,103	78,731
Sandi Kavalič***	68,435	0	939	0	3,320	72,694
Andreja Zupan***	67,560	0	936	0	3,345	71,841
Primož Stropnik	0	0	1,011	0	37,496	38,507
TOTAL	243,075	0	3,937	0	52,019	299,031

* Other remuneration covers subsidies, jubilee benefits, vehicle benefits and health insurance benefits, work from home allowances and premiums for the voluntary additional pension insurance (in the case of Primož Stropnik, payments under the business management contract as well).

** Applies to the period from 1 January to 17 February 2023. Koprivnikar's term as president of the Management Board of GEN-I, d.o.o. came to an end on 17 February 2023, as did that of GEN-I, d.o.o. Management Board member Andrej Šajn.

*** Applies to the period from 17 February to 31 December 2023, when a new GEN-I, d.o.o. Management Board was appointed, comprising Maks Helbl (president), and Sandi Kavalič, Andreja Zupan and Primož Stropnik (members). Mr Stropnik's term of office continues.

Net remuneration of Management Board members in 2022

18 MARCH – 31 DECEMBER 2022 REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD	FIXED REMUNERATION	VARIABLE COMPONENT OF REMUNERATION	NET REIMBURSEMENT OF EXPENSES	PERFORMANCE BONUSES	OTHER REMUNERATION*	TOTAL
Igor Koprivnikar, PhD	56,824	0	978	0	5,035	62,837
Andrej Šajn	54,336	0	1,050	0	4,466	59,853
Dr Dejan Paravan**	53,452	0	833	0	2,770	57,055
Primož Stropnik	0	0	704	0	22,583	23,287
TOTAL	164,612	0	3,565	0	34,854	203,031

* Other remuneration covers subsidies, jubilee benefits, vehicle benefits and health insurance benefits, work from home allowances and premiums for the voluntary additional pension insurance (in the case of Primož Stropnik, payments under the business management contract as well).

** Applies to the period from 18 March to 31 October 2022. Dr Paravan's term as member of the GEN-I, d.o.o. Management Board came to an end on 31 October 2022. On 1 November 2022 he began a four-year term of office as the CEO of GEN energija d.o.o.

7.

ANNUAL REPORT OF THE GEN-I GROUP AND GEN-I, D.O.O.

Notes to the financial statements

Related party transactions

The information presented below constitutes disclosures under IAS 24 (Related party disclosures).

All transactions classed as related party transactions represent business relations concluded under market terms and as part of normal day to day business operations. Accordingly, it is our assessment that, despite the intrinsic value of individual transactions, more detailed disclosures are not required because, qualitatively speaking, those transactions are not relevant to disclosures arising from the requirements set out in IAS 24.

	GEN-I GROUP		GEN-I, D.O.O.	
	2023	2022	2023	2022
Sales revenue				
Subsidiaries	0	0	464,382,460	1,196,262,635
Associates	0	0	0	0
Related party GEN energija d.o.o.	64,083,577	160,408,021	64,083,577	160,408,021
Other related parties	82,054	41,641	82,054	41,641
Cost of goods sold				
Subsidiaries	0	0	372,084,868	900,970,644
Associates	0	0	0	0
Related party GEN energija d.o.o.	405,013,605	286,716,912	405,013,605	286,716,912
Other related parties	55,032	696,599	55,032	696,599
Cost of services				
Subsidiaries	0	0	3,509	0
Associates	0	0	0	0
Related party GEN energija d.o.o.	0	31,833	0	31,833
Other related parties	0	0	0	0
Finance income from participating interests in companies				
Subsidiaries	0	0	2,214,765	6,694,097
Associates	0	0	856,382	484,396
Related party GEN energija d.o.o.	0	0	0	0
Other related parties	0	0	0	0
Finance income from interest				
Subsidiaries	0	0	2,680,089	427,663
Associates	0	0	0	0
Related party GEN energija d.o.o.	0	0	0	0
Other related parties	0	0	0	0
Finance costs for interest				
Subsidiaries	0	0	0	238
Associates	0	0	0	0
Related party GEN energija d.o.o.	0	49,277	0	49,277
Other related parties	0	0	0	0

	GEN-I GROUP		GEN-I, D.O.O.	
	2023	2022	2023	2022
Investments in companies				
Subsidiaries	0	0	15,864,039	15,414,039
Associates	22,551,310	22,450,565	22,551,310	22,551,310
Related party GEN energija d.o.o.	0	0	0	0
Other related parties	0	0	0	0
Current operating receivables				
Subsidiaries	0	0	43,024,170	39,945,303
Associates	0	0	0	0
Related party GEN energija d.o.o.	19,618,727	24,644,158	19,618,727	24,644,158
Other related parties	17,681	18,607	17,681	18,607
Current financial receivables				
Subsidiaries	0	0	71,064,655	55,698,832
Associates	0	0	0	0
Related party GEN energija d.o.o.	0	0	0	0
Other related parties	0	0	0	0
Current advances granted				
Subsidiaries	0	0	633,699	1,277,561
Associates	0	0	0	0
Related party GEN energija d.o.o.	0	0	0	0
Current accrued revenues				
Subsidiaries	0	0	259,292	0
Associates	0	0	0	0
Related party GEN energija d.o.o.	1,212,058	0	1,212,058	0
Other related parties	9	0	9	0
Current operating liabilities				
Subsidiaries	0	0	14,036,628	55,733,489
Associates	0	0	0	0
Related party GEN energija d.o.o.	75,774,079	46,377,074	75,774,079	46,377,074
Other related parties	2,327	104,832	2,327	104,832
Lease liabilities				
Subsidiaries	0	0	0	0
Associates	0	0	0	0
Related party GEN energija d.o.o.	731,985	812,653	731,985	812,653

GEN-I, d.o.o. has established a network of local subsidiaries in order to guarantee the optimal sale and purchase of energy products on international markets. Subsidiaries earn revenue and incur expenses because the single global portfolio is managed centrally.

Under the articles of association of GEN-I, d.o.o., as part of the functional allocation of the activity of marketing electricity generated within the GEN-I Group, a certain proportion of the electricity is disposed of via GEN-I, d.o.o., pursuant to the Umbrella Agreement on the Purchase and Sale of Electricity concluded between GEN-I, d.o.o. and GEN energija d.o.o. In performing this contract, under which GEN-I, d.o.o. derives revenues and expenses from its relationship with GEN energija, the two companies pursue the objective of selling and marketing electricity from the GEN-I Group in an effective and efficient way, with the aim of providing reliable supply of electricity to customers in all relevant market segments, and the objective of protecting the production portfolio of the GEN-I Group effectively over the medium and long term, thereby controlling the risks associated with the sale of electricity.

As per the existing umbrella agreement, the subject of billing between the companies is, on the one hand, the electricity sold by GEN energija d.o.o. (and, in some cases, also purchased) and, on the other hand, the reimbursement of the costs related to the maintenance and operation of GEN-I, d.o.o.'s extensive trading infrastructure, which provides market access in accordance with the market terms associated with the international reference energy markets. All costs that arise from the provision of access to the reference prices of international markets under the umbrella agreement are charged to GEN energija d.o.o., as per the agreed provisions of that agreement.

A certain portion of the expenses that arise between GEN energija d.o.o. and GEN-I, d.o.o. also comes from sale and purchase agreements other than the umbrella agreement. However, this depends solely on whether GEN-I, d.o.o. is successful at public tenders for the sale and purchase of electricity by GEN energija d.o.o.

7.7 Financial instruments – fair value and risk management

(A) DETERMINATION OF FAIR VALUE

Many of the accounting policies and disclosures of the Group/company require the measurement of fair value, for both financial and non-financial assets and liabilities. The Group has determined the fair value of individual groups of assets for the requirements of measuring and reporting in accordance with the methods set out below. Where additional explanations are required regarding assumptions used to determine fair value, these are set out in the notes attached to individual items of assets and liabilities of the Group.

(i) Property, plant and equipment

The fair value of property, plant and equipment from business combinations is their market value. The market value of real estate is equal to the estimated value at which the real estate could be exchanged in a business transaction under normal market terms at the valuation date and following suitable marketing between two knowledgeable and willing parties. The market value of devices, equipment and small inventory is based on the market price offered for similar objects.

(ii) Intangible assets

The fair value of patents and trademarks acquired through business combinations is based on the estimated discounted future value of royalties, payment for which will not be necessary because of the ownership of the patent or trademark in question. The fair value of customer relationships acquired through a business combination is determined using a special excess earnings method, while assets are valued by excluding all cash flows related to contributory assets.

(iii) Operating and other receivables

The fair value of operating and other receivables is calculated as the current value of future cash flows, discounted at the market interest rate at the end of the reporting period.

(iv) Derivatives

The fair value of forward contracts is equal to their offered market price at the end of the reporting period, if available. Failing that, the fair value is determined as the difference between the contractual value of the forward contract and its current offered value, with due regard to the residual maturity of the transaction with a risk-free interest rate (based on government bonds).

(v) Non-derivative financial liabilities

For reporting purposes, the fair value is calculated on the basis of the current value of future payments of principal and interest, discounted at the market interest rate at the end of the reporting period. With regard to finance leases, the market interest rate is determined by comparing similar lease agreements.

7.7.1 Note 37: **Classification and fair value of financial instruments**

GEN-I Group

FAIR VALUE	31/12/2023 CARRYING AMOUNT	FAIR VALUE	31/12/2022 CARRYING AMOUNT	FAIR VALUE
Assets measured at fair value				
Derivatives	0	0	161,601,682	161,601,682
Financial assets measured at fair value through profit or loss	0	0	0	0
TOTAL ASSETS MEASURED AT FAIR VALUE	0	0	161,601,682	161,601,682
Financial assets measured at amortised cost				
Non-current financial assets	353,169	353,169	346,902	346,902
Non-current operating receivables	40,595,339	40,595,339	23,141,213	23,141,213
Short-term deposits	39,683	39,683	39,792	39,792
Short-term loans	0	0	2	2
Trade and other receivables (excluding receivables from the government)	138,564,212	138,564,212	105,619,943	105,619,943
Contract assets	98,614,893	98,614,893	97,041,628	97,041,628
Cash and cash equivalents	123,922,752	123,922,752	69,320,323	69,320,323
TOTAL FINANCIAL ASSETS MEASURED AT AMORTISED COST	402,090,048	402,090,048	295,509,805	295,509,805
Liabilities measured at fair value				
Derivatives	–31,287,385	–31,287,385	0	0
TOTAL LIABILITIES MEASURED AT FAIR VALUE	–31,287,385	–31,287,385	0	0
Liabilities measured at amortised cost				
Bank loans	–321,884	–321,884	–29,976,175	–29,976,175
Other financial liabilities	–49,393,669	–49,393,669	–75,400,587	–75,400,587
Bonds	–2,800,000	–2,800,000	–5,600,000	–5,600,000
Loans received from others	–90,513	–90,513	0	0
Trade liabilities	–180,621,372	–180,621,372	–188,462,085	–188,462,085
Contract liabilities	–7,598,698	–7,598,698	–19,470,627	–19,470,627
TOTAL LIABILITIES MEASURED AT AMORTISED COST	–240,826,136	–240,826,136	–318,909,475	–318,909,475

GEN-I, d.o.o.

FAIR VALUE	31/12/2023		31/12/2022	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Assets measured at fair value				
Derivatives	0	0	162,398,866	162,398,866
Financial assets measured at fair value through profit or loss	0	0	0	0
TOTAL ASSETS MEASURED AT FAIR VALUE	0	0	162,398,866	162,398,866
Financial assets measured at amortised cost				
Non-current financial assets	353,169	353,169	346,902	346,902
Non-current operating receivables	62,105	62,105	71,968	71,968
Short-term loans	71,064,655	71,064,655	55,698,834	55,698,834
Trade and other receivables	156,673,869	156,673,869	149,276,061	149,276,061
Contract assets	79,056,244	79,056,244	71,827,471	71,827,471
Cash and cash equivalents	110,772,412	110,772,412	54,561,104	54,561,104
TOTAL FINANCIAL ASSETS MEASURED AT AMORTISED COST	417,982,453	417,982,453	331,782,340	331,782,340
Liabilities measured at fair value				
Derivatives	–36,301,530	–36,301,530	0	0
TOTAL LIABILITIES MEASURED AT FAIR VALUE	–36,301,530	–36,301,530	0	0
Liabilities measured at amortised cost				
Bank loans	–321,884	–321,884	–29,976,175	–29,976,175
Other financial liabilities	–49,356,900	–49,356,900	–75,327,250	–75,327,250
Bonds	0	0	0	0
Loans received from others	0	0	0	0
Trade liabilities	–173,934,065	–173,934,065	–206,876,446	–206,876,446
Contract liabilities	–2,173,179	–2,173,179	–10,703,609	–10,703,609
TOTAL LIABILITIES MEASURED AT AMORTISED COST	–225,786,027	–225,786,027	–322,883,480	–322,883,480

The value of derivatives is related to forward transactions with financial and physical settlement, currency transactions and other trading-related derivatives.

Stock market transactions with financial settlement and stock market transactions with physical settlement that do not meet the conditions for own use exemption are valued according to the relevant prices quoted on the stock exchange. Settlement prices from the relevant stock exchanges for the products in question are used for the valuation. Currency transactions are valued on the basis of the relevant exchange rate (official middle rate or forward rate). Official middle rates or forward rates are used for the valuation. Information on official middle rates is obtained from the relevant central banks, while forward rates are determined on the basis of market data. These assets and liabilities are classified in Level 1 of the fair value hierarchy.

Other forward transactions with physical settlement that do not meet the conditions for own use exemption are valued in accordance with the corresponding forward price curves. Cross-border transmission capacities are valued on the basis of the corresponding difference between the forward price curves. These assets and liabilities are classified in Level 2 of the fair value hierarchy.

Financial assets at FVTPL are unlisted equity instruments that the Group/company plans to hold over the long term. The Group uses historical cost as the appropriate fair value estimate for unlisted equity instruments.

The fair value of other current assets and liabilities is practically the same as their carrying amount. The fair value of non-current assets and liabilities is approximately the same as their amortised cost. These liabilities are classified in Level 3 of the fair value hierarchy.

Fair value of assets

GEN-I Group

FAIR VALUE LEVELS	31/12/2023				31/12/2022			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets at fair value								
Derivatives	0	0	0	**0**	3,912,370	157,689,312	0	**161,601,682**
TOTAL ASSETS MEASURED AT FAIR VALUE	0	0	0	**0**	3,912,370	157,689,312	0	**161,601,682**
Assets for which fair value has been disclosed								
Non-current financial assets	0	0	353,169	**353,169**	0	0	346,902	**346,902**
Non-current operating receivables	0	0	40,595,339	**40,595,339**	0	0	23,141,214	**23,141,214**
Short-term deposits	0	0	39,683	**39,683**	0	0	39,792	**39,792**
Short-term loans	0	0	0	**0**	0	0	2	**2**
Current operating receivables (excluding receivables from the government)	0	138,564,212	0	**138,564,212**	0	105,619,943	0	**105,619,943**
Contract assets	0	0	98,614,893	**98,614,893**	0	0	97,041,629	**97,041,629**
Cash and cash equivalents	0	0	123,922,752	**123,922,752**	0	0	69,320,323	**69,320,323**
TOTAL ASSETS FOR WHICH FAIR VALUE HAS BEEN DISCLOSED	0	138,564,212	263,525,836	**402,090,048**	0	105,619,943	189,889,862	**295,509,805**
TOTAL	0	138,564,212	263,525,836	**402,090,048**	3,912,370	263,309,255	189,889,862	**457,111,486**

GEN-I, d.o.o.

FAIR VALUE LEVELS	31/12/2023				31/12/2022			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets at fair value								
Derivatives	0	0	0	**0**	3,912,370	158,486,496	0	**162,398,866**
TOTAL ASSETS MEASURED AT FAIR VALUE	0	0	0	**0**	3,912,370	158,486,496	0	**162,398,866**
Assets for which fair value has been disclosed								
Non-current financial receivables	0	0	353,169	**353,169**	0	0	346,902	**346,902**
Non-current operating receivables	0	0	62,105	**62,105**	0	0	71,968	**71,968**
Short-term loans	0	0	71,064,655	**71,064,655**	0	0	55,698,834	**55,698,834**
Current operating receivables (excluding receivables from the government)	0	156,673,869	0	**156,673,869**	0	149,276,061	0	**149,276,061**
Contract assets	0	0	79,056,244	**79,056,244**	0	0	71,827,471	**71,827,471**
Cash and cash equivalents	0	0	110,772,412	**110,772,412**	0	0	54,561,104	**54,561,104**
TOTAL ASSETS FOR WHICH FAIR VALUE HAS BEEN DISCLOSED	0	156,673,869	261,308,585	**417,982,453**	0	149,276,061	182,506,279	**331,782,340**
TOTAL	0	156,673,869	261,308,585	**417,982,453**	3,912,370	307,762,557	182,506,279	**494,181,205**

Fair value of liabilities

GEN-I Group

FAIR VALUE LEVELS	31/12/2023				31/12/2022			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Liabilities measured at fair value								
Derivatives	–10,907,885	–20,379,500	0	**–31,287,385**	0	0	0	**0**
TOTAL LIABILITIES MEASURED AT FAIR VALUE	–10,907,885	–20,379,500	0	**–31,287,385**	0	0	0	**0**
Liabilities for which fair value has been disclosed								
Bank loans	0	0	–321,884	**–321,884**	0	0	–29,976,175	**–29,976,175**
Other financial liabilities	0	0	–49,393,669	**–49,393,669**	0	0	–75,400,587	**–75,400,587**
Bonds	0	0	–2,800,000	**–2,800,000**	0	0	–5,600,000	**–5,600,000**
Loans received from others	0	0	–90,513	**–90,513**	0	0	0	**0**
Trade liabilities (without liabilities to the government and employees, and liabilities from advances)	0	0	–180,621,373	**–180,621,372**	0	0	–188,462,085	**–188,462,085**
Contract liabilities	0	0	–7,598,698	**–7,598,698**	0	0	–19,470,627	**–19,470,627**
TOTAL LIABILITIES FOR WHICH THE FAIR VALUE HAS BEEN DISCLOSED	0	0	–240,826,136	**–240,826,136**	0	0	–318,909,474	**–318,909,474**
TOTAL	–10,907,885	–20,379,500	–240,826,136	**–272,113,521**	0	0	–318,909,474	**–318,909,474**

GEN-I, d.o.o.

FAIR VALUE LEVELS	31/12/2023				31/12/2022			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Liabilities measured at fair value								
Derivatives	−10,907,885	−25,393,645	0	**−36,301,530**	0	0	0	**0**
TOTAL LIABILITIES MEASURED AT FAIR VALUE	−10,907,885	−25,393,645	0	**−36,301,530**	0	0	0	**0**
Liabilities for which fair value has been disclosed								
Bank loans	0	0	−321,884	**−321,884**	0	0	−29,976,175	**−29,976,175**
Other financial liabilities	0	0	−49,356,900	**−49,356,900**	0	0	−75,327,250	**−75,327,250**
Bonds	0	0	0	**0**	0	0	0	**0**
Trade liabilities (without liabilities to the government and employees, and liabilities from advances)	0	0	−173,934,065	**−173,934,065**	0	0	−206,876,446	**−206,876,446**
Contract liabilities	0	0	−2,173,179	**−2,173,179**	0	0	−10,703,609	**−10,703,609**
TOTAL LIABILITIES FOR WHICH THE FAIR VALUE HAS BEEN DISCLOSED	0	0	−225,786,027	**−225,786,027**	0	0	−322,883,480	**−322,883,480**
TOTAL	−10,907,885	−25,393,645	−225,786,027	**−262,087,557**	0	0	−322,883,480	**−322,883,480**

(B) RISK MANAGEMENT FRAMEWORK

The Management Board has overall responsibility for the establishment and oversight of the risk management framework. A credit and market risk committee has been established to manage the risks faced by the Group and the company. It is responsible for developing and monitoring the implementation of the risk management policies of the Group and the company. The committee reports regularly on its activities to the Management Board.

The risk management policies serve to identify and analyse the risks faced by the Group and the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the activities of the Group and the company. Through its training and management standards and procedures, the Group and the company aim to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group and the company are exposed to the following risks arising from financial instruments:

- credit risk;
- liquidity risk;
- market risks (currency risk, interest rate risk and commodity risk).

7.7.2 Note 38: **Credit risk**

Credit risk is the risk of financial loss to the Group or company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from trade receivables for electricity, natural gas and small power plants.

Trade receivables and contract assets

	GEN-I GROUP		GEN-I, D.O.O.	
TRADE RECEIVABLES	2023	2022	2023	2022
Domestic customers	65,867,313	50,791,323	63,983,874	49,473,123
Countries of the eurozone	17,903,036	27,668,002	23,224,942	38,677,398
Other European countries	27,830,894	14,259,277	27,839,973	14,539,525
Countries of the former Yugoslavia	3,326,465	5,814,052	7,508,255	33,512,382
Other regions	21,584,818	2,951,430	32,606,009	10,556,294
TOTAL TRADE RECEIVABLES	136,512,525	101,484,084	155,163,053	146,758,722

	GEN-I GROUP		GEN-I, D.O.O.	
TRADE RECEIVABLES	2023	2022	2023	2022
Wholesale customers	104,379,520	66,940,349	139,605,088	121,794,856
Retail customers	32,133,006	34,543,735	15,557,965	24,963,866
TOTAL RECEIVABLES	136,512,525	101,484,084	155,163,053	146,758,722

The Group and the company actively manage credit risk and their financial exposure to business partners. This active management method is based on the consistent implementation of adopted internal policies, and on the precisely defined processes within those policies of identifying credit risks and assessing exposure to those risks, defining the exposure limits, and constantly monitoring the exposure of the Group and the company in business transactions with business partners. In accordance with the parent company's policies on credit risk management, the risk management department conducts a suitable analysis of credit rating and a risk assessment for each new business partner in relation to trading and for major consumers in relation to sales of electricity and natural gas. This assessment is then used as the basis for defining the frameworks of future business cooperation, suitable credit lines for hedging, and payment and supply terms for each individual contractual relationship. When monitoring credit risk and daily exposure to credit lines, the Group and the company divide partners into groups according to their credit characteristics (whether they are individual companies, groups of companies, trading partners, end consumers or retail customers), geographical location, industry, the age structure and maturity of receivables, any past financial issues and the estimated level of risk of a breach of contractual obligations. To reduce the risks related to the non-payment of receivables by business partners, the Group and the company pay particular attention to the use of suitable financial and legal instruments in their daily business transactions. This serves to guarantee that contractual obligations are honoured. These instruments are incorporated into contractual relationships with business partners on the basis of an analysis of their credit rating and suitable risk assessments.

Operating receivables from partners in the wholesale electricity and natural gas market are insured with a credit insurer, in combination with paid bank guarantees received. The Group and the company insure receivables from business customers with a credit insurer.

Impairment losses on financial and contract assets, which are recognised in profit or loss, are set out below.

Age structure and changes in allowances for trade receivables and other receivables

GEN-I Group

MATURITY OF RECEIVABLES	GROSS SUM 31/12/2023	ALLOWANCE 31/12/2023	GROSS SUM 31/12/2022	ALLOWANCE 31/12/2022
Non-past-due	173,614,740	7,290,528	110,910,292	6,739,051
Up to 90 days past due	10,085,345	1,062,610	16,411,298	1,398,857
Between 91 and 180 days past due	1,875,056	924,020	390,181	935,952
Between 181 and 365 days past due	1,932,059	453,400	11,520,703	4,035,008
More than one year past due	16,776,304	11,175,294	10,120,703	9,425,754
TOTAL MATURITY OF RECEIVABLES	204,283,504	20,905,853	149,353,178	22,534,622

CHANGE IN ALLOWANCE		ALLOWANCE
	2023	2022
OPENING BALANCE AS AT 1/1	22,534,622	15,972,052
Creation of allowances	1,605,131	7,976,274
Reversal of allowances	–888,798	–674,793
Write-off of receivables debited to allowances	–2,345,246	–739,030
Foreign exchange differences	143	120
CLOSING BALANCE AS AT 31/12	20,905,853	22,534,622

The closing balance of the allowances comprises impairments of the value of trade receivables and contract assets of EUR 8,548,703 (2022: EUR 9,863,525), expected credit losses from trade receivables, other receivables and contract assets of EUR 8,353,135 (2022: EUR 8,667,082), and impairments of the value of other receivables and financial assets of EUR 4,005,015 (2022: EUR 4,004,015); this is related to the allowance created at the subsidiary GEN-I Sofia SpLLC.

GEN-I, d.o.o.

MATURITY OF RECEIVABLES	GROSS SUM	ALLOWANCE	GROSS SUM	ALLOWANCE
	31/12/2023		31/12/2022	
Non-past-due	167,645,202	5,085,488	137,949,750	4,969,173
Up to 90 days past due	15,167,883	542,598	23,941,156	1,174,413
Between 91 and 180 days past due	3,591,619	837,744	908,708	43,112
Between 181 and 365 days past due	2,607,227	282,872	4,499,261	3,892,010
More than one year past due	6,477,274	4,148,052	1,639,029	888,489
TOTAL MATURITY OF RECEIVABLES	195,489,206	10,896,753	168,937,904	10,967,197

CHANGE IN ALLOWANCE	ALLOWANCE	
	2023	2022
OPENING BALANCE AS AT 1/1	10,967,197	4,986,484
Creation of allowances	1,153,259	6,415,469
Reversal of allowances	–753,798	0
Write-off of receivables debited to allowances	–469,907	–434,756
CLOSING BALANCE AS AT 31/12	10,896,753	10,967,197

The closing balance of the allowances comprises impairments of the value of trade receivables and contract assets of EUR 5,268,667 (2022: EUR 4,823,614), and expected credit losses from trade receivables, other receivables and contract assets of EUR 5,628,085 (2022: EUR 6,143,585).

7.

ANNUAL REPORT OF THE GEN-I GROUP AND GEN-I, D.O.O.

Notes to the financial statements

INSURANCE OF RECEIVABLES	GEN-I GROUP 31/12/2023	GEN-I GROUP 31/12/2022	GEN-I, D.O.O. 31/12/2023	GEN-I, D.O.O. 31/12/2022
Current trade receivables	153,414,364	120,014,691	166,059,806	157,725,918
Allowances created	16,901,838	18,530,608	10,896,753	10,967,197
Current trade receivables including allowances	136,512,526	101,484,083	155,163,053	146,758,721
Current operating receivables secured with high-quality collateral (coverage):				
Credit insurance	54,502,516	34,299,385	48,242,702	24,669,047
Bank guarantee	6,698,400	22,388,255	4,731,734	19,101,355
Prime guarantee	12,607,472	14,050,000	6,107,472	11,500,000
Advances and securities received	5,802,075	8,428,686	2,131,901	6,489,567
TOTAL CURRENT OPERATING RECEIVABLES SECURED WITH HIGH-QUALITY COLLATERAL (COVERAGE)	79,610,463	79,166,326	61,213,809	61,759,969

CREDIT INSURANCE	GEN-I GROUP 31/12/2023	GEN-I GROUP 31/12/2022	GEN-I, D.O.O. 31/12/2023	GEN-I, D.O.O. 31/12/2022
Non-current operating receivables	353,169	346,902	62,105	71,968
Non-current financial assets	40,595,339	23,141,214	353,169	346,902
Derivatives	0	161,601,681	0	162,398,866
Trade and other receivables (excluding receivables from the government)	138,564,212	105,619,943,08	156,673,869	149,276,061
Contract assets	98,614,893	97,041,628	79,056,244	71,827,471
Short-term loans granted	0	2	71,064,655	55,698,834
Cash and cash equivalents	123,922,752	69,320,323	110,772,412	54,561,104
TOTAL ASSETS	402,050,365	457,071,693	417,982,453	494,181,205

7.7.3. Note 39: **Liquidity risk**

Liquidity risk is the risk that the Group/company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of the Group and the company when managing liquidity is to ensure, as far as possible, that they have sufficient liquidity to meet their liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the reputation of the Group or the company.

7.

ANNUAL REPORT OF THE GEN-I GROUP AND GEN-I, D.O.O.

Notes to the financial statements

GEN-I Group

FINANCIAL LIABILITIES	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	31/12/2023 UP TO 6 MONTHS	6–12 MONTHS	1–2 YEARS	2–5 YEARS	MORE THAN 5 YEARS
Non-derivative financial liabilities							
Unsecured bank loans	321,884	321,916	321,916	0	0	0	0
Bonds issued	2,800,000	2,844,124	2,844,124	0	0	0	0
Loans received from others	90,513	90,513	90,513	0	0	0	0
Other liabilities	49,356,900	50,000,000	50,000,000	0	0	0	0
Lease liabilities	6,472,603	6,979,363	1,069,539	860,707	1,693,170	3,040,272	315,675
Trade and other liabilities	180,621,372	180,621,372	180,621,372	0	0	0	0
Derivative financial liabilities							
Other foreign exchange forward contracts							
Outflow	0	0	0	0	0	0	0
Inflow	31,287,385	31,287,385	31,287,385	0	0	0	0
TOTAL FINANCIAL LIABILITIES	270,950,656	272,144,673	266,234,849	860,707	1,693,170	3,040,272	315,675

FINANCIAL LIABILITIES	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	31/12/2022 UP TO 6 MONTHS	6–12 MONTHS	1–2 EARS	2–5 YEARS	MORE THAN 5 YEARS
Non-derivative financial liabilities							
Unsecured bank loans	29,976,175	30,655,529	10,315,852	20,339,677	0	0	0
Bonds issued	5,600,000	5,732,129	2,888,005	0	2,844,124	0	0
Other liabilities	75,325,118	75,700,000	75,700,000	0	0	0	0
Lease liabilities	2,885,672	2,996,644	782,160	646,334	527,645	1,040,505	0
Trade and other liabilities (excluding liabilities to the government and employees, and liabilities from advances)	187,868,429	187,868,429	187,868,429	0	0	0	0
Derivative financial liabilities							
Other foreign exchange forward contracts							
Outflow	0	0	0	0	0	0	0
Inflow	–161,601,682	–161,601,682	–161,601,682	0	0	0	0
TOTAL FINANCIAL LIABILITIES	140,053,713	141,351,049	115,952,764	20,986,011	3,371,769	1,040,505	0

GEN-I, d.o.o.

FINANCIAL LIABILITIES	31/12/2023 CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 6 MONTHS	6–12 MONTHS	1–2 YEARS	2–5 YEARS	MORE THAN 5 YEARS
Non-derivative financial liabilities							
Unsecured bank loans	321,884	321,916	321,916	0	0	0	0
Bonds issued	0	0	0	0	0	0	0
Other liabilities	49,356,900	50,000,000	50,000,000	0	0	0	0
Lease liabilities	4,585,244	5,089,844	717,554	648,760	1,253,077	2,154,777	315,675
Trade and other liabilities (excluding liabilities to the government and employees, and liabilities from advances)	173,934,065	173,934,065	173,934,065	0	0	0	0
Derivative financial liabilities							
Other foreign exchange forward contracts							
Outflow	36,301,530	36,301,530	36,301,530	0	0	0	0
Inflow	0	0	0	0	0	0	0
TOTAL FINANCIAL LIABILITIES	264,499,622	265,647,354	261,275,065	648,760	1,253,077	2,154,777	315,675

FINANCIAL LIABILITIES	31. 12 . 2022 CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 6 MONTHS	6–12 MONTHS	1–2 YEARS	2–5 YEARS	MORE THAN 5 YEARS
Non-derivative financial liabilities							
Unsecured bank loans	29,976,175	30,655,529	10,315,852	20,339,677	0	0	0
Bonds issued	0	0	0	0	0	0	0
Other liabilities	75,325,118	75,702,131	75,702,131	0	0	0	0
Lease liabilities	2,846,626	2,957,598	743,114	646,334	527,645	1,040,505	0
Trade and other liabilities (excluding liabilities to the government and employees, and liabilities from advances)	206,876,446	206,876,446	206,876,446	0	0	0	0
Derivative financial liabilities							
Other foreign exchange forward contracts							
Outflow	0	0	0	0	0	0	0
Inflow	–162,398,866	–162,398,866	–162,398,866	0	0	0	0
TOTAL FINANCIAL LIABILITIES	152,625,500	153,792,838	131,238,677	20,986,0111	527,645	1,040,505	0

The liquidity of the Group as a whole is managed by the parent company, which carefully monitors and plans short-term financial solvency, guaranteeing it through the timely coordination and planning of all cash flows within the Group. In doing so, the Group and the company give due consideration, to the greatest possible extent, to all risks related to delays in payments or poor payment discipline on the part of customers, as this can hinder the planning of inflows and investment operations at the Group/company.

The Group and the company also constantly monitor and optimise short-term surpluses and deficits of cash assets, at both the level of each individual company and that of the Group as a whole. A liquidity reserve in the form of approved credit lines with commercial banks, the spreading of financial liabilities, real-time coordination of the maturity of receivables and liabilities, and the consistent recovery of receivables enable cash flows to be managed efficiently; this makes it possible for the Group and the company to guarantee their own solvency and, as a consequence, ensures a low rate of short-term financial solvency risk. Since the Group and the company maintain an active approach to financial markets, are successful as businesses and enjoy a stable cash flow from operations, liquidity risks are within acceptable limits and fully manageable.

The long-term liquidity of the Group and the company is ensured through the maintenance and increase in share capital and the maintenance of a suitable financial balance. The Group and the company achieve this by continually ensuring a suitable balance-sheet structure in terms of maturity of financial liabilities. As regards the management of liquidity risk, the management plans to continue to consolidate the Group’s long- and short-term liquidity in the year to come, and to introduce new subsidiaries into the liquidity monitoring system.

7.7.4 Note 40: **Currency risk**

GEN-I Group

								31/12/2023								
RECEIVABLES AND LIABILITIES	**EUR**	**USD**	**GBP**	**HRK**	**MKD**	**BAM**	**GEL**	**RSD**	**UAH**	**HUF**	**ALL**	**TRY**	**BGN**	**RON**	**CZK**	**PLN**
Trade receivables	134,753,233	0	0	0	131,642	1,162,714	0	10,532	14,985	0	0	9,503	429,917	0	0	0
Unsecured bank loans	–321,884	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Trade liabilities	–172,836,485	–26,905	–38,816	0	–1,645,027	–4,984,409	–3,521	–179,510	–5,789	–846	–6,554	–34,273	–351,920	–1,707	–1,337	–111
Gross balance-sheet exposure	**–38,405,136**	**–26,905**	**–38,816**	**0**	**–1,513,385**	**–3,821,695**	**–3,521**	**–168,978**	**9,196**	**–846**	**–6,554**	**–24,771**	**77,997**	**–1,707**	**–1,337**	**–111**
Estimated forecast sales	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated forecast purchases	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross exposure	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
NET EXPOSURE	–38,405,136	–26,905	–38,816	0	–1,513,385	–3,821,695	–3,521	–168,978	9,196	–846	–6,554	–24,771	77,997	–1,707	–1,337	–111

								31/12/2022								
RECEIVABLES AND LIABILITIES	**EUR**	**USD**	**GBP**	**HRK**	**MKD**	**BAM**	**GEL**	**RSD**	**UAH**	**HUF**	**ALL**	**TRY**	**BGN**	**RON**	**CZK**	**PLN**
Trade receivables	87,720,276	0	0	2,717,186	70,247	2,695,091	0	32,434	16,238	0	252,058	107	222,520	7,753,458	4,468	0
Unsecured bank loans	–29,976,175	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Trade liabilities	–152,516,577	–44,952	–32,077	–210,172	–3,032,744	–9,709,380	–348	–846,039	–5,784	–39,508	–254,666	–611,751	–4,510	–11,281,802	–27	0
Gross balance-sheet exposure	**–94,772,475**	**–44,952**	**–32,077**	**2,507,014**	**–2,962,497**	**–7,014,288**	**–348**	**–813,605**	**10,453**	**–39,508**	**–2,608**	**–611,645**	**218,010**	**–3,528,344**	**4,441**	**0**
Estimated forecast sales	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated forecast purchases	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross exposure	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
NET EXPOSURE	–94,772,475	–44,952	–32,077	2,507,014	–2,962,497	–7,014,288	–348	–813,605	10,453	–39,508	–2,608	–611,645	218,010	–3,528,344	4,441	0

GEN-I, d.o.o.

	31/12/2023								
RECEIVABLES AND LIABILITIES	EUR	USD	GBP	HUF	TRY	BGN	RON	CZK	PLN
Trade receivables	153,127,438	0	0	0	1,616,220	419,699	0	0	–303
Unsecured bank loans	–321,884	0	0	0	0	0	0	0	0
Trade liabilities	–172,762,413	–26,905	–38,816	–846	–520,738	–344,621	–1,707	–1,337	–111
Gross balance-sheet exposure	**–19,956,859**	**–26,905**	**–38,816**	**–846**	**1,095,482**	**75,078**	**–1,707**	**–1,337**	**–414**
Estimated forecast sales	–212,676,130	–80,715	–116,448	–2,538	1,670,225	–194,465	–5,123	–4,010	–937
Estimated forecast purchases	0	0	0	0	0	0	0	0	0
Gross exposure	**–212,676,130**	**–80,715**	**–116,448**	**–2,538**	**1,670,225**	**–194,465**	**–5,123**	**–4,010**	**–937**
NET EXPOSURE	–232,632,989	–107,620	–155,264	–3,383	2,765,707	–119,387	–6,831	–5,346	–1,351

	31/12/2022								
RECEIVABLES AND LIABILITIES	EUR	USD	GBP	HRK	HUF	TRY	BGN	RON	CZK
Trade receivables	133,483,979	0	0	0	0	5,294,179	222,520	7,753,576	4,468
Bank loans	–29,976,175	0	0	0	0	0	0	0	0
Trade liabilities	–185,466,356	–44,952	–32,077	–6,323	–39,508	–757,710	–1,894	–11,281,802	–27
Gross balance-sheet exposure	**–81,958,552**	**–44,952**	**–32,077**	**–6,323**	**–39,508**	**4,536,470**	**220,625**	**–3,528,226**	**4,441**
Estimated forecast sales	–349,383,461	–134,855	–96,231	–18,968	–118,523	8,315,229	439,356	–18,338,254	8,855
Estimated forecast purchases	0	0	0	0	0	0	0	0	0
Gross exposure	**–349,383,461**	**–134,855**	**–96,231**	**–18,968**	**–118,523**	**8,315,229**	**439,356**	**–18,338,254**	**8,855**
NET EXPOSURE	–431,342,013	–179,806	–128,308	–25,291	–158,031	12,851,699	659,981	–21,866,480	13,296

Particularly when it comes to foreign markets that are not a part of the eurozone, the Group and the company are actively involved in putting in place suitable infrastructure for the conclusion of currency transactions and the implementation of other currency risk hedging mechanisms, including forward/futures transactions and currency clauses.

The Group is mainly exposed to currency risk in relation to the performance of its core activities, i.e. trading and sale of electricity, natural gas and cross-border transmission capacities, as well as in relation to loans and equity holdings in subsidiaries abroad. In terms of business volumes, the Group is most exposed to currency risks in relation to the North Macedonian denar (MKD) and the Turkish lira (TRY).

The company is mainly exposed to currency risk in relation to the performance of its core activities, i.e. trading and sale of electricity, natural gas and cross-border transmission capacities. In terms of its business volumes, the company is most exposed to currency risks in relation to the Turkish lira (TRY).

The Group and the company reduce their currency risk by linking the sales prices of goods to the currency of the sources of financing of the purchase of those goods. In individual subsidiaries, currency risk is also “naturally” protected because a portion of planned inflows is covered by planned outflows in the same currency. In order to hedge those risks, the Group and the company also use derivatives and a large number of foreign exchange forward contracts.

The Group and the company consistently hedge all major positions in foreign currencies. On markets where hedging is not performed using forward contracts, it is performed by including a foreign exchange clause in contracts concluded with partners and customers. This means that no change in exchange rates can materially influence the results of the Group.

7.7.5 Note 41: **Interest rate risk**

FINANCIAL INSTRUMENTS	GEN-I GROUP 31/12/2023	31/12/2022	GEN-I, D.O.O. 31/12/2023	31/12/2022
Instruments with a fixed interest rate				
Financial assets	0	0	70,642,870	55,520,000
Financial liabilities	–52,569,297	–90,881,294	–49,678,784	–85,281,294
Instruments with a variable interest rate				
Financial liabilities	0	–20,020,000	0	–20,020,000

The Group and the company manage interest rate risk by continually assessing exposure and the potential impact of a change in the reference interest rate (variable portion) on the level of the finance expenses. The portfolio of loans that can be affected by a change in the interest rates is also monitored. As part of their risk management activities, the Group and the company monitor changes in interest rates on the domestic market, foreign markets and the derivatives market. The reason behind the constant monitoring and analysis is to enable protection measures to be proposed in good time by balancing the asset and liability sides of the balance sheet.

There is no exposure to interest rate risk because all financial liabilities have a fixed interest rate.

7.7.6 Note 42: **Commodity risk and hedge accounting**

The core activities of the Group and the company are international trading in electricity and natural gas, the sale of both energy products to end consumers, and the purchase of energy products from producers.

Owing to the nature of their business operations, the Group and the company are constantly required to carry out hedging activities in order to reduce market risk. Hedging is performed at the parent company GEN-I, d.o.o., which is in charge of the centralised management of the Group's portfolio and also has the necessary infrastructure to perform hedging activities on commodity markets.

Market risk hedging is performed in accordance with the policy and procedures defined by the risk management department.

Commodity risk arises from changes in prices resulting from market structure, supply and demand, import and export duties, and changes in the prices of cross-border capacities. It is a risk of financial loss resulting from fluctuations in prices on energy markets. Those market risks are managed through predetermined strategies based on portfolio sensitivity analyses, analyses of the price elasticity of sales portfolios, analyses of CVaR and quantitative exposure indicators, and reviews of the depth and market liquidity of all portfolios within the GEN-I Group.

A hedged item is a firm commitment. A firm commitment is a binding agreement on the replacement of a precise amount of factors at a precisely determined price on a precisely determined future day or days. Hedged items of the Group (goods) are physical transactions involving electricity and natural gas

A hedging instrument is a (standardised) futures contract. The Group and the company are active on a number of commodity markets, and use futures contracts for electricity, natural gas and other goods as hedging instruments.

The hedge ratio is defined as the ratio between the quantity of the hedging instrument and the quantity of the hedged item, paying due regard to their relative weighting. Generally speaking, a hedged item and a hedging instrument may relate to identical or different goods, and be fulfilled at the same or different times and on the same or different markets. However, hedging must be effective, which means that there must be a strong connection between the hedged item and the hedging instrument; therefore, the hedged item and the hedging instrument usually relate to the same goods and have the same or similar deadline for fulfilment.

The following are the sources of ineffectiveness that can be expected to influence a hedging relationship during the term of the relationship:

- differences in profiles;
- differences in locations;
- differences in time frames;
- differences in quantities or nominal amounts;
- proxy hedging;
- early terminations;
- credit risk.

In order to prove the existence of an economic relationship, there must be an expectation that the value of the hedging instrument and the value of the hedged item will move in the opposite direction because of the same risk, which is the hedged risk. A qualitative test, i.e. an assessment of the alignment of essential conditions, is usually applied in this case. When a hedging relationship is not clear, a quantitative assessment can also be performed. This is a simple method, based on a scenario analysis, that can also be used to assess an economic relationship.

Hedging instruments

2023

PROFILE OF THE TIMING OF THE NOMINAL AMOUNT OF THE HEDGING INSTRUMENTS	NOMINAL AMOUNT		
	< 1 YEAR	1–5 YEARS	> 5 YEARS
Commodity risk	0	106,683,161	0

HEDGING INSTRUMENT	NOMINAL AMOUNT OF THE HEDGING INSTRUMENT	CARRYING AMOUNT OF THE HEDGING INSTRUMENT		LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION THAT INCLUDES THE HEDGING INSTRUMENT	CHANGES IN FAIR VALUE USED FOR CALCULATING HEDGE INEFFECTIVENESS FOR 2023
		ASSETS	LIABILITIES		
Commodity risk	106.683.161	n. p.*	n. p.*	n. p.*	–37,313,246

2022

PROFILE OF THE TIMING OF THE NOMINAL AMOUNT OF THE HEDGING INSTRUMENTS	NOMINAL AMOUNT		
	< 1 YEAR	1–5 YEARS	> 5 YEARS
Commodity risk	0	227,762,015	0

HEDGING INSTRUMENT	NOMINAL AMOUNT OF THE HEDGING INSTRUMENT	CARRYING AMOUNT OF THE HEDGING INSTRUMENT		LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION THAT INCLUDES THE HEDGING INSTRUMENT	CHANGES IN FAIR VALUE USED FOR CALCULATING HEDGE INEFFECTIVENESS FOR 2023
		SREDSTVA	OBVEZNOSTI		
Commodity risk	227,762,015	n. p.*	n. p.*	n. p.*	83,765,573

* A financial instrument is a (standardised) futures contract that is settled in cash on a daily basis.

Hedged item

HEDGED ITEM	CARRYING AMOUNT OF HEDGED ITEM		TOTAL CHANGE IN FAIR VALUE OF FIRM COMMITMENT		LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION THAT INCLUDES THE FIRM COMMITMENT	CHANGES IN FAIR VALUE USED FOR CALCULATING HEDGE INEFFECTIVENESS FOR 2023
	ASSETS	LIABILITIES	ASSETS	LIABILITIES		
Commodity risk	n. p.*	n. p.*	40,530,464		Derivatives*	–37,313,246

* The hedged item is an unrecognised firm commitment.

Hedge ineffectiveness

FAIR VALUE HEDGING	HEDGE INEFFECTIVENESS RECOGNISED IN PROFIT OR LOSS	LINE ITEM IN THE STATEMENT OF COMPREHENSIVE INCOME THAT INCLUDES THE HEDGE INEFFECTIVENESS
Commodity risk	1,649,370	Other recurring operating income and expenses

8 EVENTS AFTER THE REPORTING PERIOD

8.

ANNUAL REPORT OF THE GEN-I GROUP AND GEN-I, D.O.O.

Events after the reporting period

On 20 March 2024 the GEN-I, d.o.o. general meeting appointed Igor Koprivnikar, PhD to serve as a member of the company's Management Board. Following the appointment, the GEN-I, d.o.o. Management Board therefore comprises Maks Helbl (president), Primož Stropnik, (member), Sandi Kavalič (member) and Igor Koprivnikar, PhD (member).

Koprivnikar is an energy expert with many years of experience, particularly in the field of energy trading and the operation of energy markets. He has in-depth knowledge of the operations of the company and the GEN-I Group, having served as a member of the Management Board of GEN-I, d.o.o. from 2005 to November 2021, and as president of the Management Board from February 2022 to February 2023. He has also served as a director of a number of individual foreign subsidiaries of the GEN-I Group.

Koprivnikar's appointment re-establishes the four-member GEN-I, d.o.o. Management Board, as required by the applicable articles of association, following the death of Andreja Zupan, who passed away on 27 February 2024 after a serious illness

On 15 April 2024 the company published an initial offering of green bonds with an expected value of up EUR 50 million.

There were no events after the reporting date that should have been disclosed or would have had a material impact on the financial statements for 2023.

9 STATEMENT OF SENIOR MANAGEMENT

The Management Board hereby confirms the consolidated financial statements of the GEN-I Group and GEN-I, d.o.o. for the financial year ending 31 December 2023, including the notes to the consolidated financial statements.

The Management Board also confirms that the relevant accounting policies were consistently applied when the consolidated financial statements of the Group and the company were being compiled. The accounting estimates were made according to the principle of prudence and sound governance. The Management Board confirms that the annual report presents a true and fair view of the financial position and performance of the GEN-I Group and GEN-I, d.o.o. in 2023.The consolidated financial statements, together with the notes, have been compiled under the assumption of the Group and the company as going concerns, and in line with current legislation and the International Financial Reporting Standards as adopted by the European Union.

Primož Stropnik
Member of the
Management Board

Maks Helbl
President of the
Management Board

Sandi Kavalič
Member of the
Management Board

Igor Koprivnikar, PhD
Member of the
Management Board

Krško, 26 April 2024

10 INDEPENDENT CERTIFIED AUDITOR'S REPORT

10.

ANNUAL REPORT OF THE GEN-I GROUP AND GEN-I, D.O.O.

Independent certified auditor's report

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INDEPENDENT AUDITOR'S REPORT

to the owners of GEN-I d.o.o.

Report on the audit of the separate and consolidated financial statements

Opinion

We have audited the separate financial statements of the company GEN-I d.o.o. (hereinafter 'the Company') and consolidated financial statements of the company GEN-I d.o.o. and its subsidiaries (hereinafter 'the Group'), which comprise the separate and the consolidated statement of financial position as at 31 December 2023, and the separate and consolidated profit or loss statement, separate and consolidated statement of other comprehensive income, separate and consolidated statement of changes in equity, separate and consolidated statement of cash flows for the year then ended, and notes to the separate and consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2023, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (hereinafter 'IFRS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing and Regulation (EU) 537/2014 of the European Parliament and of the Council, dated 16 April 2014, on specific requirements regarding statutory audit of public-interest entities (EU Regulation). Our responsibilities under those rules are further described in *the Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements section* of our report. We are independent of the Company and the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and other ethical requirements that are relevant to our audit of the separate and consolidated financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these

requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the year ended 31 December 2023. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Derivatives and hedging – the company and the group

As of 31 December 2023, the company's liabilities include the fair value of EUR 36,302 thousand of derivative financial instruments (EUR 162,399 thousand assets as of 31.12.2022), which are mainly used to manage and hedge market and currency risks. As of 31 December 2023, the Group's liabilities include EUR 31,287 thousand of derivative financial instruments (EUR 161,602 thousand assets as of 31.12.2022).

Key audit matter	How our audit addressed the key audit matter
As disclosed in note 7.3 Material accounting policies of the Group (C) (v) and in note 7.4 Material accounting policies of the Company (D) (vi), derivative financial instruments are measured at fair value, and changes in fair value are generally shown in the company's profit and loss. When measuring fair value, management must determine the appropriate methods and models for determining fair value and for hedge accounting. The disclosures are presented in disclosure 7.7 Financial instruments – fair value and risk management. The fair value of derivatives is based on quoted prices in active markets or on valuation models that use observable inputs. We treat derivative financial instruments as a key audit matter due to their importance for separate and consolidated financial statements, the importance of assumptions in the calculation of fair value, and the complexity of accounting for hedging against risks	As part of our audit procedures, we assessed the adequacy of the company's and the group's accounting policies regarding the recognition of derivative financial instruments and their compliance with IFRS, and performed the following audit procedures: - understanding risk management policies and reviewing key controls for the use, identification and measurement of derivative financial instruments; - comparison of input data used in valuation models, with independent sources and external market data available; - a comparison of the valuation of derivative financial instruments with market data or the results of alternative, independent valuation models; - testing of the usability and accuracy of hedge accounting on the basis of a sample; - taking into account the adequacy of disclosures relating to the management of financial risks, derivatives and hedge accounting. Within the audit procedures, we used an expert to verify that the valuation approach is appropriate, whether the relevant assumptions are appropriate for the purposes given and whether the results of the evaluations prepared by the company are accurate.

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Revenues from sales – the company and the group

As can be seen from the separate and consolidated financial statements – point 7.6.28 Note 28: Revenue, in the year ended 31 December 2023, the revenues from contracts with customers amounted to EUR 2,779,347 thousand (in the year ended 31.12.2022 4,144,486 thousand EUR) for the Company and EUR 2,753,965 thousand (in the year ended 31.12.2022 EUR 3,900,204 thousand) for the Group.

Revenues from the sale of services, which mainly include revenues from cross-border transmission capacities and other services related to the trading of electricity and natural gas, amounted to EUR 71,459 thousand for the Company in the year ended 31 December 2023 (in the year ended 31.12.2022 EUR 152,509 thousand), and EUR 129,463 thousand (in the year ended 31.12.2022 EUR 175,901 thousand) for the Group.

Key audit matter	How our audit addressed the key audit matter
As disclosed in note 7.3 Material accounting policies of the Group (M) (i) and 7.4 Material accounting policies of the Company (M) (i), revenues from contracts with customers are recognized gradually. In a contract for the supply of electricity or natural gas, the seller transfers control gradually, and the buyer simultaneously obtains and consumes the benefits of the seller's obligation when it is performed; the seller thus fulfils its performance obligation and recognizes revenue gradually by measuring according to the output method, namely the method of calculated amounts based on the supplied quantities of electricity or natural gas. The same method is used in the sale of small power plants. Revenues from services rendered are recognized in the income statement based on the stage of completion of the transaction at the end of the reporting period, as explained in note 7.3 (M) (ii) of the Material accounting policies of the Group and 7.4. (M) (ii) of the Material accounting policies of the Company. The degree of completion is assessed by reviewing the work performed. Revenues are one of the important indicators of the company's performance. Due to the importance of the item in the financial statements, and the risk related to the adequacy of revenue recording, we identified this area as a key audit matter.	As part of the implementation of audit procedures, we assessed the adequacy of the company's accounting policies regarding the recognition of revenues from services rendered and contracts with customers and their compliance with IFRS, and performed the following audit procedures: - we reviewed the design and implementation of internal controls related to the recognition of revenues and purchases from the point of view of the adequacy of their recording separately for trading and separately for retail; including the software tools used: - we reviewed the effectiveness of the identified internal controls, that we assessed to be important from the audit point of view; - on the basis of the selected sample, we reviewed the adequacy of controls in detail on the electricity and natural gas supply side; - on the basis of purchased and sold quantities and prices of electricity and natural gas for the last three years and on the basis of a high degree of correlation between purchase and sale, we analytically estimated revenues; deviations were explained; - recognized revenues with related parties were reconciled with independent confirmations. We also reviewed the information in the financial statements to assess whether the disclosures regarding revenue from the sale of services are appropriate.

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Other information

Management is responsible for the other information. The other information comprises the information included in Annual report, other than the separate and consolidated financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we express no assurance thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the separate and consolidated financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that other information include material misstatement we need to report such circumstances. In relation to this and based on our procedures performed, we report that:

- Other information is, in all material respects, consistent with the audited separate and consolidated financial statements;
- Other information is prepared in compliance with applicable law or regulation; and
- Based on our knowledge and understanding of the Company and the Group and their environment obtained in the audit, we did not identify any material misstatement of fact related to the other information.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements of the Company and the Group, management is responsible for assessing their ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

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As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on other legal and regulatory requirements

Report on the requirements of the Regulation (EU) No 537/2014 of the European Parliament and of the Council (Regulation EU 537/2014)

<u>Confirmation to the Audit Committee</u>
We confirm that our audit opinion on the separate and consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

<u>Prohibited Services</u>
We confirm that no services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided and that the audit company fulfilled independence requirements.

<u>Other services performed by the audit company</u>
There are no services, in addition to the statutory audit, which the audit company provided to the Company and its controlled undertakings, and which have not been disclosed in the Annual Report.

<u>Appointment of the Auditor and responsible certified auditor</u>
Deloitte revizija d.o.o. was appointed as the statutory auditor of the Company and the Group on General Shareholders' Meeting held on 4 November 2022, while the president of the Supervisory Board signed the audit contract on 15 November 2022. The audit contract was signed for 3 years. Our total uninterrupted engagement as statutory auditors has lasted since 24 October 2014.

Engagement partner responsible for the audit on behalf of Deloitte revizija d.o.o. is Yuri Sidorovich.

DELOITTE REVIZIJA d.o.o.
Dunajska cesta 165
1000 Ljubljana

Yuri Sidorovich
Certified auditor

For signature please refer to the original Slovenian version.

Ljubljana, 29 April 2024

Deloitte.
DELOITTE REVIZIJA D.O.O.
Ljubljana, Slovenija

TRANSLATION ONLY, SLOVENE ORIGINAL PREVAILS

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11 LIST OF DISCLOSURES