gen-i ANNUAL REPORT 2021

ANNUAL REPORT OF THE GEN-I GROUP AND GEN-I, D.O.O.
FOR THE YEAR 2021

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INDEX

1. OPERATING HIGHLIGHTS OF THE GEN-I GROUP IN 2021

AMOUNTS IN EUR ITEMS	2021	2020	INDEX 2021/2020	2019	2018	2017
OPERATING RESULTS						
Revenues	3,356,322,637	2,101,225,597	159.7	2,203,588,646	2,357,715,456	2,370,030,061
Change in value of inventories	1,316,095	-293,040	-	105,496	337,458	183,770
Historical cost of goods sold	-3,308,888,153	-2,055,559,519	161.0	-2,168,762,703	-2,292,741,493	-2,322,178,734
Other recurring operating revenues or expenses	110,361,336	28,390,065	388.7	23,104,074	-10,663,114	11,367,755
Gross operating profit[1]	**159,111,915**	**73,763,102**	**215.7**	**58,035,514**	**54,648,307**	**59,402,851**
Earnings before interest, taxes, depreciation and amortization (EBITDA)[2]	**92,963,712**	**32,077,722**	**289.8**	**22,964,638**	**20,414,366**	**24,937,979**
Earnings before interest and taxes (EBIT)	**88,972,931**	**23,408,119**	**380.1**	**19,800,656**	**16,279,578**	19,753,825
Net operating profit after tax (NOPAT)	71,182,307	17,914,369	397.3	16,039,884	13,246,670	15,590,619
Net profit	**70,076,376**	**15,428,322**	**454.2**	**15,282,822**	**12,908,860**	**13,463,405**
FINANCIAL POSITION						
Total assets	477,787,849	279,892,265	170.7	261,401,237	279,084,911	277,727,818
Equity	171,228,128	105,270,484	162.7	94,830,214	83,192,918	75,316,700
Inventories	15,760,368	3,407,772	462.5	1,502,344	749,083	357,986
Current receivables	244,885,801	162,279,083	150.9	159,128,131	188,748,973	201,401,139
Current liabilities, excluding financial liabilities and lease liabilities	216,887,163	107,602,268	201.6	91,656,144	119,216,914	135,398,050
Cash and cash equivalents	149,585,642	65,584,621	228.1	62,095,182	60,094,389	49,886,492
Working capital (inventories + current receivables - current liabilities)	43,759,005	58,084,587	75.3	68,974,331	70,281,142	66,361,075
Non-current financial liabilities	11,009,471	38,622,458	28.5	41,998,032	45,115,248	32,662,782
Current financial liabilities	76,544,217	26,465,835	289.2	31,701,569	30,717,892	33,653,321
Financial debt	87,553,689	65,088,293	134.5	73,699,600	75,833,140	66,316,103
Net financial debt	-62,031,953	-496,328	12,498.2	11,604,419	15,738,750	16,429,612
DEBT, LEVERAGE AND COVERAGE RATIOS						
Equity/(financial debt + equity)	66.2%	61.8%	107.1	56.3%	52.3%	53.2%
Equity/total assets	35.8%	37.6%	95.3	36.3%	29.8%	27.1%
EBITDA/interest expense	57.9	20.0	290.1	11.9	12.8	15.0
Net financial debt/EBITDA[3]	-0.7	0.0	4,312.6	0.5	0.8	0.7
PROFITABILITY INDICATORS						
Gross margin[4]	4.74%	3.51%	135.0	2.63%	2.32%	2.51%
EBITDA margin	2.77%	1.53%	181.4	1.04%	0.87%	1.05%
EBIT margin	2.65%	1.11%	238.0	0.90%	0.69%	0.83%
ROA (net profit/average total assets)	18.50%	5.70%	324.5	5.66%	4.64%	5.06%
ROE (net profit/average equity)	50.69%	15.42%	328.7	17.17%	16.29%	19.07%

[1] Gross operating profit = difference between revenues and costs of sales
[2] EBITDA = earnings before interest, taxes, depreciation and amortization + impairments and write-offs
[3] Net financial debt/EBITDA = (non-current and current financial liabilities – cash and cash equivalents)/EBITDA
[4] Difference between revenues and costs of sales/sales revenue

Net profit

70.08 MIO €

+354.2%

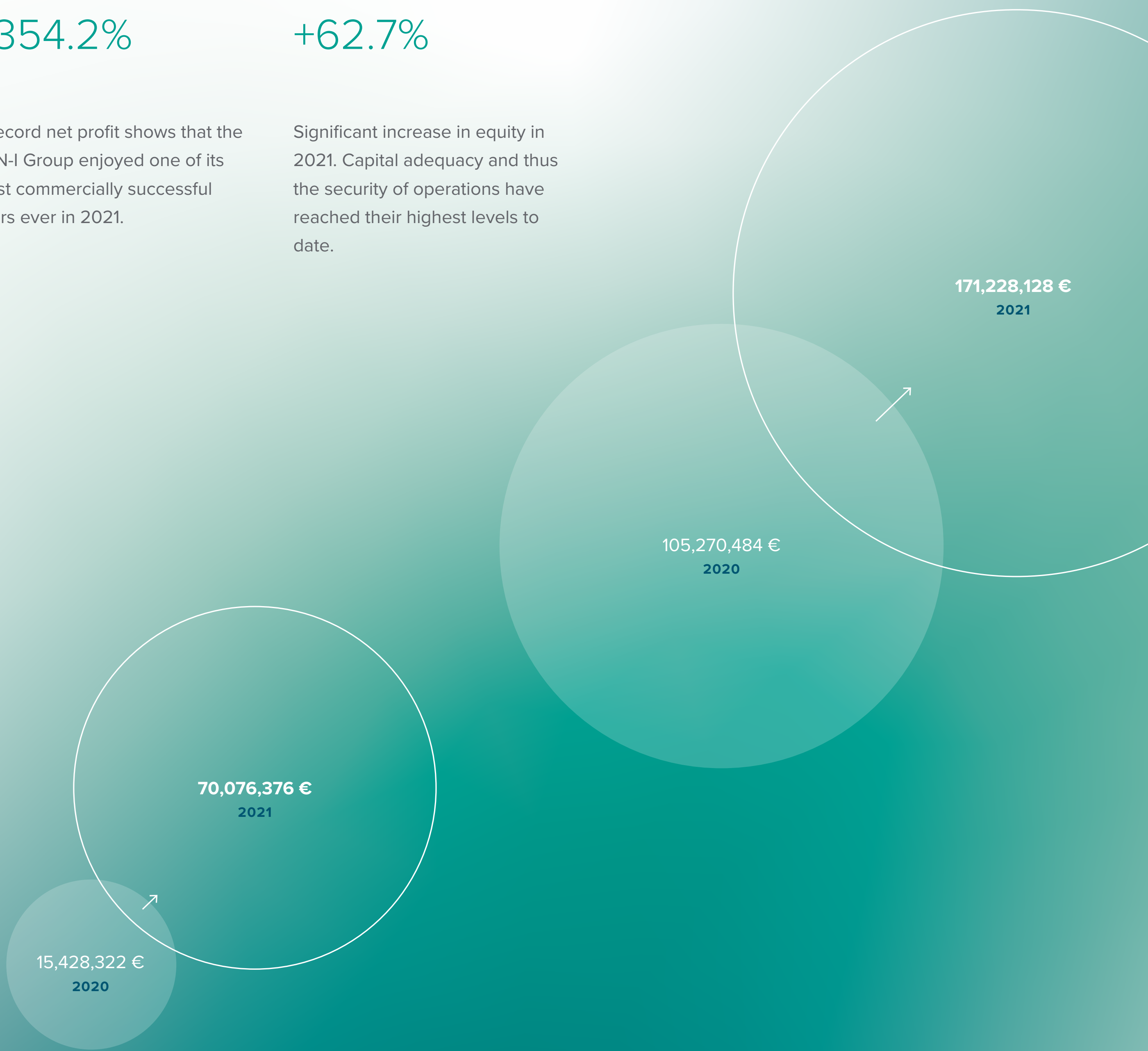
A record net profit shows that the GEN-I Group enjoyed one of its most commercially successful years ever in 2021.

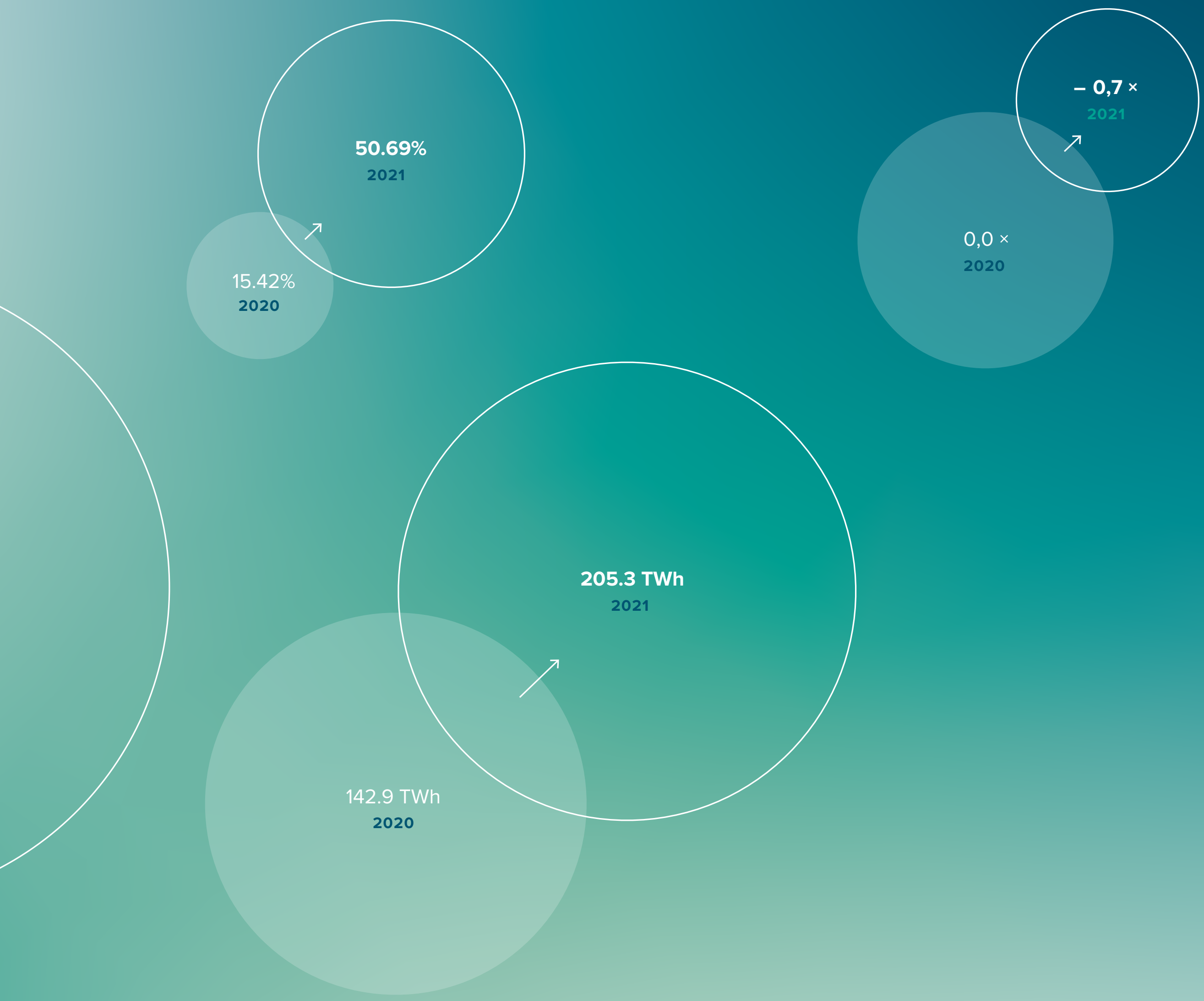
Equity

171.23 MIO €

+62.7%

Significant increase in equity in 2021. Capital adequacy and thus the security of operations have reached their highest levels to date.





ROE	Sales volumes	Net financial debt/EBITDA
50.69%	**205.3** TWh	–**0.7** ×
+228.7%	+43.7%	
Return-on-equity above 15% for the fifth year in a row. Key reasons – successful performance and moderate dividend policy.	A record year in terms of quantities of electricity and natural gas sold based on forward sales contracts and contracts with physical delivery.	Negative net financial debt. Extremely high potential for investments.

2. MESSAGE FROM THE PRESIDENT OF THE MANAGEMENT BOARD[1]

Dear Business Partners, Owners and Employees,

The GEN-I Group ended last year with outstanding results that even surpassed the records set in 2020. Revenues exceeded EUR 3 billion for the first time in 2021. We generated earnings before interest and taxes (EBIT) of EUR 89 million and a net profit of EUR 70 million. We thus exceeded planned net profit for 2021 by EUR 53 million. This was mainly the result of the sale of a record 205.3 TWh energy. With another extremely successful year, we further strengthened our financial stability and far surpassed the expectations of owners with a return on equity of more than 50%. Capital adequacy and thus the security of the GEN-I Group's operations have reached their highest levels to date.

Our success is based on long-term investments in advanced analytics, processes, digitalization and a diverse and flexible portfolio on the wholesale market. We trade five energy products in more than twenty countries. This allows us to effectively exploit market opportunities on the international markets, even during an energy crisis, accompanied by very high prices subject to above-average volatility. Electricity and natural gas prices shattered records during the second half of the year, but in the context of successful international trading, which we have invested millions of euros in developing in previous years, we were the only supplier in Slovenia able to freeze prices for electricity and natural gas customers. At the same time, we welcomed new customers who were left without a supplier during the current energy crisis. Our share of the Slovenian households electricity market thus rose to over 40%.

With respect to the green transformation, we achieved several milestones that were set out in our Vision 2030. In North Macedonia, we are in the process of building a 17 MW solar power plant that will be the first of its size in the our production portfolio of renewable energy sources (RES) and will contribute to the further diversification of the GEN-I Group's operations. With the signing of the first major PPA (power purchase agreement) on the purchase of electricity from renewable energy sources, we have established the bases for the development of a trading platform for RES. GEN-I's solar community project marks the beginning of the establishment of the largest RES community in the country. The aim of the project is the simple and affordable supply of electricity in the future from community solar power plants to everyone lacking the conditions to set out their own solar power plant.

We are continuously upgrading our Moj GEN-I portal for customers with features to improve the user experience. We also developed the special Moj GEN-I Solar application last year for the owners of GEN-I Sonce solar power plants. By adapting the HR function and making it a strategic initiative, we successfully responded to the new conditions on the labor market. We had 599 employees at the end of 2021, an increase of 12.8% relative to the previous year.

In the area of finance, we will continue to pursue the objective of stable and prudent operations in 2022. Revenues in the amount of EUR 2.6 billion and a net profit of EUR 21.8 million are planned for 2022. In the future, when electricity and natural gas prices are expected to continue rising on the international markets, we will again place our most vulnerable customers first in the supply of energy. By enhancing the presence and diversification of operations on the international markets, we will achieve the lowest possible energy prices for domestic household customers and create the best possible conditions for business customers. In the context of increasing demand for home solar power plants for the individual self-sufficient supply of energy, our aim is to maintain our leading position in that area, while striving to become the leading provider of services and technologies for the self-sufficient supply of electricity to business customers, the public sector and energy communities. Through planned activities and investments in the further development of our own trading portfolio and the energy services of the future, internal processes and employee competences, we are transforming into a high-tech company with the goal of becoming the leading provider of green solutions for the decarbonization of the energy sector. We are thus responding responsibly to the need for a green transformation to halt climate change.

Private investors withdrew from the GEN-I Group's ownership structure at the end of the year, with the state becoming the Group's largest owner. The Group was without a senior management team for a brief period in mid-November, when the term of office of the long-standing Management Board expired. The owners were unable to reach an agreement on the reappointment of that body or appointment of a new Management Board. The final decision in that regard was made by the court, which pursued the goal of ensuring the continuity and professionalism of the senior management of one of the most successful players on the European energy market.

[1] Disclosure 102-14.

A new chapter opened for GEN-I at the end of 2021 after fifteen years under the leadership of President of the Management Board, Dr. Robert Golob. During his tenure, the GEN-I Group grew, developed, identified and exploited market opportunities that were unimaginable to many, and responded to societal and environmental changes. The new Management Board will strive to write its own story in the future that will be as successful and development-oriented as GEN-I's previous story.

We will also strive to re-establish a balanced ownership structure and strengthen corporate governance. We will build an even more financially robust and strategically development-oriented corporate structure with an entrepreneurial culture, and thus facilitate the continued growth of the Group, its business partners, employees and owners, regardless of the geopolitical, market and climate conditions in which we find ourselves and that will characterize us in the coming years.

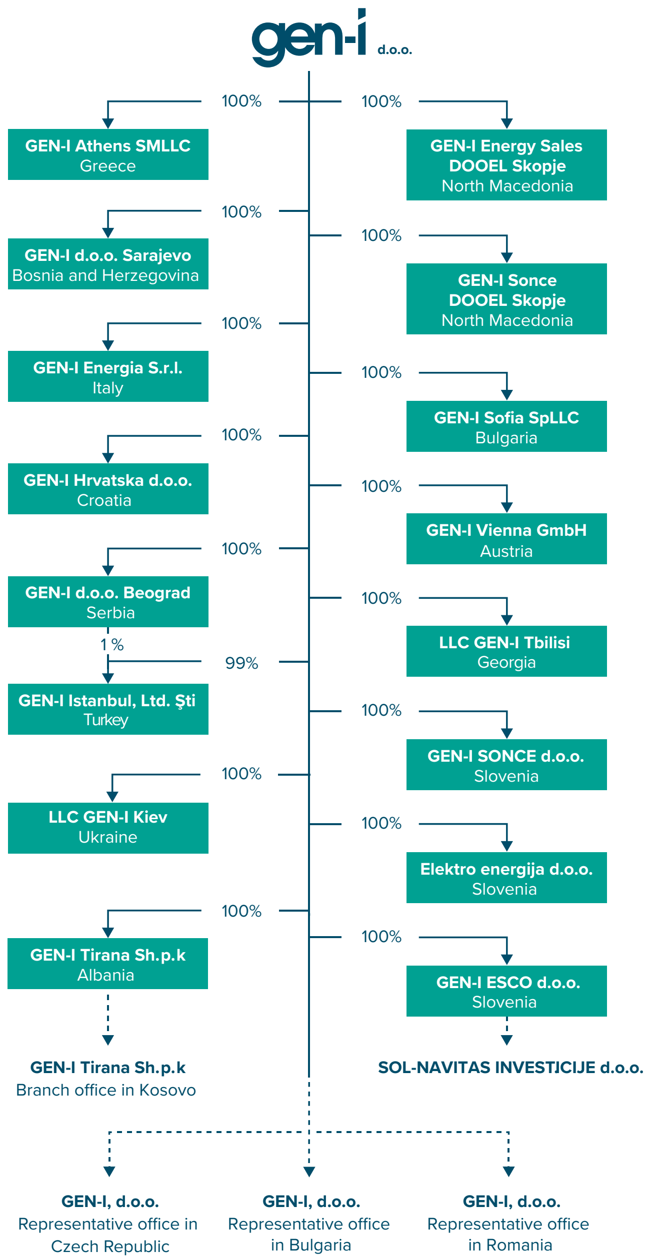
Igor Koprivnikar, Ph.D., MBA
President of GEN-I's Management Board

BUSINESS REPORT **2021**

BUSINESS REPORT OF THE GEN-I GROUP FOR THE YEAR 2021

3. BUSINESS REPORT

3.1. Presentation of the GEN-I Group[2]



The GEN-I Group, which comprises GEN-I, d.o.o. and its 16 subsidiaries, is one of the fastest growing and most innovative players on the European energy market. We operate on twenty European markets, from France in the West to Turkey in the East. We also have in place the necessary infrastructure for the sale and supply of energy products to end-customers on eight markets. International activities are managed from Slovenia, with subsidiaries provided the infrastructure required to participate on the local and international energy markets. The GEN-I Group thus maintains its role as a leading trader on the regional energy market, as well as its role as the leading supplier and promoter of the green transformation in Slovenia.

The GEN-I Group's core activities are as follows:

- the supply of electricity and natural gas to end-customers;
- electricity and natural gas trading;
- purchase of electricity from major producers and from producers who use renewable energy sources and high-efficiency cogeneration plants (RES and CHP);
- the provision of services for the energy self-sufficiency and efficiency of individuals and companies;
- the provision of advanced services to business partners and customers; and
- a range of innovative products and services on the energy market in Southeast Europe.

The core activities of the GEN-I Group remain the purchase and supply of electricity and natural gas on the wholesale and retail markets. We have expanded our activities from the supply of electricity to the sale, supply and installation of solar power plants and other products aimed at increasing energy efficiency.

The operations of the GEN-I Group have been characterized by growth since its establishment. Despite the changing market conditions, we have also succeeded in identifying and exploiting business opportunities. Fifteen years ago, we recognized such opportunities in the liberalization of the energy markets. We made it our mission to be the first choice for customers and partners in delivering the benefits of a free electricity and natural gas market. Today, we see

[2] Disclosures 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-9, 102-10, 102-12, 102-13.

our mission as much broader, as the global energy sector is facing the historical challenges of the green transformation and decarbonization.

As a socially responsible company, we accept our share of responsibility for finding solutions in the fight against global warming and, with our knowledge of the local specificities of the energy sector, particularly on the Slovenian market, we are working steadily and actively to decarbonize the energy system. Our aim is to show that the green transformation, through the use of renewable energy sources, smart and flexible grids, and well-informed and active customers, is not only urgent but is the best choice for our common energy future.

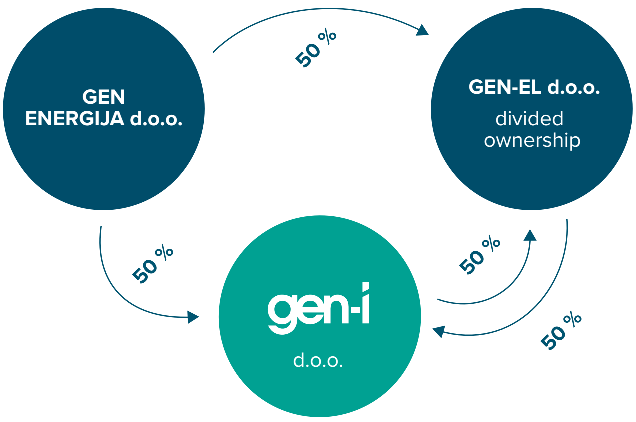
Our employees represent the foundation for our success and the realization of ambitious plans. They help us research and develop innovative business models, digitalize all levels of operations and reach the highest recognition for reputation, both in business circles and amongst customers. In Slovenia, GEN-I has held the title of Trusted Brand amongst electricity suppliers for eight years in a row, while the GEN-I Sonce brand achieves the highest market share amongst solar power plants for the self-sufficient supply of electricity. In Croatia, we are strengthening our position as an affordable electricity supplier through the Affordable Electricity (Jeftina Struja). We are also present on the Slovenian market with the Elektro energija brand, through which we are reaffirming our tradition of high-quality electricity supply.

Information regarding the parent company: GEN-I, trgovanje in prodaja električne energije, d.o.o.

Registered office: Vrbina 17, SI-8270 Krško, Slovenia
Abbreviated company name: GEN-I, d.o.o.
Telephone: +386 7 488 1840
Email: info@gen-i.si | elektrika@gen-i.si
plin@gen-i.si | sonce@gen-i.si
jeftinastruja@gen-i.hr | info@elektro-energija.si
Website: www.gen-i.si | www.gen-isonce.si
www.jeftinastruja.hr | www.elektro-energija.si
Company size: large company
Core activity: electricity trading and supply of electricity and natural gas to end-customers
Year of establishment: 2001
Registration application no.: 1/04524/00; registered at the Krško District Court; date of last court register entry: December 14, 2016
VAT ID no.: SI71345442
Registration no.: 1587714000
Share capital: EUR 19,877,610.00

Ownership of the parent company

Gorenjska banka, d.d. withdrew from the ownership structure of GEN-EL naložbe, d.o.o. in 2021. Its participating interest was purchased by GEN-I, d.o.o., which again became the 50% owner of GEN-EL. The goal of that purchase remains temporary ownership until the final sale of the aforementioned participating interest. According to the companies register, the remaining 50% participating interest in GEN-EL has been held by GEN energija, d.o.o. since June 28, 2021.



GEN-I Group companies are members of numerous associations and organizations, either due to business requirements or because of the desire to connect with stakeholders.

External initiatives and membership in associations/ organizations

Initiatives

The GEN-I Group is the initiator and co-founder of a consortium for the acceleration of the green transformation of the Slovenian energy sector with the help of smart grids.

Membership in organizations

- European Federation of Energy Traders (EFET)
- SLO CRO Business Club
- Bridge Horizon 2020
- Electrotechnical Association of Slovenia (EZS)
- Energy Industry Chamber of Slovenia and Electricity Suppliers Section (SVDEE)
- Chamber of Commerce and Industry of Slovenia (GZS)
- Slovenian Directors' Association
- Managers' Association of Slovenia
- Slovenian Photovoltaic Association (GEN-I Sonce)

Exchanges

- BSP Regionalna Energetska Borza d.o.o. (regional energy exchange)
- CROPEX d.o.o.
- EPEX Spot
- Enerji Piyasaları İşletme A.Ş. (EPIAS)
- EXAA Abwicklungsstelle für Energieprodukte AG
- 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)

3.2. Corporate governance statement

Statement of compliance with the Code

In addition to the provisions of the law, the provisions of the Memorandum of Association and other internal acts, and generally accepted best business practices, the governance of GEN-I, d.o.o. also takes into account, mutatis mutandis, the recommendations of the Corporate Governance Code (hereinafter: the Code) issued in May 2016 by the Chamber of Commerce and Industry of Slovenia, the Ministry of Economic Development and Technology and the Slovenian Directors' Association. That code is accessible on the websites of the aforementioned organizations.

GEN-I, d.o.o. consistently respects the guiding principles of the Code, and primarily complies with its recommendations at an advanced level, while it complies with other recommendations at a fundamental level. Given below are deviations from the Code that are primarily the result of the Company's legal organizational form as a limited liability company, and due to its stable but limited ownership by only two owners:

The Company's Memorandum of Association includes all of the necessary substantive definitions and mechanisms for successful corporate governance, but does not follow the principle of avoiding the allocation of voting rights to two equal stakes. Ownership is divided between only two owners, each of which holds a 50% participating interest in the share capital of GEN-I, d.o.o.

GEN-I, d.o.o.'s Memorandum of Association is only published on the website www.ajpes.si, in the collection of documents of the Business Register. The rules of procedure of the governing body are also not published. The governing body has not adopted a separate governance policy, but defines certain substantive elements of such a policy and communicates them via other corporate documents and implements them via the work of the general meeting.

Because it is a limited liability company, which results in a closer link between the Company's owners, one owner only has the right to freely dispose of its participating interest with the prior consent of the other owner.

When it is briefed on and adopts the annual financial statements, the general meeting does not require the presence of the Company's certified auditor.

The structure of the powers of the Company's owners and governing bodies are evident from the Memorandum of Association, but a separate supervisory body has not been established. The effective supervision of the Company's operations is the responsibility of GEN-I, d.o.o.'s general meeting, which functions within the scope of its powers in accordance with the law and Memorandum of Association.

Through an extensive system of controls and the clearly defined responsibilities of individual departments, the Company exercises and ensures control over the structure and efficiency of its operations, in accordance with regulations and internal acts, without the appointment of a separate internal auditing body.

Description of the main features of the Company's internal control and risk management systems in connection with financial reporting procedures

The GEN-I Group implements internal controls at all levels with the aim of ensuring the accuracy, reliability and completeness of accounting records, true and fair financial reporting, compliance with valid laws and other regulations, and operational efficiency. Accounting controls are based on the appropriate control environment, which includes the governance system, the organizational structure, competences, responsibilities and ethical values, and based on control activities, which include transaction approval procedures, the segregation of tasks and responsibilities, clear work instructions, the reconciliation of balances and supervision. The reliability of financial reporting is also ensured through the use of an appropriate information system that in turn facilitates completeness and accuracy in the capture and processing of data, and through the education and training of employees. The Group manages risks in connection with financial reporting procedures through centralized guidance and control over the accounting function of all subsidiaries, and by auditing the financial statements of major GEN-I Group companies. Risk management and control mechanisms in connection with the assessment of individual risks are presented in detail in section 3.8 Risk management.

Composition and functioning of the general meeting

In accordance with the Companies Act (ZGD-1), the Company's highest body is its general meeting. Through the latter, the Company's owners GEN energija, d.o.o. and GEN-EL naložbe, d.o.o. exercise their rights and make decisions on matters that are defined by the law or Memorandum of Association, including the appointment and replacement of members of governing bodies and changes to the Memorandum of Association. The general meeting is convened by the Company's executive staff, while the actual convening of the general meeting is governed by the Memorandum of Association taking into account the provisions of valid legislation. Invitations to the general meeting must include the agenda and all proposed resolutions, accompanied by appropriate explanations. The general meeting is convened at least once a year, or more frequently as required.

The general meeting is deemed quorate if all of the Company's share capital is represented, while decisions are adopted unanimously.

Seven general meetings were convened in 2021, where the Company's owners made decisions regarding matters for which they are competent taking into account the provisions of the Memorandum of Association.

Composition of governance bodies[3]

The company was led by a four-member Management Board until November 18, 2021. That body comprised President of the Management Board Robert Golob, Ph.D., and members Danijel Levičar, MBA, Igor Koprivnikar, Ph.D., MBA and Andrej Šajn, MSc, who were appointed to five-year terms of office.

The appointment of the Management Board was in line with the requirements of the Companies Act and the Company's internal acts. The members of the Management Board, whose term of office expired at the end of last year, are renowned experts with extensive international experience in the areas of energy and electricity. Their management skills are supplemented by additional knowledge of corporate governance acquired through MBA programs, which are essential for managing large international business systems such as the GEN-I Group. Due to his commitment to decarbonization and raising awareness about a sustainable future, Robert Golob was named Slovenia's European Climate Pact Ambassador for 2021.

[3] Disclosure 102-22.

GEN-I's Management Board has full authorization to manage the Company's transactions, at its own risk, with members of the aforementioned body representing the Company in pairs according to the principle of cross-representation, which is explained in more detail below.

The Company does not currently have a Supervisory Board and audit committee. The establishment of those bodies is, however, planned to ensure compliance and raise the level of corporate governance.

Although the Company's internal acts do not envisage the appointment of special commissions and committees, the parent company GEN-I, d.o.o.'s Management Board is assisted by a number of commissions and committees appointed by the aforementioned body, including an HR committee, project committee, analytics committee, digitalization committee, information security committee, personal data protection committee, market risk committee and credit committee. The members of those committees include members of the Management Board. The above-described commissions and committees ensure the expert and in-depth discussion of topics from their areas of work, the formulation of the appropriate bases for decisions by the Management Board regarding those topics or for direct decisions regarding topics referred to them, the drafting of proposed resolutions and the implementation thereof.

The Company also has sector-level directors who do not have executive powers or general authorizations to represent the Company, but function as experts in their respective areas and report to the Management Board with regard to their work. In selecting and appointing directors, the Company's Management Board takes into account candidates' competences, knowledge and experience, while ascribing particular importance to diversity in terms of age and gender.

Process of appointing members of governance bodies

Individual members are appointed to GEN-I, d.o.o.'s Management Board by the general meeting with the consent of both owners, where:

- the owner GEN energija, d.o.o. proposes the appointment of the President and one member of the Management Board; and
- the owner GEN-EL naložbe, d.o.o. proposes the appointment of two members.

[4] Disclosures 102-22, 102-24.

According to the provisions of the Memorandum of Association, members of the Management Board are appointed to a five-year term of office with the possibility of reappointment, and represent the Company collectively according to the principle of cross-representation. In order to ensure a balance between the interests of both owners, two members of the Management Board, appointed based on the proposal of different owners, always represent the Company collectively as a pair.

There are no specific rules in the Company's internal acts defining a process for the coordination of candidates and criteria for the selection and appointment of Management Board members. In selecting candidates for members of the Management Board, however, the Company's owners strive to take into account established standards for the recruitment of those persons, in particular the professionalism, qualifications and suitability of candidates, the diversity and complementarity of their experience, and the knowledge and competences required for the prudent governance and management of the Company, the achievement of its strategic objectives and the resulting maximization of value for owners.

In order to maintain the balance of the ownership structure, the consent of both owners is required for the appointment of members of the Management Board. Because there is no specific mechanism for the resolution of disagreements between owners set out in the Memorandum of Association, and because agreement could not be reached on the appointment of the Management Board, GEN-I, d.o.o. operated without an appointed Management Board on the basis of the issued authorizations from November 18, 2021 until March 18, 2022, when the court-appointed Management Board took office.

Functioning of the governing body[5]

The four-member Management Board manages the Company's operations at its own risk, and represents the Company in accordance with the provisions of the relevant laws and taking into account the competences and limitations set out in the Memorandum of Association and the rules of procedure of the Management Board. The Management Board makes decisions at its sessions, where each member casts one vote in the adoption of decisions, which are deemed valid if the majority of members in attendance vote for in favor.

[5] Disclosures 102-17, 102-18, 102-20, 102-26, 102-29, 102-31, 102-32.

The Management Board's decision-making method, representation of the Company, and the competences and limitations of the aforementioned body are defined in detail in the Memorandum of Association and the rules of procedure of the Management Board, which were adopted by the general meeting on December 13, 2016 and which define in detail decisions for which the Management Board requires the consent of the general meeting.

In 2021, the Management Board met at 43 regular sessions, one extraordinary session and two correspondence sessions, at which it discussed matters for which it is competent.

In the scope of its powers, the Management Board manages the Company's transactions, proposes the bases of the business policy and the measures for the implementation of that policy, drafts and proposes the business plan, and makes decisions on all other matters relating to operations and internal relations. It is guided in this regard by the independence of decision-making, a commitment to an entrepreneurial culture, continuous development and the improvement of the competitiveness of operations, and thus the maximization of value for owners. Through such work, the Management Board strives to deliver benefits to all key stakeholders: owners, customers, financial institutions and employees.

In the context of its commitment to sustainable development and awareness of the environmental impacts of the energy sector, legislative requirements in connection with decarbonization and the associated business opportunities, the Management Board, in cooperation with the directors of individual areas, began to formulate in 2021 strategic development policies that served as the basis for the preparation and adoption of the Strategic Development Plan of the GEN-I Group for the period 2022 to 2030. Laid out in that plan was the Company's development strategy in the context of the pursuit of the objectives of the green transformation and the transition to a carbon-free society.

No specific committees or commissions have been formed to date to make decisions on the topics covered by the Strategic Development Plan, while the Company's Management Board is responsible for implementing the strategy. In accordance with the Strategic Development Plan, the Management Board drafted the Business Plan of the GEN-I Group for 2022, which was approved by the general meeting.

Each formulated strategic development policy has a steering officer and a steering committee that monitors and guides the implementation of work. The Management Board reviews previously completed work and issues new guidelines at quarterly workshops. In this way, the GEN-I Group focuses its innovation processes on areas strategic to the Group.

The Management Board ensures sustainable development, which includes sustainability reporting, by adopting measures for the implementation of the core business policy.

In the scope of its competences, the Management Board also adopts measures to ensure the legality of work and the efficiency of operations and discusses issues related to the principles of ethics and integrity, and the associated rules of conduct and behavior of executive staff and other employees. The Management Board promotes a culture that is based on ethical and lawful conduct, primarily by example and by integrating best practices into the Company's operations, and encourages employees to respect the Company's core values of respect, responsibility, commitment, inclusion and flexibility.

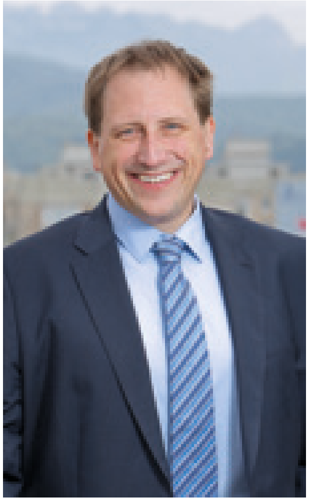
The Management Board communicates with employees and raises their awareness about the importance of values, compliance and corporate integrity through programs, such as onboarding and mentoring, and through internal rules for employees published on the intranet. The Management Board thus strives to promote an ethical culture, protect the GEN-I Group's reputation and strengthen the trust of all major stakeholders in the Company's operations.

Information regarding the composition of the governing body based on the decision on the court appointment of the Management Board[6]

On February 16, 2022, the District Court of Krško issued a decision on the court appointment of a Management Board that will lead GEN-I until the appointment of a new Management Board in accordance with GEN-I, d.o.o.'s Memorandum of Association, for a maximum of one year (details regarding the change in the Management Board are given in point 3.6 Events after the end of the reporting period).

With the decision on court appointment, which became final on March 18, 2022, the following persons were appointed members of the Management Board

[6] Disclosure 102-22.



Igor Koprivnikar, Ph.D., MBA
President of the Management Board

An expert with many years of corporate managerial experience in different areas associated with energy trading and liberalization processes on the energy markets of Central and Eastern Europe, Mr. Koprivnikar graduated from the Faculty of Natural Sciences of the Technical University of Graz, Austria in 1999, and holds a doctorate in nuclear physics from the Institute for Theoretical Physics of the Technical University of Graz. Following his studies, he worked with numerous scientific institutions around the world, and was responsible for the development of the EXAA energy exchange in Austria from 2002 to 2004. He was employed by GEN-I, d.o.o. in 2004 when the Company was established, and from 2005 to November 2021 served three terms of office as member of the Management Board responsible for trading, finance and legal affairs within the GEN-I Group. He laid the foundations of the business model for international and cross-border electricity trading and updated that model in the years that followed. He received his MBA in 2018 from the prestigious University of Chicago Booth School of Business and thus further strengthened his competences in the areas of management, finance and the capital markets. Following the expiry of the five-year term of office of the Management Board in November 2021, he was appointed President of the Management Board by the court on February 16, 2022 based on his professionalism, experience and recognized development-entrepreneurial nature. He remains the executive director of eleven of the Group's foreign subsidiaries.

Dejan Paravan, Ph.D.
Member of the Management Board

A recognized expert in the field of energy and an active participant in the co-creation of the Slovenian energy market, he began his career in 1999 as a researcher at the Faculty of Electrical Engineering at the University of Ljubljana, where he earned his doctoral degree in 2004 with a dissertation on the management of medium-term risks faced by producers on the electricity market. During his studies, he gained valuable experience abroad at the Siemens AG Institute in Erlangen, Germany, and Decision Systems International, a company based in Atlanta, USA. After receiving his doctorate, Mr. Paravan was employed by Istrabenz energetski sistemi, d.o.o., where he performed various functions at group companies, with a focus on developing electricity sales to end-customers. He became a member of the Management Board in 2006 and, following the successful completion of his term of office, assumed the position of Executive Director responsible for electricity supply in 2011. He became the Director of Strategic Innovation at the beginning of 2017, with the aim of developing new energy services and products for the green transformation of the energy sector. He was appointed member of the Management Board on February 16, 2022 under a decision of the District Court of Krško. He is also the executive director of three subsidiaries (GEN-I Vienna GmbH, Austria, GEN-I Energia S.r.l., Italy and GEN-I Hrvatska, d.o.o. Zagreb, Croatia).

Andrej Šajn, MSc,
Member of the Management Board

The initiator of many new solutions and the manager of development projects mainly associated with information technologies for electricity sales and trading, he began his career in 2001 as an assistant in the laboratory for energy strategies of the Faculty of Electrical Engineering at the University of Ljubljana, where he completed his master's degree in electricity production optimization in 2004. That same year, he started working for Istrabenz energetski sistemi, d.o.o., taking on different roles within that business group. His areas of expertise include information technology and the management of pilot development projects, or so-called internal incubators. From 2007 onwards, he worked as an executive director in research and development and information technology at Istrabenz Gorenje, d.o.o., while acting as a coordinator of business information technology at GEN-I, d.o.o., where he was in charge of preparations for GEN-I, d.o.o.'s entry into the household customer electricity segment in 2008, and in charge of preparations for GEN-I, d.o.o.'s entry into the household customer natural gas segment in 2012. Mr. Šajn has served as the head of IT at GEN-I, d.o.o. in recent years. He completed his second five-year term of office as member of the Management Board in November 2021. He was reappointed to that function on February 16, 2022 under a decision of the District Court of Krško.

Primož Stropnik,
Member of the Management Board

Mr. Stropnik is the head of portfolio production management within the GEN Group, and has been responsible for the continuous development of the system services and electricity sales function on the wholesale market and portfolio optimization at GEN energija, d.o.o. for more than 15 years. He began his career at Termoelektrarna Brestanica, d.o.o., where he was employed after completing his bachelor's degree in economics. His thesis 'Entrepreneurial Effects of the Liberalization of the Electricity Market' back in 2002 was a clear indication of his career goals, which he continues to pursue to this day. In addition to his membership on the supervisory boards of GEN Group companies, he has also gained professional experience as a member of working groups in the decommissioning program for the Krško Nuclear Power Plant and in analyses of the long-term functioning of that power plant. On the investor side, he was involved in the preparation of investment documentation for individual units of hydroelectric power plants on the lower course of the Sava River and the replacement of gas turbine units 1 to 3 at Termoelektrarna Brestanica, d.o.o. He joined GEN-I, d.o.o. at the beginning of 2022 as a court-appointed member of the Management Board. He is responsible for overseeing the implementation of the umbrella 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 its employees equal opportunities, regardless of gender, race, skin color, age, medical condition or disability, religion, political or other beliefs, nationality or social background, social status, financial situation, sexual orientation or other personal circumstances. The Group has not yet adopted a separate policy to further govern the structure of governing bodies in terms of gender, age, education and other personal circumstances.[7]

Management of GEN-I Group companies

In accordance with the principles of the centralized strategic governance of the GEN-I Group, the management functions at the majority of subsidiaries are performed by Robert Golob, Ph.D. (President of the Management Board until November 18, 2021), Igor Koprivnikar, Ph.D., MBA, court-appointed President of the Management Board, and Dr. Dejan Paravan, Ph.D., court-appointed member of the Management Board. The legal representatives of GEN-I Group companies are as follows:

- Igor Koprivnikar, Ph.D., MBA is the manager of: GEN-I d.o.o. Beograd Serbia, Serbia, GEN-I Energy Sales DOOEL Skopje and GEN-I Sonce DOOEL Skopje, 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 – Electricity Trading and Sales SpLLC, Bulgaria, GEN-I Istanbul Wholesale Electricity Limited Company, Turkey, GEN-I Kiev LLC, Ukraine and GEN-I Tbilisi LLC, Georgia. He is also a member of the Management Board of GEN-I Hrvatska d.o.o, Croatia;
- Dejan Paravan, Ph.D., is the manager of: GEN-I Vienna GmbH, Austria and GEN-I Energia S.r.l., Italy. He is also a member of the Management Board of GEN-I Hrvatska d.o.o, Croatia;
- Robert Golob, Ph.D. is the President of the Management Board of GEN-I Hrvatska d.o.o., Croatia;
- Bojan Kumer is the manager of Elektro energija, d.o.o. and GEN-I ESCO d.o.o.;
- Lidia Glavina is the manager of GEN-I Energia S.r.l., Italy; and
- Gregor Hudohmet is the manager of GEN-I Sonce, d.o.o.

[7] This topic is discussed in greater detail in section 5.8 Respect for human rights·

3.3. Strategic policies[8]

The development of the GEN-I Group's operations is based on an understanding of current challenges in the energy sector, which we are witnessing across the globe and which will require radical changes in the traditional value chain, from centralized and predominantly fossil-fuel based production, through transmission and distribution, all the way to final energy customers. Countries in the developed world bear the responsibility for leading the way in the energy transition, where there is no one-size-fits-all solution due to local specificities. With the Green Deal, the Recovery and Resilience Facility and the latest Fit for 55 legislative package, the European Commission has taken a strong stance in favor of green, renewable and digital technologies that will enable more environmentally friendly ways of obtaining energy with the aim of combating climate change. The GEN-I Group not only follows those changes; it also co-creates them.

The supply of energy and trading remain the Group's strongest pillars, but we are also increasingly focused on development activities, including advanced analytics and digital solutions for our own operations on the one hand, and energy services for the transition to a carbon-free society on the other.

Starting in 2021, we made a commitment to all Slovenian users to supply them exclusively carbon-free electricity and conscientiously rejected electricity produced from fossil-based sources. To that end, we updated the sales strategy and strengthened the development of digital services accordingly. Because there are practically no more opportunities for mergers and acquisitions (M&As) of suppliers on the Slovenian market, we intend to expand our sales portfolio over the next three years by acquiring electricity and natural gas suppliers abroad.

Trading represents the biggest opportunity for the GEN-I Group to grow its business and generate funds to invest in the green transformation and keep final energy supply prices as low as possible. We are thus planning to further expand our trading activities in the future with the aim of achieving the comprehensive (cross-commodity) coverage of global energy products and all major global markets. We will also increase our presence on the natural gas market, where we aim to become leading alternative supplier in the region. A large portion of our investments is already focused on analytical support for trading, an area for which we intend to increase funding in the future.

In terms of the production and storage of energy and sales of technology, we are planning continued growth in the harnessing of the sun's potential, both in individual self-sufficient supply services and in the development of new products in the area of energy communities. Solar power plants will be built in all segments, including the first major stand-alone solar power plant in North Macedonia. We will also develop a flexibility portfolio that will be key in a future energy system with a high proportion of renewable energy sources.

In addition to advanced solutions to maximize the use of solar energy, flexibility management and carbon-free mobility, we are developing a range of services that enhance the GEN-I Group's role as a leading promoter of the green transformation in Slovenia and the region.

Our work towards the green transformation will be based on smart green technologies. For this reason, digitalization will be one of our key priorities. The quantity of data that we process on a daily basis will double in three years' time. We are therefore investing in and developing platforms that will make it possible to access and process data much faster.

In order to achieve our business and development objectives, we will continue to invest in employees and their development, and will maintain a corporate culture, in the scope of which we will continue to actively promote environmental awareness amongst employees in the future.

With highly motivated and qualified employees, we are prepared for the challenges that lie ahead and are developing into a high-tech company with the aim of becoming a leading provider of innovative products and services for the green transformation on the European energy market.

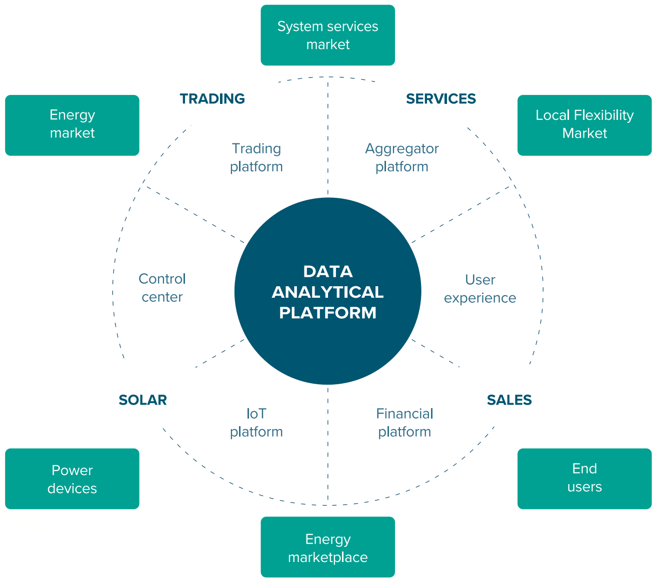
[8] Disclosure 102-14.

MISSION: a reliable partnership

Our professional and innovative approach helps us market electricity efficiently by offering production sources competitive purchasing prices, and by providing end-customers with high-quality services, a reliable supply and the management of costs associated with energy purchases. Through our own example and green decisions, we are leading the way on the path to the green transformation.

VISION: the leading supplier of green solutions

Our policies for the future are based on smart solutions that will facilitate society's green transformation and the establishment of sustainable links with the natural environment. As the leading provider of innovative products and services on the European energy market, we will promote green energy, sustainable development and the digitalization of operations. Our objective is to be the first choice for all segments of the energy chain: energy producers, traders and customers. Our aim is to be the best example of the green transformation and to prove that the decarbonization of society is possible while maintaining stable growth in operations.



VALUES[9]

Respect is demonstrated by integrating the work of the individual, through willingness to accept the opinions of others and openness to proposals and ideas, and through the active search for solutions that contribute to the pursuit of common objectives.

Responsibility is demonstrated in a diligent approach to work, the assumption of responsibility for one's own results and by constantly striving for good common results. We establish fair, open and diligent relationships with customers and business partners, and provide them the optimal solutions, even in difficult circumstances.

Commitment is a part of our corporate culture and is expressed in our employees' attitude to knowledge, work, their co-workers and to the Group's business partners. We understand commitments as an individual's desire to continuously improve and develop the competences that contribute to the enhancement of the Group's business processes.

Inclusion is sought in and expected of every employee. To the Group, it means striving actively to achieve common objectives, the engaged search for new solutions and putting forth initiatives to implement those solutions. This value results in constant improvements to our business processes and the optimization of services, something our partners also appreciate.

Flexibility means a positive approach to changes. The environment in which the Group operates is extremely dynamic. Changes and the new challenges that arise as a result are therefore a part of our operations. We see changes as an opportunity for growth. Our ability to respond rapidly to them further strengthens our competitive advantages.

[9] Disclosure 102-16.

A VIEW TO THE FUTURE

The Group's strategic policies in the coming period are defined by the Business Plan of the GEN-I Group for 2022, which is a core corporate document approved by GEN-I, d.o.o.'s general meeting, and the Strategic Development Plan for the period 2022 to 2030, which was drafted by GEN-I with the aim of contributing to the decarbonization of Slovenia prior to 2035. In addition to a decarbonization proposal, the plan lays out a strategy to fulfill the expectations of owners regarding growth in the value of the GEN-I Group in the coming period, as well as the Company's vision, mission and values.

Key expectations by operating segment

Energy trading:

- to remain the leading electricity trader on the markets of Southeast Europe and to expand financial operations on the markets of Western Europe;
- to expand natural gas trading on the markets of Southeast Europe with the acquisition of the first licenses in Romania, Greece and Bulgaria;
- to continue the accelerated implementation of activities to establish the purchase and sale of electricity and natural gas in Poland and integration in the single global portfolio;
- to expand trading with the aim of achieving the comprehensive (cross-commodity) coverage of global energy products and gradually major global markets outside of Europe;
- to continue with fundamental and business analyses before entering markets where added value can be expected in terms of diversification of the global portfolio (Spain, Benelux, UK, US and Asia);
- to continue expanding the portfolio with structured products;
- to position the Group amongst major emission allowance traders on the European market;
- to continue investing in the digital and analytical transformation, with an emphasis on creating value based on the digitalization of processes and the analysis of a large quantity of data with the aim of optimized and systematic support for decisions regarding the management of the portfolio;
- to develop a leading, advanced trading platform for the inclusion of RES in the region on the international energy markets (PPA).

Supply to end-customers:

- to supply electricity to all segments of end-customers: households, small business customers, industry and public contracting authorities;
- to ensure a competitive price and the reliable supply to customers in all market conditions through the optimization of electricity flows on the international market;
- to supply exclusively carbon-free electricity;
- to maintain market share in Slovenia, while strengthening GEN-I's position as the best-known and most trustworthy supplier of electricity and natural gas;
- to become the leading supplier of digital services in the area of electricity and natural gas consumption through the Moj GEN-I user platform;
- to maintain a high level of customer satisfaction;
- to acquire electricity trading and natural gas suppliers in the region;
- to maintain unchanged electricity and natural gas prices for existing household customers until at least the summer of 2022.

Sales of services:

- to strengthen GEN-I's role as the suppler of flexibility services on the regional market;
- to implement system services and establish systems for storing electricity for flexibility purposes;
- to actively participate in the development of the flexibility market in the distribution network;
- to link the aggregator platform, IT systems and control center;
- to be the leading provider of services for energy communities;
- to provide reliable e-mobility services; and
- to develop sustainable energy cycle services.

Sales of technology:

- to maintain a leading position in the construction of small solar power plants (SPP) for individual self-sufficient supply;
- to become a leading supplier of medium-sized SPP for the self-sufficient supply of business customers, the public sector and energy communities; and
- to promote the maximum use of the sun's potential to obtain electricity, and the use of green technologies and the smart charging infrastructure for e-mobility.

Electricity production and storage:

- to set up and manage large SPP for the sale of electricity on the open market;
- to set up and manage systems for the storage of medium-voltage electricity, and to develop and research activities for the set-up and management of systems for the storage of low-voltage electricity;
- to participate in research and development projects in the area of hydrogen technologies, and to actively participate in pilot electrolysis projects at industrial customers and convert electricity surpluses into hydrogen; and
- to manage the smart charging infrastructure for e-mobility.

Key financial objectives of the GEN-I Group in 2022

	ACTUAL 2021		PLANNED IN 2022
EBIT	88.97 MILLION €	⟶	29.15 MILLION €
Net profit	70.08 MILLION €	⟶	21.79 MILLION €
Net financial debt/EBITDA	-0.7 ×	⟶	1.0 ×
Revenues	3.4 BILLION €	⟶	2.6 BILLION €
Equity/assets	35.8 %	⟶	40.1 %
EBITDA/interest expense	57.9 ×	⟶	20.5 ×
Financial debt/total equity	51.1 %	⟶	75.9 %
EBITDA margin	2.77 %	⟶	1.37 %

For the GEN-I Group, 2021 served as an indicator of the importance of investments in digitalization, analytics and employee development to achieve commercial success in any conditions. In changing and difficult-to-predict market conditions, we exploited extraordinary opportunities on the international market and significantly exceeded planned results in 2021. Specific expectations for 2022 are lower than in 2021 due to the exceptional nature of the aforementioned year. They are nevertheless higher than planned for that period. Given that 2021 was by far the Group's best year to date, expectations for the coming year are moderately optimistic, while our objective in the area of finance for 2022 is to maintain stable and prudent operations.

Presented above are the actual and planned values of indicators that the GEN-I Group uses to monitor the achievement of financial objectives. Some of them are binding for the Company, while others are monitored due to the conservative policy on the take-up of risks.

3.4. Overview of significant events

The 2021 business year was characterized by the global energy crisis, which resulted in record growth in energy prices.

Rising energy prices on the wholesale market in 2021 affected all pillars of our operations. In the area of trading, we successfully hedged our positions in changing circumstances and exploited market opportunities offered to us. We also managed liquidity in changing conditions. Using a range of very rapid and targeted measures, we transformed our portfolios on the energy and capital markets to avoid negative consequences. Through an excellent response on the international market, we protected not only our own operations but also protected the most vulnerable electricity and natural gas customers on the domestic market. Despite general price increases, we kept prices unchanged for those customers.

Our efforts for the benefit of customers and a green future were rewarded numerous times by the external public.

Recognized again as a Trusted Brand

For the eighth year in a row, participants in a survey conducted by Mladinska knjiga and the Mediana research institute ranked us first amongst electricity providers. Recognition as the most trustworthy brand last year was particularly important for us, as it was awarded five months after the responsible decision to fully decarbonize our domestic supply of electricity in the fight against climate change. We thus enhanced trust in the brand in a new dimension: as a responsible supplier with a verified energy source.

Five awards received for innovations

We received a total of five awards for innovations from the Regional Chambers of Commerce of Primorska and Posavje. Those innovations were part of projects in the scope of our vision of a green future.

We received the following awards:

- silver medal for the use of artificial intelligence in the analysis of satellite images;
- silver medal for the Budanje RES project;
- silver medal for the eTURN project;
- bronze medal for the supply of carbon-free electricity; and
- award for contribution to innovativeness for green onboarding.

GEN-I Div-ee-ap application best project at energy innovation summit

Div-ee-ap is a solution that enables the simple sharing of the charging infrastructure for electric vehicles through a specially designed platform. The application is the work of an internal team, while a pilot solution is already operational at Ocean Orchids and at the homes of their employees as a demo location for their demonstration project.

Sustainable energy cycle project recognized at International Trade Fair

The sustainable energy cycle project received a silver medal at the International Trade Fair in Celje. That project is being developed by a team of co-workers in the scope of a strategic development policy that is based on the fact that the concept of a sustainable energy cycle represents a key solution for the green transformation of household and small business consumers in the context of the simultaneous development of smart electricity grids and a supportive regulatory environment.

Still the best offer for customers, through new products and services, prices and certified quality

We have begun supplying exclusively carbon-free electricity in Slovenia.

For domestic supply, we have completely abandoned fossil fuels as a source of electricity and offered customers the option to choose the source for their consumption. Customers can choose from 100% solar, 100% hydro or 100% nuclear energy. Business customers may also choose between a combination of nuclear energy and another renewable.

Moj GEN-I portal upgraded and Moj GEN-I Solar application offered to customers

We have provided customers a better overview of their consumption and costs via the Moj GEN-I portal. When they submit meter readings, we prepare an estimate of the amount for their next bill, while customers can also make an informative calculation of their consumption. We have arranged for monthly energy bills to be sent as a PDF attachment in an email, and have developed a carbon footprint calculator.

For our customers who are also the owners of GEN-I Sonce solar power plants, we developed the special Moj GEN-I Solar application that facilitates greater control over a solar power plant's production and electricity consumption on a daily, monthly and yearly basis. We also inform customers about unusually high electricity consumption (with respect to their consumption trend). The application provides an overview of savings, bills and payments. We have also developed a function that facilitates a comparison of consumption with similar households.

Solar community project launched

We invited customers to tell us if they are interested in our new service, which can ensure their long-term independence from price fluctuations in the context of rising energy prices on world markets. Through the solar community, we have offered them the opportunity to rent solar panels that we plan to install across Slovenia. The service is especially appropriate for those unable to set up their own solar power plant.

Electricity and natural gas prices frozen for existing household customers in Slovenia

Despite the sharp rise in energy prices on the international markets during the health and energy crisis, we did not increase electricity and natural gas prices for existing household customers in Slovenia. We were thus the only energy company to take action to protect the most vulnerable customer group from the effects from the aforementioned crises.

We have welcomed new customers who were left without a supplier during the current energy crisis.

Certain energy suppliers opted to halt supply during the energy crisis. Notwithstanding the sharp rise in electricity prices on the international markets, we arranged a switch for all customers who were suddenly left without a supplier and wanted to switch from their existing supplier to GEN-I, and offered them the same prices we offer existing customers.

GEN-I Sonce receives the ISO 9001:2015 and ISO 14001:2015 certificates

During the certification process, GEN-I Sonce d.o.o. proved itself worthy of the ISO 9001:2015 and ISO 14001:2015 certificates in the areas of sales, the designing of solar power plants, and the servicing and maintenance of devices. The two certificates confirm that we have taken a high-quality approach to the development of our services according to the latest standards and best practices in the construction of solar power plants, in a way that offers an excellent overview of the environment in which we operate.

Solar power plants sold to business customers with a rated power in excess of 20 MW

In 2019, the GEN-I Group offered the market solar power plants for business customers. The rated power of all solar power plants sold exceeded 20 MW in 2021.

Advanced tools to update the trading strategy and improve management of the global portfolio

Using a market price simulator that functions in the scope of our internally developed advanced analytics tool, we made it possible for our portfolio managers to run an increased number of simulations in less time, and expanded the scope of scenarios covered by trading strategy designers.

Planning and building a path to the future

New 12-month commercial paper issued successfully

The total nominal value of commercial paper was EUR 30 million, with last year's issue very well-received by investors, as is always the case. Interested investors submitted binding bids in the record amount of nearly EUR 60 million.

Long-term Strategic Development Plan of the GEN-I Group for the period 2022 to 2030 formulated

With the aim of successfully addressing the climate crisis, GEN-I has formulated a long-term Strategic Development Plan that envisages extensive investments to accelerate and facilitate the decarbonization of the energy sector. Solar power plants of all sizes represent the most important investments. We have also planned numerous new jobs that generate high value added per employee.

First major PPA on the purchase of electricity from renewable energy sources signed

We supplemented a short-term PPA with a PPA on the purchase of electricity from renewable energy sources. We thus established the basis for the development of a trading platform for renewable energy sources (RES).

Construction of the first major solar power plant in North Macedonia started

As part of the project to build a 17 MW solar power plant in North Macedonia, we prepared everything necessary in 2021 for the start of that construction: we signed an agreement on the long-term lease of land, obtained a building permit and signed an agreement with the primary contractor.

3.5. Analysis of operations

In 2021, the GEN-I Group exceeded the excellent results achieved in previous years and thus further strengthened its financial stability. This is confirmed by the enormous amount of confidence shown by our investors and financial institutions on the capital and banking markets.

Operating revenues

Sales revenue exceeded EUR 3 billion for the first time in GEN-I's history in 2021. Sales revenue totaled close to EUR 3.4 billion in 2021, an increase of nearly 60% relative to the previous year. Higher sales revenue was the result of an increase in revenues from the sale of electricity and natural gas, and an increase in the prices of those energy products on the international markets.

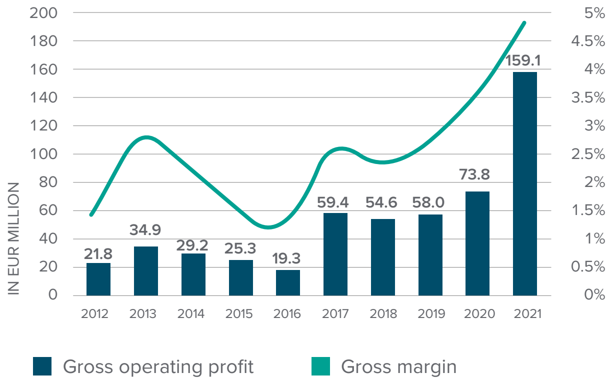
The main generator of revenues remains GEN-I, d.o.o. which, in accordance with its business model and single global portfolio, has subsidiaries established in specific countries to ensure its presence on local markets.

Gross profit, EBITDA, EBIT and net profit or loss

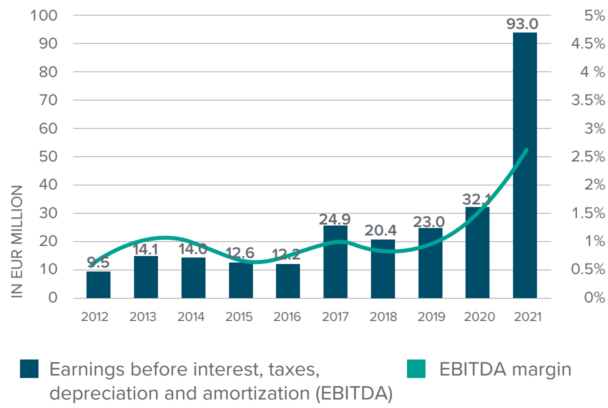
Despite the demanding market conditions and growing competition, we increased the gross margin to 4.7%, the highest level recorded in the last ten years of the GEN-I Group's operations, and significantly exceeded the internally planned target margin of 2.0%.

Gross operating profit was up by nearly 116% in 2021 relative to the previous year, to stand at EUR 159 million.

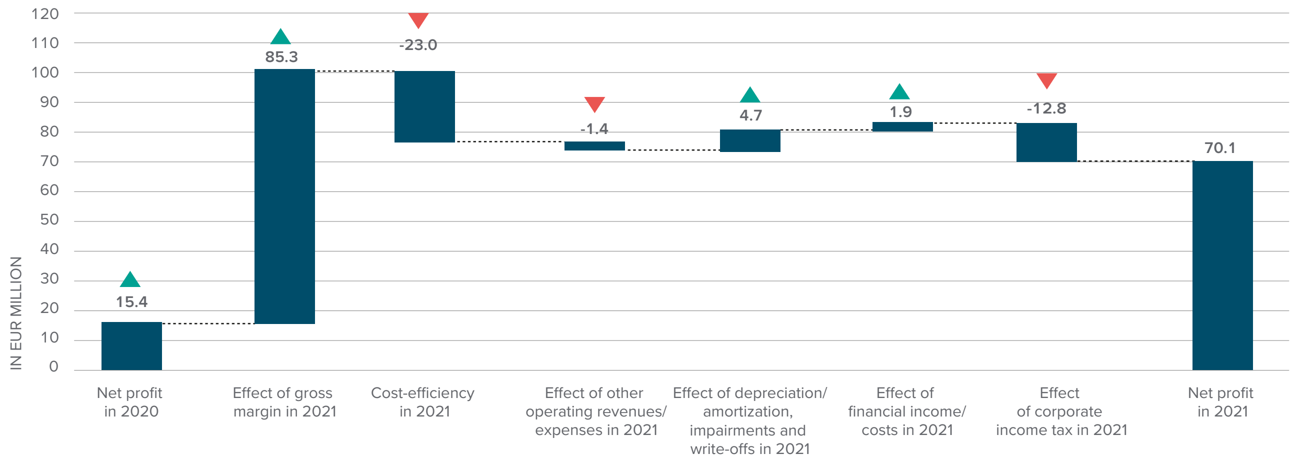
The GEN-I Group's operating profit amounted to EUR 89 million in 2021, an increase of 280% relative to 2020. At EUR 93 million, earnings before interest, taxes, depreciation and amortization (EBITDA) were up by 190% relative to the previous year. The record operating results were also reflected in the EBITDA margin, which was 2.8% in 2021. We thus exceeded the previous year's result by more than 1.2 percentage points.



Gross operating profit [in EUR million]



Earnings before interest, taxes, depreciation and amortization (EBITDA) [in EUR million]



Net profit in 2021 (in EUR million)

We continued to invest in intangible assets and property, plant and equipment in 2021. Certain investments have been completed, which resulted in an increase in amortization and depreciation costs to EUR 3.8 million. The majority of investments are earmarked for development that will further facilitate digitalization and the use of more advanced analytics within the GEN-I Group, and that will ensure a work environment with high added value in the future. Worthy of note amongst major investments are ETRM (Energy Trading Risk Management), which is intended for the upgrading of the trading infrastructure, as well as MECOMS and the upgrading of the CRM, which will facilitate the digitalization of operations in the area of billing data.

In addition to investments in the IT infrastructure, major investments in fixed assets in 2021 also included investments in the green transformation, such as the construction of a major solar power plant in North Macedonia, energy services agreement investments and the electrification of the vehicle fleet.

The COVID-19 epidemic did not have a major direct impact on the management of receivables from the Group's business partners. Impairment costs were down in 2021 relative to the previous year to stand at EUR 211 thousand.

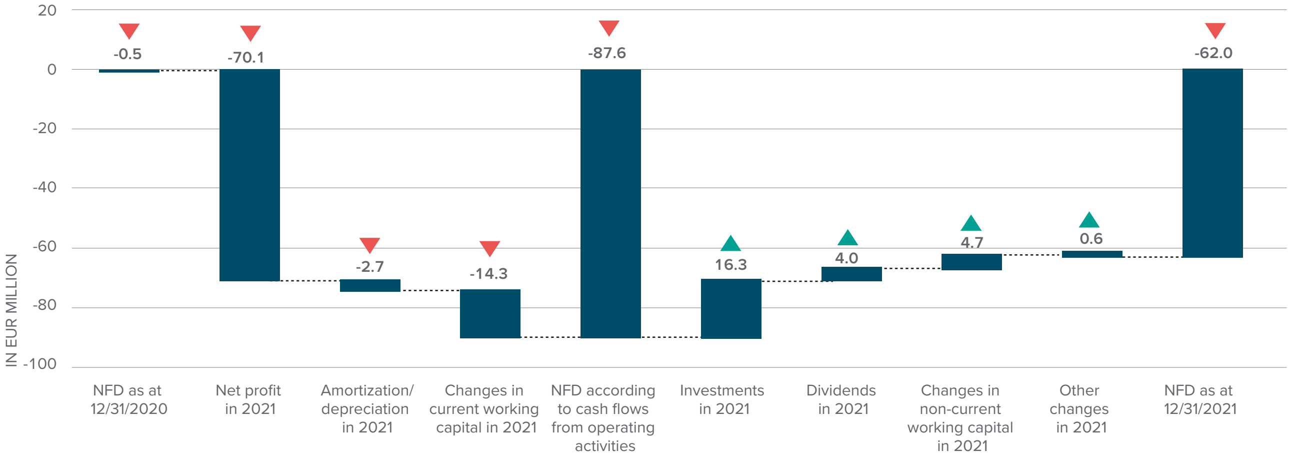
Despite an increase in financial debt, interest costs were down slightly in 2021 compared to the previous year, and amounted to EUR 1.6 million. The loss from financing, as the difference between financial income and financial costs, improved relative to 2020 and amounted to EUR 1.8 million.

The main factor in the improving loss from financing relative to the previous year was lower foreign exchange losses that were the result of changes in certain exchange rates between the date of issue of invoices and the payment date. The vast majority of foreign exchange losses related to issued and received invoices for receivables and liabilities within the GEN-I Group.

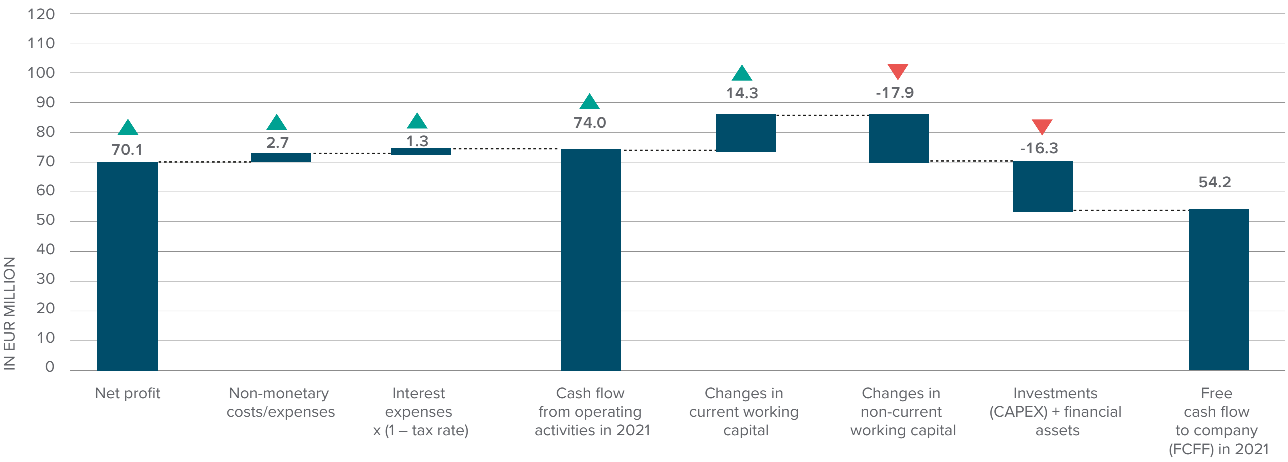
The net profit of the GEN-I Group reached EUR 70 million in 2021, an increase of 354% relative to the previous year's result. Net profit also exceeded the planned result for 2021 by nearly 315%.

Capital structure and total assets

The GEN-I Group's equity reached a record level in 2021, and stood at EUR 171 million on December 31, 2021. That was an increase of EUR 66 million or 63% relative to the end of the previous year. The main reasons for that increase remain net profit generated and a conservative dividend policy. Despite such an increase in the GEN-I Group's equity, capital adequacy, as the ratio of equity to total assets, deteriorated slightly in 2021 relative to the situation at the end of the previous year, to stand at 35.8% at the end of 2021. That was a decrease of 1.8 percentage points compared with the capital adequacy ratio at the end of the previous year. The main reason for that decrease was an increase in total assets to EUR 478 million, which translates to an increase of nearly 71% relative to the end of the previous year.



Change in net financial debt in 2021



Free cash flow of the Company in 2021

The trend of improvement in the GEN-I Group's equity to debt capital ratio continued in 2021. This can be attributed to the net profit generated by the GEN-I Group in 2021. The positive operating results and the maintenance of net financial debt at an appropriate level are also reflected in the maintenance of low leverage, which we measure as the ratio of net financial debt to EBITDA. Because cash and cash equivalents exceeded financial debt at the end of 2021, the leverage ratio was actually negative, at -0.7. This means that the aforementioned ratio was at its lowest level in recent years and well below the internally defined maximum leverage ratio of 3.7.

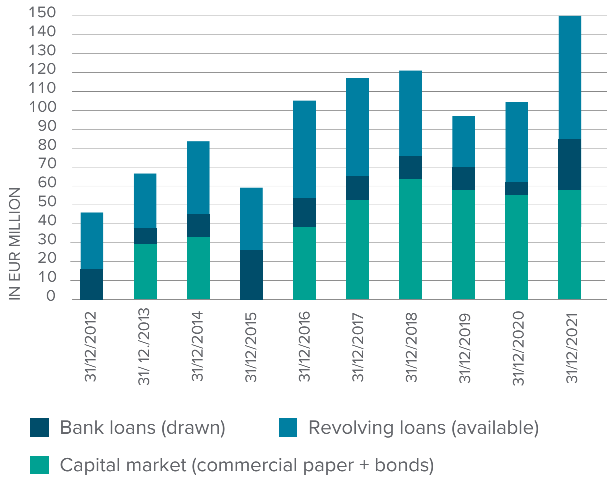
The security of the GEN-I Group's operations continues to be reflected in a high coverage of interest expense. Due to significantly higher EBITDA relative to 2020, the ratio of EBITDA to interest expense rose further in 2021 to stand at 57.9, which is considerably higher than the ratio expected by the financial public.

Debt and net debt

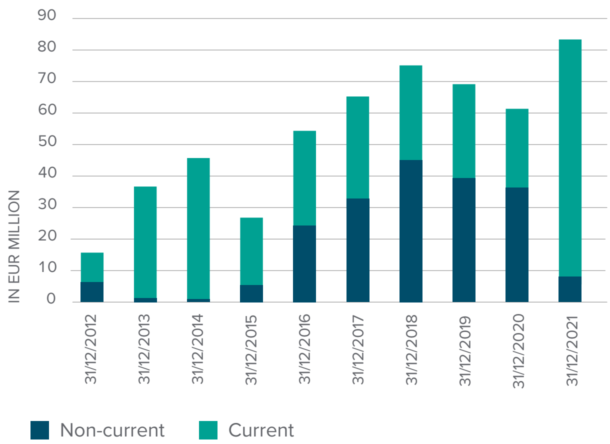
The financing of the GEN-I Group remains centralized, which means GEN-I, d.o.o. is responsible for securing sources of financing from both banks and on the capital market. Financing remains diversified between various banks and investors, allowing us to maintain refinancing risk at a low level. The ratio between sources obtained from banks and on the capital market was slightly in favor of financing from the banking market, primarily because sufficient secondary liquidity reserves are secured in the form of undrawn credit lines. In addition to the latter, the Group also has at its disposal additional liquidity reserves in the form of cash on bank accounts of close to EUR 150 million and unused guarantee lines of more than EUR 40 million.

Investor confidence remains high, as the parent company GEN-I, d.o.o. successfully issued a new money market instrument (commercial paper) in the amount of EUR 30 million on the capital market. It also repaid a long-term loan that matured in 2021 without difficulties. The issue of commercial paper was again well-received amongst interested investors, as the interest shown was significantly greater than the planned amount of borrowing. We again listed the commercial paper on the regulated market of the Ljubljana Stock Exchange.

The GEN-I Group continued to maintain good relationships with financial institutions in 2021, and maintained a diversified portfolio of domestic and foreign banks. In terms of borrowing, we increased total credit lines at banks by EUR 43 million EUR, and successfully rolled over all credit and guarantee lines, thereby ensuring the additional financial stability of operations. The ratio of long-term to short-term financing fell in 2021 on account of several factors. We repaid a long-term loan and partially repaid green bonds, while the majority of non-current financial liabilities mature in 2022 and were thus treated as current at the end of 2021. Nevertheless, the existing structure of financing continues to ensure our financial security and the coverage of sustainable working capital.



Debt to equity



Financial debt with respect to maturity

3.6. Events after the reporting period

War in Ukraine

We assess that the GEN-I Group is directly exposed to the war and the resulting EU sanctions in the following areas:

- the supply of natural gas to end-customers. Comparatively speaking, the latter represents less than one-tenth of revenues from the supply of electricity to end-customers and approximately one percent of the GEN-I Group's total revenues. Another reason that direct exposure is low lies in the fact that most of GEN-I's natural gas purchases are made directly on exchanges; and
- participation on the Ukrainian wholesale electricity markets. The GEN-I Group is not present on the Russian or Belarusian energy markets. It is, however, present in Ukraine via the subsidiary GEN-I Kiev. Exposure is assessed as low, as activities on the Ukrainian market generate less than one percent of the GEN-I Group's revenues. All activities on the Ukrainian market have been halted until further notice and refocused on closer energy markets.

The direct threat to the GEN-I Group is low, according to analyses and taking into account implemented measures, and is assessed not to have a material impact on performance.

The GEN-I Group is also assessing its indirect exposure to the war, where risks derive primarily from the impact of the conflict on the energy sector. In terms of the latter, the most significant risks derive from extremely volatile energy prices and the resulting pressure to ensure sufficient cash margins on energy exchanges. The GEN-I Group has a sound capital structure, generates a robust cash flow from operating activities and has a low level of debt. We are therefore prepared for any new undesirable effects of the current energy crisis. We also regularly study potential indirect risks that could have a negative effect on business partners and customers. We have not identified increased credit risk or have appropriately minimized that risk with the necessary collateral.

The direct and indirect threats to the GEN-I Group are low, according to analyses and taking into account implemented measures, and are assessed not to have a material impact on performance. There is currently no information or signs to indicate that the achievement of the 2022 plan is not feasible.

The Group is aware of increased cyber risks in the current conditions, and is managing those risks appropriately in the scope of its comprehensive risk management system.

Appointment of GEN-I, d.o.o.'s Management Board

The five-year term of office of GEN-I's Management Board, comprising President of the Management Board Dr. Robert Golob, and members Dr. Igor Koprivnikar, Danijel Levičar, and Andrej Šajn, MSc, expired on November 17, 2021. Because the Company's owners did not reach consent on the appointment of the Management Board to a new five-year term of office when the previous term expired, GEN-I, d.o.o. and its owners, GEN energija d.o.o. and GEN-EL naložbe d.o.o., submitted proposals for the court appointment of a Management Board. On February 16, 2022, the District Court of Krško issued a decision under which the following persons were temporarily appointed members of the Management Board: Dr. Igor Koprivnikar as President of the Management Board, and Primož Stropnik, Dr. Dejan Paravan and Andrej Šajn, MSc, as members. The court-appointed Management Board represents the Company in pairs based on the rules on joint representation. Following the waiving of appeals by all parties to the proceedings, the decision on the court appointment became final on March 18, 2022, when the Management Board assumed full powers to manage the Company's operations from that date until the appointment of a new Management Board in accordance with GEN-I, d.o.o.'s Memorandum of Association, for a maximum period of one year. During the period from the expiry of the term of office of the Management Board headed by Dr. Robert Golob until the finalization of the decision on the court appointment of the Management Board headed by Dr. Igor Koprivnikar, GEN-I, d.o.o. conducted its business and signed documents according to the relevant powers, which enabled it to conduct its day-to-day operations without interruption.

3.7. Business activities of the GEN-I Group

MARKET CONDITIONS[10]

Second wave of the epidemic and electricity consumption

partial lockdown of countries across Europe impacted economic activity. Electricity consumption was down, but the change was significantly less severe than in the spring of 2020.

With the gradual easing of measures to prevent infections, consumption reached the pre-epidemic level throughout Europe after the spring. Monthly consumption actually reached record values in the summer in certain countries due to high temperatures. Romania, Bulgaria, Greece and Croatia all recorded records. High consumption continued in the autumn, when countries generally elected not to lockdown their economies, despite new measures to contain the epidemic.

Consumption rose by nearly 3.5% in Germany in 2021 relative to the previous year, and reached 526 TWh in annual terms, which was almost 10 TWh more than two years prior. According to data from ENTSO-E, consumption in Slovenia rose to 13.8 TWh, which is almost 4% higher than in 2020 and very close to the electricity consumption recorded in 2019.

Impact of meteorological and hydrological conditions

Southeast Europe recorded above-average temperatures during the winter of 2021, while Western Europe was hit by a cold snap that resulted in the short-term narrowing of electricity price gaps between Southeast Europe and Western Europe.

The summer was also warmer than average in Eastern and Southern Europe, while temperatures in Central and Western Europe were relatively normal. This again widened electricity price gaps between Southeast Europe and Western Europe, shifting them in the direction of long-term historical averages.

There were no heavy rainfalls or droughts in 2021, with only slightly below-average rainfall recorded in Southeast Europe during the summer. The flow rates of the Danube River were above-average at the beginning of the year, below-average in the first months of spring due to delayed snowmelt and then stabilized at average levels.

The storage reservoirs of hydro power plants across Europe were at normal levels in 2021. Positive deviations were recorded by reservoirs in Romania, which maintained a relatively high level throughout the year. In contrast, reservoirs in Italy and France were at below-average levels from mid-spring on, as the result of below-average snow cover in the winter of 2020/2021 on the western side of the Alps.

Financial markets and high energy prices

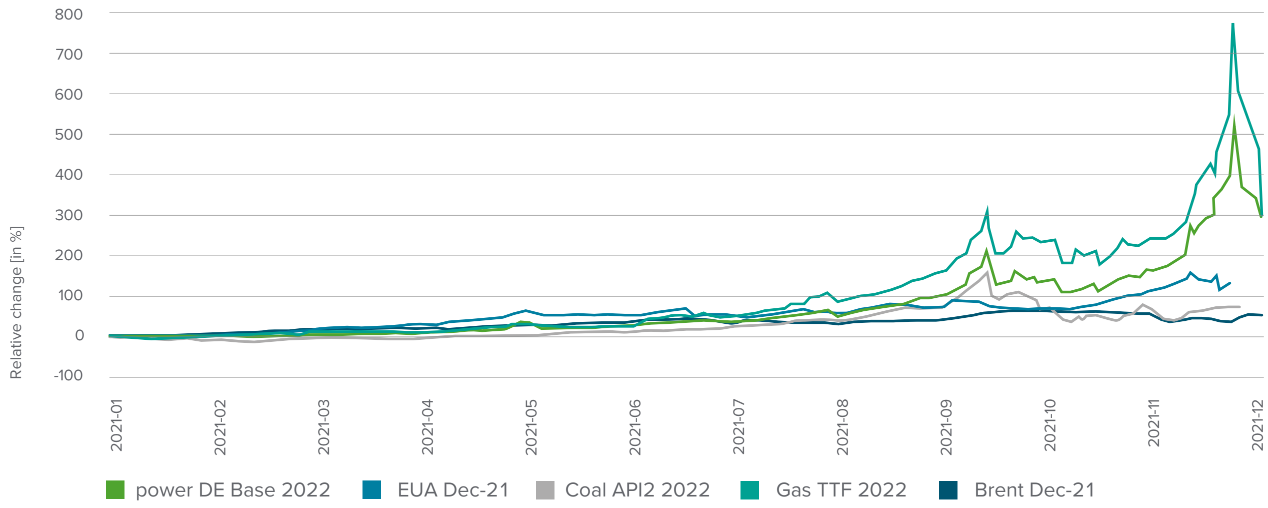
The global financial markets reached record levels in 2021. This was mainly on account of the two largest central banks, the US FED and the ECB, which continued with a loose monetary policy and low interest rates. Optimism from the financial markets passed through to the energy markets where, since last year, we have seen historically high prices for coal, natural gas, electricity and emission allowances, which further reinforced their place among factors that affected the price of electricity most in 2021.

Rising prices of emission allowances

The UK left the EU's emission trading system (ETS) at the beginning of the year, but that exit was expected and did not bring any major changes to the emission allowance market.

Having a significant impact on rising emission allowance prices was the policy of the European Commission, which in July presented the 'Fit For 55' program with more ambitious environmental targets for 2030. Those new guidelines envisage the expansion of the ETS to the transport and construction sectors, and an additional carbon tax on imports, known as the Carbon Border Adjustment Mechanism (CBAM), which will tax all imported products produced outside the EU that result in carbon dioxide in their production.

[10] Disclosure 102-6.



Relative growth in prices of electricity, natural gas, oil and coal in 2021 for futures contracts in 2022, and change in December 2021 price for emission allowances (Internal source).

Putting an additional burden on the price of emission allowances was increased electricity production by gas-fired power plants in Germany, which was forced to compensate for lower wind generation.

December 2021 emission allowances, which started trading at just over EUR 30/ton at the beginning of 2021, reached a record high of nearly EUR 60/ton in May, traded above EUR 90/ton in December and ended the year at just under EUR 80/ton. The price of emission allowances at the end of the trading year was thus 150% higher than the price at the beginning of 2021.

Prices on the natural gas and electricity markets

Natural gas

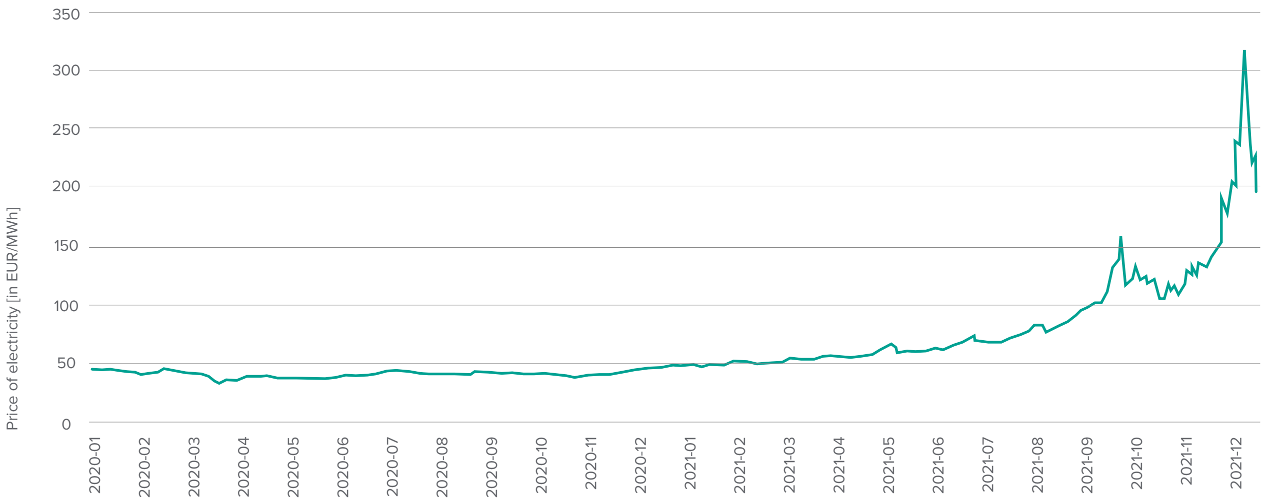
The natural gas market was also extremely volatile in 2021. Due to low spring temperatures and higher natural gas consumption during that period, inventories of natural gas were at extremely low levels across Europe from the spring on. Natural gas storage facilities had not been filled by the start of winter, when it was announced that the Nord Stream 2 pipeline would not begin operating in 2021, which increased uncertainty on the natural gas market.

High natural gas consumption and reduced natural gas imports from Russia to the EU led the market to assess that there was increased risk of a potential natural gas shortage to cover energy needs towards the end of the 2021/22 winter. The forward contract price for 2022 on the TTF exchange began 2021 at EUR 15/MWh, and reached a record high of EUR 140/MWh in December. Further exacerbating the situation were tensions between Russia and the EU due to military on the Russia-Ukrainian border, which was also seen on the energy markets in 2022.

Electricity

Electricity prices reached record highs across Europe. In Germany, the forward contract price for base load energy for 2022 was EUR 50/MWh at the beginning of 2021. That price reached a record high of EUR 335/MWh during the second half of December 2021, but had fallen back to EUR 200/MWh before the end of the year. Risk management in the context of such high absolute levels and extraordinary volatility was crucial for all market participants in 2021. That high volatility resulted in entirely new high financial requirements to cover the initial margin on accounts at clearing banks, and thus had a significant impact on market liquidity.

Structural changes on the electricity market in 2021 were characterized by an increase in cross-border capacity on the Slovakian–Hungarian and Greek–Bulgarian borders. Structural changes will continue again in 2022, as we are expecting the long-planned implementation of a flow-based market coupling (FBMC) mechanism for the Core Capacity Calculation Region (CCCR). With that implementation, Slovenija, Croatia and Poland will join the above-mentioned countries. New market coupling will contribute to the more



Change in electricity prices in Germany for 2002 futures banding, from the beginning of 2020 until the end of 2021 (Internal source).

efficient utilization of cross-border transfer capacities in individual countries, as well.

An increase in cross-border capacities on certain borders is expected in 2022 in line with the increased linking of neighboring electricity markets. The most significant change will be the result of an additional link between Slovenia and Hungary, where new additional capacities with a rated power of 1000 MW are planned.

The start-up of the new third block of the Mochovce Nuclear Power Plant in Slovakia is planned for the second half of 2022, which will increase the availability of stable baseload electricity in the wider region.

FOUNDATIONS OF BUSINESS SUCCESS

The GEN-I Group's value does not derive from physical assets. Our most important assets are relations with customers, business partners and employees. We develop those relations in accordance with the values of our Company and the time in which we live, with each of us pursuing our own mission. Through our own information solutions, digitalization and strong analytical support, we develop services and make decisions that benefit our stakeholders while focusing on sustainable effects.

Investments in development

Several years ago, the GEN-I Group recognized the importance of technological development and began to accelerate investments in digitalization and advanced analytics. We focused on the complete overhaul of the trading and risk management systems, and the upgrading of the customer information system and platforms for digital communication with customers. We are developing cloud-based analytical and aggregation platforms, and digitalizing and optimizing HR and organizational processes. We are investing more in research and development every year, particularly in the area of green energy services.

Years of investment in the most advanced tools and methods for an agile approach on the international energy market ensure that we are always one step ahead of the competition. In recent years, we have taken a scenario-based approach to market developments using multidisciplinary knowledge and complex analytical models. This facilitates increased transparency over market risk and contributes to minimization thereof. At the same time, the scenario-based analysis of the portfolio allows us to achieve globally optimal results, and thus higher returns in the context of lower risk and more stable operations in the face of market turbulence.

Investments in employees

With the increasing complexity of the international markets, the GEN-I Group has increased investments in recent years in employees, their skills and tools that enable our decision-makers to effectively monitor market conditions and anticipate developments. In recent years, we have significantly expanded our analytics and IT departments where, together with the areas of development, advanced analytics, IT and digital support, we employ more than 200 experts.

Development of a robust data infrastructure

We have developed a robust data infrastructure that facilitates the use of the most advanced tools and agile work in development environments, as well as the simple and quick transfer of production solutions into ordinary operations. The latter is crucial for responding quickly to the requirements and opportunities that arise in changing market conditions.

We have made the upgrading of data-driven decision-making systems one of the strategic policies to which we dedicate an increasing amount of funding and time. Previous operating results confirm the correctness of our decisions to invest heavily in the advanced analytics and modern IT solutions that we intend to use to strengthen our competitive advantage in the future on the increasingly global energy market.

TRADING

The GEN-I Group operates on more than twenty European markets. For many years now, we have been the leading electricity trader on the markets of Southeast Europe, where we are also rapidly expanding the natural gas trading activity. The Group remains a responsible and professional partner, despite the uncertain conditions and fluctuating market, which makes us one of the most insightful energy traders.

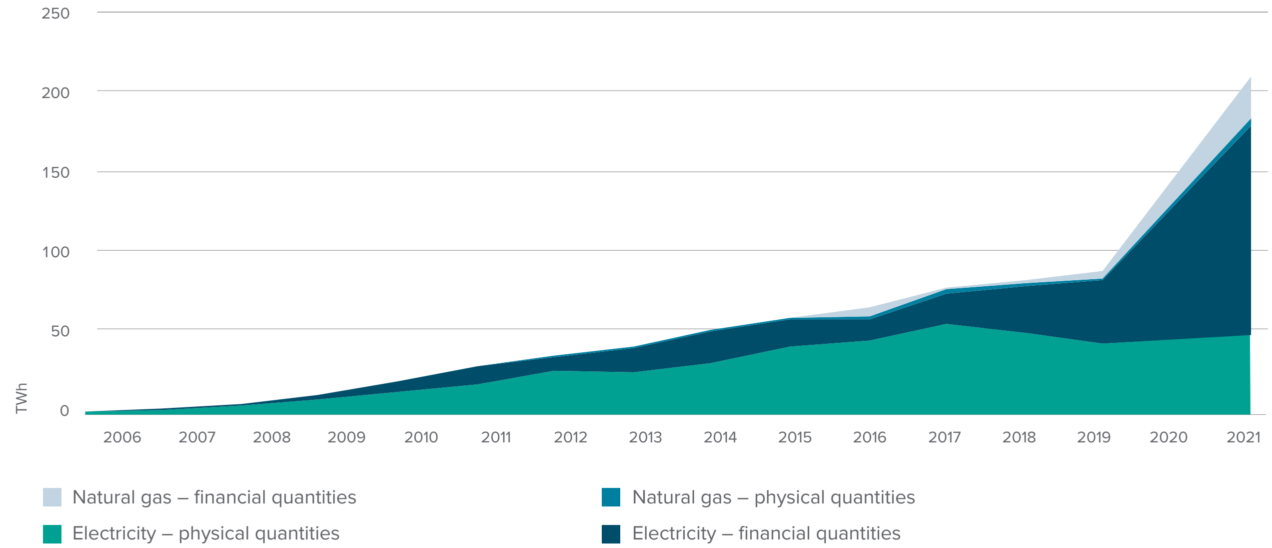
In 2021, we completed the establishment of an infrastructure for accessing the Polish market, established natural gas trading on the Romanian market, and continued to make substantive and technical upgrades to publicly accessible data regarding market developments, which in turn brings market participants access to transparent and clear price signals across an increasingly broader geographical area of European countries.

Extraordinary commercial success in changing market conditions

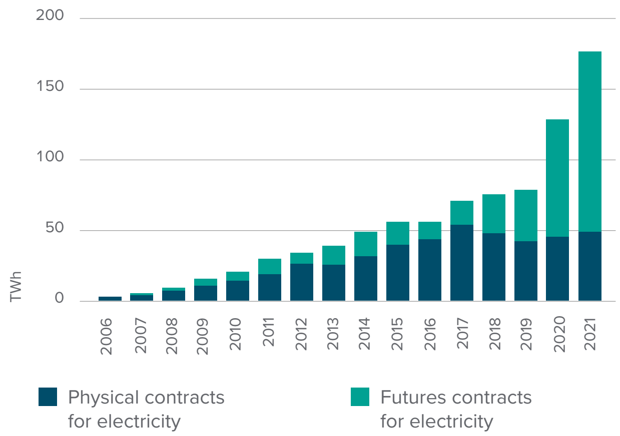
In a year that was still characterized by the health crisis and further affected by the emerging energy crisis, the GEN-I Group achieved its best ever operating results thanks to well-organized trading. Particularly in Europe, we have seen a major change in electricity production, as for the first time in three years, coal-fired power plants have become significantly more profitable than gas-fired power plants, despite the high price of emission allowances. Natural gas prices have risen sharply, particularly in mid-2021, due to geopolitical and trade challenges between countries in the international community and the demand of the global economy for the production of energy-dependent commodities. In some places, natural gas prices have also resulted in high electricity prices. That impact is most evident where the production of energy from renewable sources is underdeveloped or still in its infancy.

The GEN-I Group has successfully responded to all challenges by exploiting the synergies of a globally diversified portfolio. At the same time, we enjoy product diversity and are expanding the range of energy products in the portfolio which, especially in volatile market conditions, is also crucial in terms of the diversification and minimization of risks.

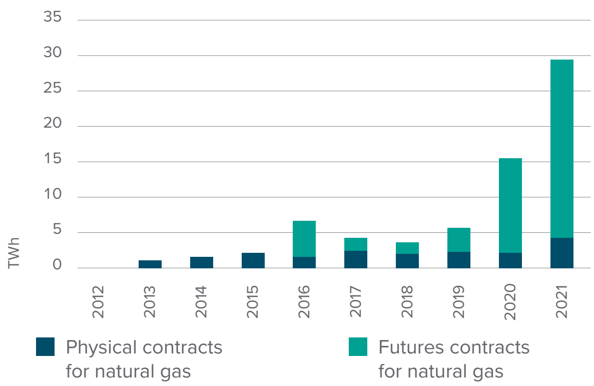
In support of trading activities, we have developed a single advanced and cloud-based data analytics platform that will facilitate significantly faster access to data, scalable



Quantities of electricity and natural gas sold – physical and financial contracts



Quantities of electricity sold

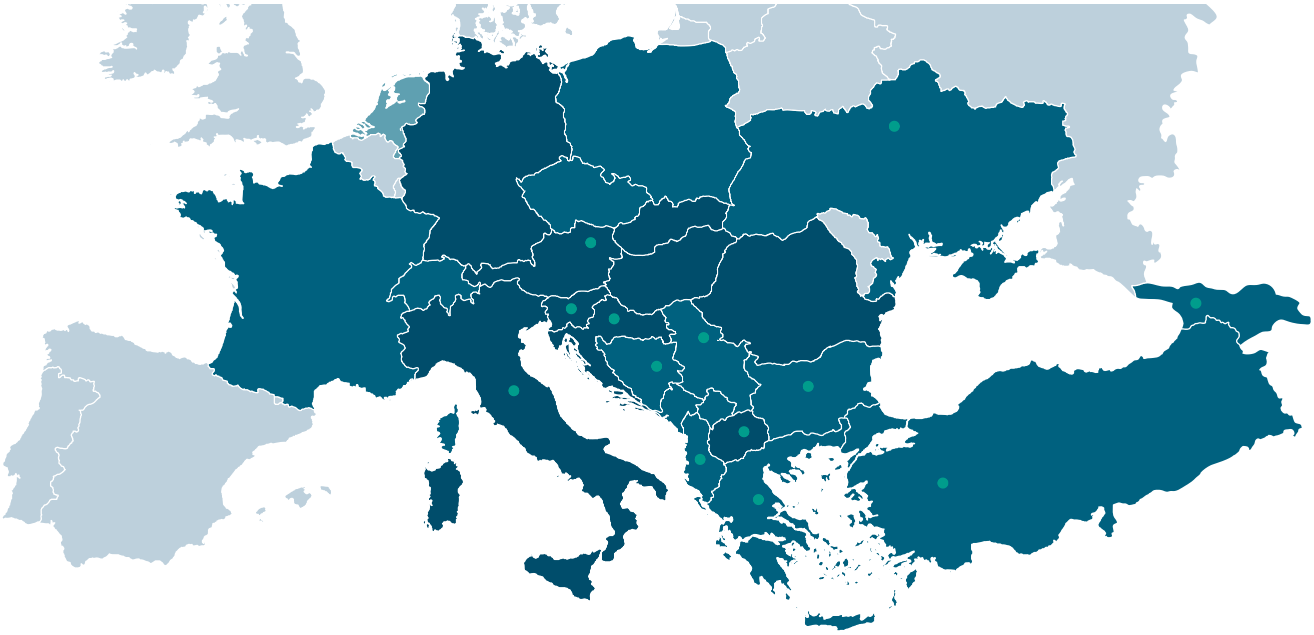


Quantities of natural gas sold

processing power and a single source for all users at the Company. We are preparing for the expansion of trading through the comprehensive overhaul of our core information system for energy trading.

Algorithmic trading

In the area of energy trading, we have intensified investments in recent years in the development of algorithmic trading, including systematic and fully automated trading based on algorithms, and in the use of algorithms to test existing strategies in changing market conditions. Such testing allows us to quickly assess hypotheses and the probability of a return on the strategies that we develop and refine in agile multidisciplinary teams of experienced traders and quantitative analysts. Such an approach complements the effects of other risk diversification activities, and enhances the robustness and resilience of GEN-I's business model.



20+ **European energy exchanges**

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

Quantities sold

The GEN-I Group's sales activities on the wholesale energy market resulted in a new record in 2021. We sold 205.3 TWh of energy, broken down as follows: 176.2 TWh of electricity and 29.1 TWh of natural gas.

Purchase of energy from renewable sources

In 2021, we successfully completed a project to purchase electricity from what is currently the largest wind farm in Croatia, with an installed capacity of 165 MW. The project represents the first so-called power purchase agreement (PPA) product for the purchase of renewable energy sources (RES). Through that project, we are moving towards our goal of becoming a regional leader in the purchase of electricity from renewable sources under PPAs, and in the management and optimization of renewable production sources. In the scope of such contractual relations, we will ensure the purchase of clean energy and offer trading services, such as:

- the service of managing contractual relations under PPAs;
- the forecasting of production from RES; and
- the reconciliation and management of deviations.

We will achieve continued growth through the targeted actions set out in the GEN-I Group's strategy, and by reinforcing the knowledge and experience of teams that are developing technical tools for the valuation, automation and optimization of the portfolio of structured products.

Natural gas trading

Through our flexibility and knowledge, we responded extremely well to the record-high natural gas prices. We have seized the opportunities presented to us and prevented global changes on the natural gas market from having an adverse effect on our end-customers. With the aim of ensuring the safe supply to customers, we established a task force to bring natural gas to end-customer in Slovenia, even in the event of disruptions to supplies to Europe due to strained relations and disruptions to natural gas supplies from Russia.

During the first half of 2021, we expanded physical trading on the liquid markets of Western Europe, in particular the Netherlands and Germany, to the less liquid markets of Southeast Europe (Romania, Bulgaria and Greece). We leased natural gas storage facilities in Germany, and thus further improved portfolio flexibility and the reliability of natural gas supply to end-customers in Slovenia.

Expansion of the portfolio

With the aim of hedging its portfolio, the GEN-I Group employs cross commodity strategy. In 2021, we enhanced the trading of emission allowances, which have recently become one of the most important factors affecting the price of electricity.

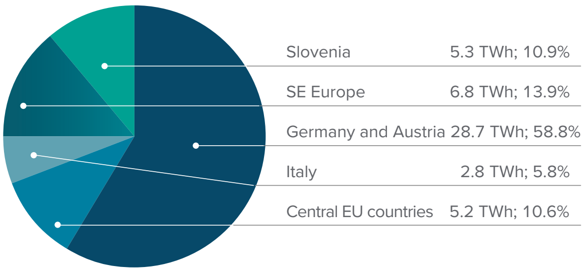
Demand response contracts

In 2021, we again offered our partners on the wholesale markets innovative products that are intended primarily for hedging the value of portfolios against increasingly volatile markets. Such structured products include demand response contracts, options and other customized products. We concluded new demand response contracts in 2021 in countries such as Bulgaria, Romania and Albania, where the conclusion of similar transactions was very limited in the past.

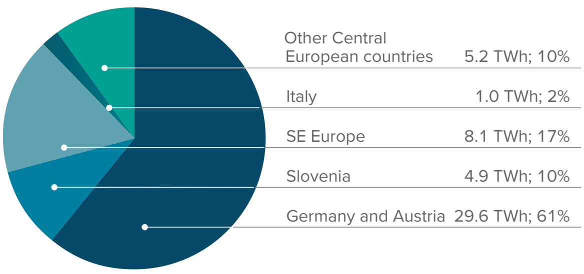
We use such products to exploit opportunities that are opening to us through geographic expansion, portfolio diversification and the trading of a wide range of energy products. In the context of changing conditions on the European energy market, flexible and structured products offer the ideal relationship between market potential and risks.

Flow-based trading mechanism

In accordance with the trend of market coupling in the European Union and with the aim of making more effective use of cross-border capacities, the GEN-I Group dedicates a great deal of attention to the flow-based trading mechanism, which requires market participants to operate globally and be present along the entire electricity trading chain, from long-term management to supply itself. We prepared for that challenge through the development and use of the most advanced tools and support algorithms that facilitate the optimal management of the global energy portfolio using a predefined risk management policy. We continued to enhance market and portfolio analytics in 2021, and upgraded and improved internal fundamental models and analytical tools. The Group's extensive portfolio, which is based on cross-border transfer capacities and which we continuously analyze with the help of what-if scenario analyses, will remain our key competitive advantage in the future.



Overview of sold quantities in 2021 by market



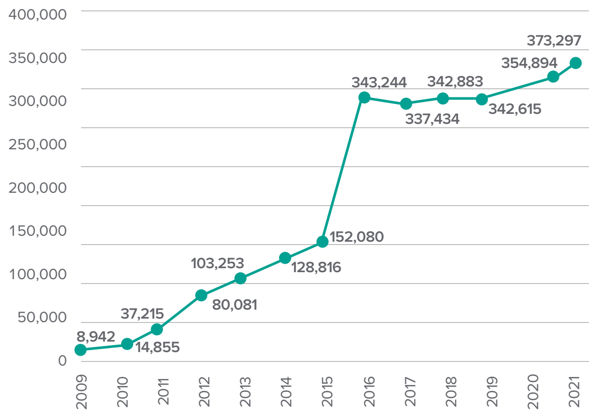
Overview of purchase volumes in 2021 by market

SUPPLY

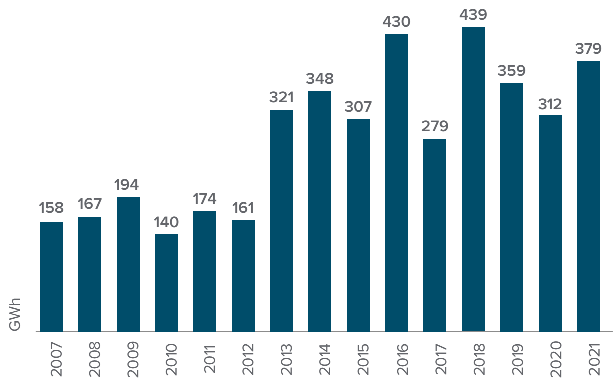
The GEN-I Group supplies energy to all segments of end-customers: households, small business customers, industry and public contracting authorities. We thus cover the entire retail market, which ensures the appropriate dispersion of risks and improved portfolio management. We have actively restructured the portfolio over the last ten years, from supply to primarily business customers to a balanced supply in the B2C and B2B segments.

At the core of the supply of energy remain our customers and their needs, which we satisfy in accordance with the green transformation of society. In 2021, the GEN-I Group supplied electricity directly to end-customers on three electricity and two natural gas markets. In the context of rising energy prices on the wholesale markets, we demonstrated an exceptional ability to identify growth trends in electricity and natural gas consumption by individual segment. That ability has been developed through years of intensive investment in advanced analytics. Through the rapid collection and processing of data, we purchased the necessary quantities of energy products efficiently, and were thus able to ensure customers enjoy unchanged prices, even during periods of high growth on the wholesale market.

By actively managing the sales portfolio based on fundamental analytics and by optimizing the purchase side of the end-customer supply portfolio, we successfully maintained a competitive advantage over other suppliers who reacted immediately to the changing international market conditions by increasing end-user prices. Through our readiness to combat the energy crisis, we have proven to be a reliable business partner and supplier who contributes to the long-term stability of energy prices for our customers through planned investments in development and internal processes.



Trends in number of household electricity customers in Slovenia



Energy purchases from producers who use RES and CHP

Supply of exclusively carbon-free electricity in Slovenia since January 1, 2021

In accordance with our commitment to be the leading promoter of the green transformation, we have been supplying electricity exclusively from carbon-free energy sources (solar, hydro and nuclear energy) since the beginning of 2021. With the transition to cleaner energy sources, we are proving that every home, office and industry can be supplied energy, through which we are reducing global warming and taking action against climate change. We supplied 3,431 GWh of carbon-free electricity in one year, with large and medium-sized business customers accounting for 1,431 GWh of that amount. We saved more than 2 million tons of CO_2 in 2021 through the supply of exclusively carbon-free electricity.

Our portfolio of household electricity customers in Slovenia already comprises more than 370 thousand customers. We secured 24 thousand new customers in 2021. Most of them switched from their previous supplier to GEN-I, d.o.o. after the energy crisis led some suppliers to cancel electricity supply contracts and others to increase their supply prices. GEN-I, d.o.o. was prepared for the crisis, and was thus the only supplier in Slovenia able to commit to refrain from increasing energy prices for existing household customers until the summer of 2022.

We provided our customers carbon-free electricity from both domestic and foreign producers through the guarantee of origin mechanism, in which 67% of guarantees related to nuclear energy, 26% to solar energy and 7% to hydro energy.

In 2021, we purchased 379 GWh electricity from 2,314 domestic producers who use renewable energy sources and high-efficiency cogeneration plants, and thus maintained the highest market share in such purchase, despite certain challenges.

At the first signs of rising electricity prices at the beginning of the year, when reference prices and operational support had yet to be set, many producers opted to sell their production. Subsequently set reference prices and operational support were more than 64% lower in 2021 than in the previous year due to the sharp rise in energy prices. As a result, producers suffered operating losses, with some opting for the unilateral termination of previously concluded electricity sales contracts. The GEN-I Group was forced to compensate for the energy shortage through margin purchases on the market at prices significantly higher than those agreed in contracts. Through a sufficiently robust business model and excellent risk management, we were able to cover at least a portion of additional costs through the superior performance of our trading pillar. In this way, we also protected our end-customers.

Natural gas

We supplied 1,261 GWh of natural gas to end consumers in 2021, a slight increase relative to the previous year.

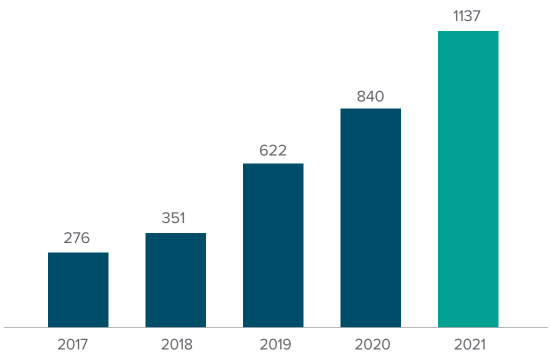
We adapted the risk management strategy and activities due to the adverse market conditions during the second half of 2021. This included the business decision to abandon the supply of natural gas on the Croatian market. On the Slovenian market, we ensured that our nearly 25 thousand existing household natural gas customers will enjoy unchanged prices until the summer of 2022, similar to electricity customers. Together with small business customers, we supplied 333 GWh of natural gas to the aforementioned group of customers.

ENERGY SERVICES AND SALES OF TECHNOLOGY[11]

Through a focus on the green transformation of the energy sector and society as a whole, we have set ourselves the objective of helping partners and customers make the green transition themselves and reduce their carbon footprint to the greatest extent possible. We do this with our existing portfolio and through the development of advanced energy services.

In 2021, we:

- invested in renewable sources, where we give priority to solar energy;
- developed our role as aggregator in the exploitation of demand response;
- offered innovative solutions in the area of e-mobility; and
- accelerated investments in research and development, and cooperation with domestic and foreign partners according to the principles of open innovation.



Growth in the number of small solar power plants placed in operation

Sales of technology

Self-sufficient supply for households

In terms of harnessing the sun's potential, solar power plants for the self-sufficient supply of households remain the centerpiece of our portfolio. We have been offering those power plants under the GEN-I Sonce brand as a comprehensive service that comprises the set-up, construction, maintenance, insurance and financing of solar power plants, since we entered the market. GEN-I Sonce remains the leading company in this area in Slovenia and enjoys the highest market share, while we are also expanding activities abroad.

Despite general restrictions due to the health crisis, the number of established solar power plants reached 3,226 at the end of 2021, an increase of 35% relative to the number of solar power plants a year earlier.

From June 2017 until the end of 2021, GEN-I Sonce's services contributed to an increase in the production of green energy by 58,206 MWh and a reduction in CO_2 emissions by 28,521 tons.

Self-sufficient supply for business customers

Companies that recognized the improving economic justification of investing in a solar power plant and the importance of reducing the carbon footprint expressed interest in the construction of solar power plants more than ever before in 2021.

We installed 28 solar power plants with a total installed capacity of 5,674 kW on the roofs of businesses, hotels, shopping centers and other large electricity consumers in 2021. By the end of 2021, those devices had produced 5,420 MWh of green energy and reduced the carbon footprint by 2,656 tons.

Energy contracting

Of increasing relevance amongst our energy services for the green transformation of the economy is energy contracting, which brings positive effects for all stakeholders. The service allows companies to harness the challenges of volatile energy markets and achieve long-term financial and environmental effects, without making an investment of their own.

Sales of the energy contracting service were up by 125% in 2021 relative to the previous years.

[11] GRI 203: Disclosures 103-1, 103-2, 103-3, 203-1.

Self-sufficient supply of apartment buildings

Since Slovenia amended the decree on the self-sufficient supply of energy, which permits the setting-up of solar power plants on apartment buildings for that purpose, GEN-I Sonce has facilitated the self-sufficient supply of energy to households from a common rooftop. We set up two solar power plants on apartment buildings in Logatec in 2021. Residents can now avoid rising electricity prices over the long term.

Sales of services

Self-sufficient communities

Following the successful establishment of the first Slovenian self-sufficient community in 2020, we established a second such community in 2021 and announced the development of the largest self-sufficient community in the country. By the end of 2021, self-sufficient communities had produced 277,789 kWh of green energy and reduced the carbon footprint by 136 tons.

Solar community

In October, we presented the solar community project to the general public and our household customers. The aim of the project is to connect household customers across Slovenia with solar communities and thus facilitate the self-sufficient supply of electricity to those households unable to set out their own solar power plant. By becoming a member of GEN-I's solar energy community, the first household customers have reserved their place for the long-term lease of solar panels that will be built in the future for the community's self-sufficient supply.

E-mobility

The e-mobility service makes it easier for customers to make the green transformation in the area of mobility. The service was developed as a response to the complicated user experience of registering and paying for charging sessions for electric vehicles at public charging stations in Slovenia and Croatia.

In 2021, more than 1,600 users of the service recorded 59,755 electric vehicle charging sessions, meaning the number of charging sessions nearly tripled relative to 2020. We estimate that electric vehicles travelled close to 8.5 million km.

Aggregator and active customer

The GEN-I Group's demand response services allow customers to assume the role of active energy managers. On account of our extensive network, knowledge and established infrastructure, we are increasingly establishing ourselves as a leading aggregator (consolidator) of such active customers. As the manager of a virtual power plant, we are linking energy solutions at the premises of customers on the one hand and dynamic energy markets on the other.

In 2021, we achieved established objectives and increased our presence on the ancillary services market as an aggregator of reserve power in both Slovenia and Austria. For the seventh year in a row, we reliably provided negative and positive tertiary reserve power in Austria, and also qualified as provider of secondary regulation services. We increased the size of the portfolio (number of new customers) that we market in Slovenia and Austria by 27%.

It is demand response services and diversified production for the purpose of providing secondary and tertiary reserve power that have driven the majority of the GEN-I Group's innovations in recent years, and it is based on those innovations that we are planning to further expand our presence on the secondary regulation market in Austria and Slovenia in the future, and increase capacities with the aim of more active participation on the tertiary reserve market in neighboring countries, where the provision of ancillary services is possible through active demand response.

Electricity production

Large solar power plants

In 2020, we were selected via public tender in North Macedonia to build a large solar power plant with a rated power of 17 MW. As part of that project, we signed an agreement in 2021 on the long-term lease of land, obtained a building permit and signed an agreement with the primary contractor responsible for the construction of that power plant according to the turnkey principle.

The project in North Macedonia is the first of its size for the GEN-I Group, and will therefore represent important experience for the continuation of activities in connection with the production of electricity from renewable energy sources.

Working together to achieve development goals

Innovations and activities in international R&D projects

The development of services based on the principles of lean innovation and networking to enhance knowledge and share financial inputs have become the driving forces of progress in the GEN-I Group. They allow us to achieve the desired results more quickly and effectively. We therefore network with international and domestic organizations in strategic projects. We work with them in public tenders in the scope of the Horizon 2020 Initiative, and in national public tenders that are frequently co-financed by the European Commission. We take a strategic approach to selecting projects that facilitate the development of new products and solutions for customers to keep us one step ahead of the competition. We have a special research team registered in the SICRIS database for that purpose.

Consortium for the green transformation

On September 16, 2019, we signed a consortium agreement with ELES on the acceleration of the green transformation of the Slovenian energy sector with the help of smart grids. The aim was to promote cooperation in development projects and to invite several stakeholders from the Slovenian energy sector to contribute missing knowledge and ideas for the achievement of their common objectives of a green transformation and transition to a low-carbon society. The implementation of research and development projects, the conducting of studies and the preparation of calculations for the purpose of implementing joint projects and the execution of joint promotional activities will make it easier for partners to achieve objectives and ensure future generations enjoy higher-quality living conditions.

In the scope of the consortium for the green transformation in 2021, we continued to offer demonstrations of flexibility services on the distribution network to relieve the burden on transformer stations.

Co-financed project in the implementation phase

The GEN-I Group believes that its participation in research and development projects enables us to keep pace with the latest scientific trends and results. By setting up demonstration environments and developing products and solutions, we are positioning ourselves as one of the leading companies in the development of technologies for a carbon-free future. Such projects also serve as an excellent testing ground for employee development and the creation of new jobs for highly qualified staff. Because we are aware of all the benefits they bring, we continued to implement research and development projects again in 2021. Activities were carried out in the established scope and by planned deadlines.

We are working as a partner on two international projects in the scope of the Horizon 2020 Initiative. The OneNet project focuses on the identification of solutions for the coordinated cross-border functioning of electricity transmission and distribution system operators in the context of the establishment of new flexibility markets, while the purpose of the NEWCOMERS research-innovation project is to study energy community typologies and identify conditions that will accelerate the establishment of those communities.

In the role of coordinator in the demo e-mobility pilot project and as a partner in the demo Tourism 4.0 pilot project, we are developing and presenting new products and solutions in demonstration environments which, through the use of the most advanced technologies and user-friendly approaches, support the advancement of e-mobility and sustainable tourism. Both projects are being co-financed with assistance from the European Regional Development Fund and the Ministry of Economic Development and Technology.

To ensure the quality and development of new products and the growth of the Company, it is also necessary to establish good cooperation with scientists and research institutions from Slovenia and abroad. The purpose of that cooperation is to transfer knowledge, train employees, and develop new technologies and integrated modern solutions for the implementation of joint research and commercial projects. To that end, we network in projects with domestic and international scientific institutions. One of the Slovenian projects in which we serve as partner is the Slovenian Research Agency's DN-FLEX applied research project, in the scope of which we are developing platforms for the local flexibility market in the area of distribution networks.

3.8. Risk management[12]

The centralized risk management department is responsible for effectively identifying, reviewing, managing and reporting on exposures to various risks within the GEN-I Group. That department functions completely independently and in accordance with the adopted risk management policy.

The Risk Management Department's tasks in the broadest sense, in addition to spreading a culture of awareness about risks, are to coordinate the management and minimization of risks of other departments, and to coordinate the functioning of departments if exceptional events occur that could result in negative effects on the Group's operations. In addition to comprehensive risk-review, the credit risk committee, market risk committee and Management Board also control the department's effectiveness.

The key risks that we manage can be broken down into the following categories:

- credit risks,
- market risks,
- liquidity risks,
- operational risks,
- IT risks,
- legal and regulatory risks,
- currency risks,
- interest-rate risk, and
- human resource risks.

Credit risks

In terms of managing credit risks, 2021 was a year full of challenges due to the extraordinary market conditions. Those challenges included a high level of exposure to partners, restrictions on the conclusion of new transactions with partners, and the increased risk of failure to supply and/or pay by partners. We successfully managed those risks through the close monitoring of conditions on the energy market and their potential consequences on the operations of the GEN-I Group, the discussion of associated risks at meetings of the Management Board and credit risk committee, and through risk management policies and measures in all key areas of operations. To support the setting of successful credit risk management strategies, we also developed a simulation tool for formulating scenarios, as well as a review of the response of portfolios and the effects on the Group's results, with respect to carefully prepared stress scenarios.

[12] Disclosures 102-11, 102-15.

Despite increased pressure on the creditworthiness and operations of companies as the result of the extraordinary conditions, the low value of payment delays and credit losses was in part a reflection of continuous, long-term activities for the careful selection of partners and a well-diversified portfolio under the auspices of the Risk Management Department.

In addition to the Risk Management Department, the building of a high-quality and diversified portfolio is also supervised by the Management Board and credit risk committee. A local presence via regional representatives on individual markets also facilitates good awareness of developments on a specific market and in the operations of partners, as well as the ability to adapt rapidly to market conditions. Before cooperation begins, partners are assigned a risk assessment in accordance with the rules on the definition of internal credit ratings, which in turn serves as the basis for setting the framework of cooperation with partners: payment terms, collateral instruments and supply deadlines. This is followed by discussion by the credit risk committee, with the approval of the proposed framework of cooperation.

The know-your-customer process and the in-depth analysis of the operations of partners are supplemented by a process/tool for the continuous monitoring of key changes in connection with partners and the management of the associated credit risks. In the area of sales and trading, we use tools for the continuous monitoring of changes to the credit ratings of partners, such as contractual clauses and safeguards that facilitate the request for additional collateral if the credit ratings of partners deteriorate. In cooperation with a specialized insurer, we strengthen the portfolio of insured partners in the area of sales and trading with the support of tools for the monitoring of business partners, and for the monitoring of and reporting on receivables. All rules governing credit risk management processes are approved by the credit risk committee.

Market risks

The exploitation of market opportunities is closely linked to market risks. In parallel with the evolution of markets and the growth of the Company, we adapt to new conditions, opportunities and products on the market through the development of tools to manage market risks.

The 2021 business year was characterized by a sharp rise in the volatility and level of all energy prices, particularly during the second half of the year. In the context of elevated prices, growth in the open M2M positions on previously concluded transactions put a significant strain on credit lines at all partners, which led to a general reduction in the liquidity and depth of markets. In addition, increased price volatility resulted in a significant increase in the need to secure margin funding at clearing banks. We successfully mitigated emerging liquidity risks by enhancing credit lines at banks.

The Company has a sound operational framework in place to protect both the Group and individual portfolios against market risks. The market risk committee is responsible for managing market risks at the GEN-I Group level, for formulating guidelines, and for defining competences and the operational framework. Hedging rules, exposure in terms of quantity and management strategies are described precisely in the Group's rules. We updated trading and portfolio management rules with a mode of operation that is based on the collective formulation, implementation and monitoring of trading strategies. This type of trading facilitates a democratic culture among the GEN-I Group's traders, increased control and collective risk awareness. Through newly developed tools to support trading, we further enhanced transparency over the performance of portfolios, teams and individuals.

The competences and responsibilities of portfolio strategy committees, and individual portfolio managers and traders are included in the operational framework. The current values and evolution of open positions, the prices of products on the market, the value of the portfolio and risk levels are reported daily to key departments that are involved in the daily processes of managing and controlling portfolios, and to the Risk Management Department. We invest continuously in training relating to the management of market risks and in strengthening awareness about risks amongst traders. We are building an appropriate risk culture, structure and processes at all levels of operations, and updating them based on past experience and trading analyses.

Representing an important element of the market risk management process are strategies formulated based on sensitivity analyses of portfolios, analyses of the price elasticity of sales portfolios, analyses of risk indicators and exposure in terms of quantity, and an overview of the depth and liquidity of the markets of all portfolios within the GEN-I Group.

We place special emphasis on the so-called scenario-based approach and sensitivity analyses of the value of the global trading portfolio and local sales portfolios. Crucial in that regard are the formulation of strategies and an analysis of their effect on changing prices prior to the conclusion of transactions, and an analysis of the elasticity of sales portfolios and the competition, which further improves our management of market risks. Representing another important element of market risk management are processes, models and information systems used to manage financial instruments and real options and flexible agreements that facilitate the additional hedging of portfolio values, particularly in the event of major, sudden and unexpected deviations from expected market prices.

A special group of managers is responsible for managing the open positions of financial products. That group regularly monitors the effects of positions on inflows and outflows, and adjusts positions to market trends. The managers of open financial positions have at their disposal advanced tools for estimating the necessary margin funding at clearing banks prior to the conclusion of transactions. In this way, we also directly manage liquidity risks at the Group level.

Quantity risks are a special form of market risks associated with the delivery and acceptance of electricity or natural gas. They occur because of differences between the electricity or natural gas quantities envisaged in contracts and the quantities that are actually delivered or accepted. We manage those risks in two ways:

- by providing comprehensive information support for the long-term and short-term forecasting of electricity and natural gas consumption and supply;
- and by consistently monitoring quantity deviations at the majority of metering points that are included in the GEN-I balance group.

The portfolio has a high proportion of purchase contracts with producers who use renewable energy sources, in particular solar and hydroelectric power plants. The volatility of production from these sources is higher. We therefore developed special tools for this segment for forecasting the production of small and large hydroelectric and solar power plants. These tools are based on meteorological models used to forecast rainfall, sun exposure and cloud cover.

Liquidity risks

The Treasury Department is responsible for managing liquidity risks. Liquidity is managed centrally by optimizing and controlling the liquidity of each company separately and then the liquidity of the Group as a whole. We hedge against unexpected events that have a direct impact on liquidity risk through:

- liquidity reserves in the form of approved credit lines with various commercial banks;
- the diversification of financial liabilities;
- the continuous matching of maturities of receivables and liabilities;
- limiting exposure to partners; and
- by consistently recovering outstanding receivables.

Undesirable events are simulated daily on the basis of various scenarios. We are thus able to anticipate the robustness of the liquidity position in extreme conditions.

The second half of last year was characterized by a sharp rise in the market prices of energy products and the volatility thereof. As a result, liquidity risks were also considerably higher than the previous year. In the context of the Group's high capital adequacy and higher cash reserves, we successfully mitigated the aforementioned risks by increasing the value of additional undrawn credit lines.

Operational risks

The increase in the number of employees and the expansion of the GEN-I Group's operations require additional activities from support departments for the purpose of managing operational risks. These encompass the processes of business units and those of individual departments. We invest a large amount of funds in the development of IT support with the aim of mitigating key operational risks, while we are strengthening processes through the use of analyses and the implementation of improvements based on business analytics and processes.

The core internal precept for managing procedural risks is the principle of at least 'four eyes'. The GEN-I Group manages risks through clearly defined processes, the unambiguous demarcation of roles, the clear delegation of responsibilities and authority, and by implementing codes of conduct and internal rules.

Risks associated with information technologies and the infrastructure, and security

IT risks comprise risks associated with possible losses or errors in data records arising from inappropriate information technology or inadequate processing, which can lead to the disclosure of erroneous results and balances, and the resulting erroneous business decisions. Important aspects of risk management include ensuring audit trails, limiting or controlling access to data and the results of processing, the mutual integration of specific subsystems, ensuring the continuous availability of key IT services and ensuring disaster recovery as required. Our operations are fully supported by information technology, enabling us to carry out and manage our daily operations in an efficient manner.

Every year, we have further enhanced the IT Department's competences as they relate to information security and the IT architecture. That department's core tasks include defining and issuing the bases and guidelines for the development or upgrading of existing IT solutions, ensuring that those bases and guidelines are taken into account in development, and comprehensive protection based on the most advanced information security approaches. Changes were introduced to software development processes, with an emphasis on managing changes, testing and the placement of solutions in the production environment. The aim of those changes was to ensure the high-quality and availability of software in the production environment.

In the area of information security, a security information and event management (SIEM) system was implemented and facilitates the collection and processing of data regarding security events in real time, with the aim of detecting potential security events, and facilitating correlation analyses and an overview in the event of security incidents. It also facilitates regular security reviews of the infrastructure and processes, as well as employee training in the area of cyber security.

Legal and regulatory risks

Legal risks derive from the unpredictability of the legal environment and from the degree of legal certainty. They are associated with losses due to breaches of regulations, and with losses linked to uncertainty regarding the protection of legal interests in the event of breaches of previously concluded agreements. We manage the latter through due diligence reviews of contracting parties before entering into contractual relations and for the duration thereof.

We enter into contractual relations with wholesale partners based on standardized general contracts recommended by the European Federation of Energy Traders (EFET) or those recommended by the International Swaps and Derivatives Association (ISDA).

We use a similar level of contractual provisions in retail electricity sale contracts. We also ensure the regular monitoring of changes to regulations that govern the GEN-I Group's operations.

Regulatory risks derive from potential losses due to incomplete regulatory requirements and trading limitations, or (sudden) legislative changes in countries in which the Group operates. These risks are managed by closely monitoring developments on key markets through a local presence in the form of regional representatives, and by working closely with individual institutions in the energy sector.

We have harmonized operations with the European Market Infrastructure Regulation (EMIR), the Regulation on Wholesale Energy Market Integrity and Transparency (REMIT) and the Markets in Financial Instruments Directive (MiFID II), in accordance with the requirements of the applicable legislation to ensure transparency.

Currency risks

The activities that are exposed to currency risks are electricity trading and trading in cross-border transfer capacities. The Group is exposed to risks associated with currencies that are not directly linked to the euro and the US dollar, such as the Serbian dinar (RSD), the Hungarian forint (HUF), the Croatian kuna (HRK), the Romanian leu (RON), the Turkish lira (TRY), the Macedonian Denar (MKD), the Albanian lek (ALL) and the Ukrainian hryvnia (UAH). To hedge currency risks, the Group employs FX trading counter positions to transactions concluded on the energy markets where currency risk arises due to the settlement of contractual obligations in a foreign currency. The Group also uses currency clauses or futures contracts as a hedge when entering into contracts that envisage settlement in a foreign currency and currency trading is limited or liquidity is low.

Interest-rate risk

Based on monitoring and an analysis of events on the financial markets, we did not enter into interest-rate hedging agreements last year, but did roll-over previously concluded short-term loan agreements and concluded certain new short-term loan agreements, primarily with a fixed interest rate, and issued new commercial paper, also with a fixed interest rate. The portion of financial liabilities that are linked to a variable interest rate and result in exposure to interest-rate risk was down slightly relative to previous years. We are aware of the risks associated with a potential rise in key interest rates, and therefore analyze the potential consequences in detail.

Human resource risks

Managing risks associated with human capital is particularly important for the GEN-I Group because of its rapid growth and the international expansion of operations. The achievement of business plans requires employees to constantly build on their existing knowledge, to learn new skills and to develop competences to function in a thinking business environment. They must also demonstrate the ability to work effectively as part of a team and show a high level of flexibility, a dynamic approach to work, self-initiative, and excellent interpersonal and communication skills. We prevent the potential loss of key employees through the strategic transformation of the HR function, by managing the organizational culture, through the constant professional growth of employees, by ensuring stimulating work challenges, and through good communication with and between employees. We also ensure the traceability of work processes, supported by digital transformation, and are using a fully digitalized HR information system. By strengthening the employer's brand and through the diversification of employee recruiting channels, we ensure the necessary influx of the best employees to our work core. Internal knowledge is one of the most important competitive advantages of the GEN-I Group, as well as a significant risk that we manage through mentoring programs and the strengthening of managerial skills, and by identifying, reinforcing and further developing the most important positive virtues of employees.

4. NON-FINANCIAL STATEMENT

In accordance with the EU directive on the disclosure of non-financial information[13] and the Companies Act (ZGD-1), the GEN-I Group, as a public interest entity with an average number of employees in excess of 500 on the balance-sheet date, includes a statement regarding non-financial transactions in its business report for the 2021 business year.

In accordance with the ZGD-1, the required information from the statement regarding non-financial operations is integrated throughout the entire report, which is evident from references to the GRI (Global Reporting Initiative) standards and disclosures, as follows:

- a description of the business model is presented in section 3.1 Presentation of the GEN-I Group;
- a description of policies and the results thereof, key performance indicators with respect to environmental, social and HR matters, respect for human rights, and matters relating to the fight against corruption and bribery are presented in section 5 Sustainable development;
- the main risks in connection with the above-described areas are presented in sections 3.3 Strategic policies, 3.7.1 Market conditions and 3.8 Risk management.

Based on the Taxonomy Regulation,[14] the statement regarding non-financial operations includes information as to how and to what extent the Company's activities are related to environmentally sustainable economic activities. This information is provided in section 5.14 Disclosures under the Taxonomy Regulation.

Information regarding the report[15]

- The reporting period of this report is January 1, 2021 to December 31, 2021.
- This year, the GEN-I Group is reporting for the first time in accordance with the GRI Standards, which comprehensively illustrate progress in economic, social and environmental terms.
- With this annual report, the GEN-I Group is reporting for the first time on all 20 material issues, which are presented in detail in section 5.2 Key stakeholders and materiality assessment.
- The last annual report of the GEN-I Group issued before this report was the annual report for 2020.
- The reporting frequency of the GEN-I Group is once a year, when the annual report for the previous year is issued. This also satisfies legal and regulatory requirements.
- No new findings or deviations that would have a significant impact on the situation have resulted in a change to the data presented in previous reports.
- You may address questions regarding the report or its content to the email address: info@gen-i.si.

Primož Stropnik,
Member of the Management Board

Dr. Igor Koprivnikar, MBA,
President of the Management Board

Andrej Šajn, MSc,
Member of the Management Board

Dr. Dejan Paravan,
Member of the Management Board

Krško, April 26, 2022

[13] 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.
[14] 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.
[15] Disclosures 102-48, 102-49, 102-50, 102-51, 102-52, 102-53.

SUSTAINABILITY REPORT **2021**

SUSTAINABILITY REPORT OF THE GEN-I GROUP FOR THE YEAR 2021

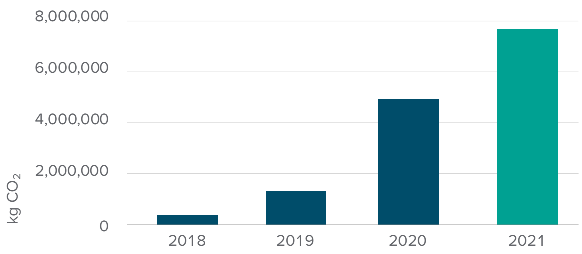
5. SUSTAINABLE DEVELOPMENT

5.1. Pursuit of strategic policies in the scope of sustainable development[16]

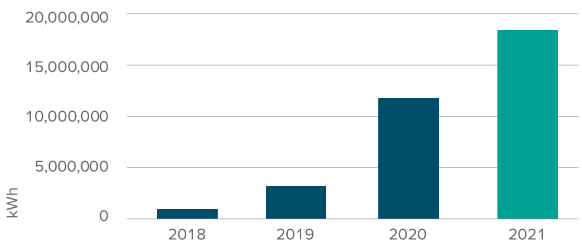
The GEN-I Group is aware that energy is a crucial sector that must make a change towards the responsible, efficient and environmentally friendly use of natural resources. Sustainable development is therefore an important element of the GEN-I Group's strategic policies. We pursue sustainable development through our internal operations and through the products and services we develop to promote the green transformation.

Since January 2021, we are the first in Slovenia to supply customers electricity produced from environmentally friendly, carbon-free sources. We are thus transitioning from a trading company into the leading supplier of green solutions.

Our green services are part of the green transformation of the GEN-I Group and the Slovenian energy sector as a whole, and are already having measurable positive effects on the environment. We are thus contributing to the fulfilment of commitments to reduce the carbon footprint of not only the GEN-I Group, but indirectly the country, as well.



Reduction of CO_2 emissions



Increased production of green energy

Through the services it offers and sustainability-aware customers, the GEN-I Group reduced CO_2 emissions by 15,563 tons and contributed 31.7 million kWh to the production of green energy from June 2017 until the end of 2021.

Illustration of key environmental, social and governance (ESG) aspects, and material sustainable development goals (SDGs):

ESG ASPECT	SCOPE
Environmental aspect (E: Environment)	- Promotion of renewable energy sources (RES); - the reliable supply of low-carbon electricity; - reduction of the Company's carbon footprint; - environmental responsibility in the development of innovative products and services for customers and business partners; - participating in the strengthening of the resilience of the energy system; and - ensuring commercial resilience through sustainable business models.
Social aspect (S: Social)	- Safety, health and satisfaction of employees; - employee development; - responsibility to customers; - preventive activities to mitigate risks in the social environment; - responsibility to suppliers and business partners; - investments in the local community, and support for sports, culture, education and healthcare; and - support for diversity and equal opportunities.
Governance aspect (G: Governance)	- Stable operations and commercial success; - high standards of corporate governance; - effective risk management; - fair business practices; - diversity, inclusion and respect for human rights; and anti-corruption.

[16] Disclosure 102-14.

Sustainable internal practices

The focus of the GEN-I Group's vision is a low-carbon society. Because we want to serve as an example of the green transformation, we started that process internally. We are adapting to the new conditions at all levels. We draw up annual reports regarding the carbon footprint, through which we identify and monitor areas where the Company can contribute further to the reduction of CO_2 emissions. We are electrifying the vehicle fleet and expanding the charging infrastructure to all of GEN-I's locations. We have set up e-bike sheds that we manage using a specially designed application.

Sustainable development and the digitalization of everything are important initiatives that will characterize our future operations. We therefore include them in the planning of HR practices and future hiring.

Promoting renewable energy sources

In Slovenia, we have set up more than 3,000 solar plants for independent self-sufficient supply, the first self-sufficient supply solar power plant on an apartment building and the first self-sufficient RES community. We have been the leading buyer of energy from diversified renewable resources for more than ten years.

With the aim of successfully addressing the climate crisis, we formulated a long-term Strategic Development Plan in 2021 that envisages extensive investments to accelerate the decarbonization of Slovenia. With our own team of experts, we prepared an analysis of the current state and potential development of Slovenia's electric power grid. The results for Slovenia are more than encouraging, as they indicate that the decarbonization of Slovenia is possible prior to 2035 by pursuing the four key objectives of ensuring the quality of the electric power grid (the environmental goal, independence, reliability and competitiveness).

We are therefore planning the following in the future:

- the maximum exploitation of the sun's potential and investments in RES;
- investments in the development in management of flexible sources; and
- investments in digital platforms and the development of products and services that help customers reduce their carbon footprint.

In order to achieve established plans, we will employ several new workers in the coming years. Those persons will possess various knowledge and experiences that will contribute to the green transformation.

We look optimistically to the future with knowledge, ambition and a commitment to common objectives.

5.2. Key stakeholders and materiality assessment[17]

Based on analyses and a review of the GEN-I Group's operations, we worked with external experts to identify 20 material issues that the Group deals with. In the materiality assessment we performed for the first time in 2021, we included the Group's management staff and key stakeholders (employees, trading partners, financial institutions, investors, local communities, associations, NGOs, the media, customers, suppliers, regulatory bodies and energy exchanges), who were defined based on cooperation, work areas and the performance of our activities.

Both management staff and key stakeholders participated in an online survey, in which they responded to questions regarding 20 material issues that they assessed in terms of importance: minimally important, less important, important, more important and very important.

A final classification in terms of the importance of material issues was carried out on the basis of the aforementioned survey. The results of that classification are shown in a graph of the importance of content for stakeholders and the GEN-I Group.

The findings from the materiality assessment were included in the annual report for the first time. We broke down and described in more detail the first eight material issues. We also strove to include material issues in our operations and the development of products and services to the greatest extent possible.

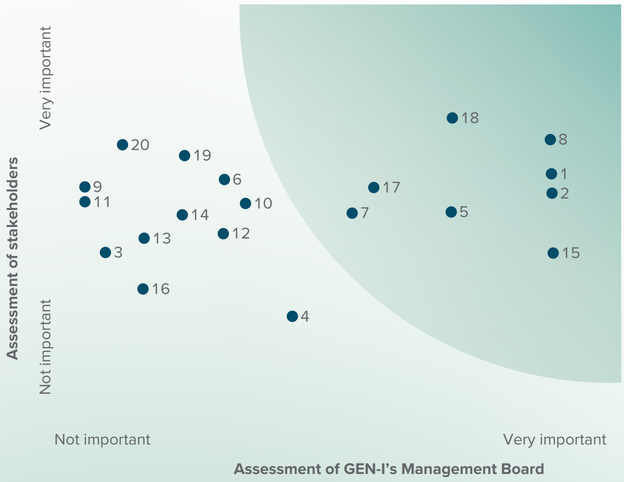


Illustration of the importance of content for stakeholders and the GEN-I Group

1. Contribution to increase in RES
2. Reliable supply of carbon-free electricity
3. Reduction of the Company's carbon footprint
4. Commercial success
5. Development of innovative trading products and services for customers and partners
6. Resilience of the power grid
7. Democratization of the energy sector via energy policy
8. Responsible approach to customers
9. Diversity, inclusion and human rights
10. Development and retention of employees
11. Occupational safety and health
12. Communication with stakeholders
13. Contribution to society
14. Responsible supply chain management
15. Corporate governance
16. Commercial resilience through sustainable business models
17. Digitalization of operations
18. Business ethics, compliance and transparency
19. Risk management
20. Data protection

[17] Disclosures 102-40, 102-42, 102-43, 102-44, 102-46, 102-47.

5.3. Responsible approach to the natural environment

As one of the leading representatives of the energy sector and the promoter of the green transformation, the GEN-I Group is aware that its responsibility to the environment requires a new way of thinking and working. We have thus set ourselves the long-term objective of sustainable development, which we aim to achieve by changing the way we work, leading by example, investing in innovations, and by developing and creating products for the transition to the new energy era. We demonstrated our responsibility to the environment in part through GEN-I Sonce's acquisition of quality and environmental management certificates according to the ISO 9001 and ISO 14001 standards.

We are also the leading promoter of the self-sufficient supply of households and companies in Slovenia. By the end of 2021, GEN-I Sonce had constructed and turned over for use 3,226 solar power plants. With the launch of the project to construct a solar power plant in North Macedonia, we also took an important step in the wider region.

For several years, we have maintained our position as the leading buyer of energy from producers who use renewable energy sources and high-efficiency cogeneration plants.

Type of production	Number of production units	Volume in MWh
Hydroelectric power plants	197	192,273
Solar power plants	2,097	132,209
Biogas-powered power plants	8	47,369
Wind power plants	4	5,540
Other	8	1,167
TOTAL	**2,314**	**378,558**

GEN-I's innovative and sustainability-oriented business model, which we implement through responsible management and a positive attitude towards the environment and use to systematically pursue environmental principles, provides measurable and positive effects. By the end of 2021, all of our power plants had contributed to an increase in the production of green electricity of more than 62 thousand MWh.

Carbon footprint of the GEN-I Group[18]

The term carbon footprint is used to express the quantity of carbon dioxide (CO_2) and other greenhouse gas (GHG) emissions released through the activity of an individual, company or organization. The calculation of the carbon footprint is thus one of the basic measures of how a company impacts the environment. GEN-I, d.o.o. began calculating its carbon footprint in 2018 with the aim of controlling emissions, and as a means for sustainable energy management and environmental protection.

Based on the data obtained, we performed a calculation and, on that basis, identified the areas that generate the most CO_2 emissions. This was followed by the definition of priorities in terms of measures to achieve the greatest effects in the reduction of our carbon footprint. The system used to calculate and monitor the carbon footprint is an indication of our social and environmental responsibility, and allows us to make our operations increasingly sustainable. Last but not least, reporting on our carbon footprint raises the awareness of employees and the general public. At the same time, we present best practices and promote improvements and changes to our own habits. The calculation of the GEN-I Group's carbon footprint for 2021 included the parent company and subsidiaries registered in Slovenia.

[18] GRI 305: Disclosures 103-1, 103-2, 103-3, 305-1, 305-2, 305-3, 305-5.

The following sources of greenhouse gas emissions were included in the calculation of the carbon footprint for 2021.

We calculated the carbon footprint in accordance with the generally accepted methodology set out in the Greenhouse Gas Protocol. That calculation was also reviewed and confirmed by an independent external expert who issues certificates based on the ISO 14064-3 standard. The carbon footprint is expressed in tons of CO_2 equivalent.

The overall carbon footprint for 2021 increased relative to 2020. This can be attributed to the fact that additional three organizational units and 47 additional employees were included in the calculation. The trend of a shrinking carbon footprint per employee continued in 2021, with that footprint shrinking by 3.2% compared with 2020. The carbon footprint from transportation to and from work and business travel (Scope 3) also shrank in 2021, by 7.5% relative to the previous year, to stand at 251.6 tons of CO_2e. This was the result of the increased scope of work from home and the establishment of flexible work policies as general initiatives of the GEN-I Group. On account of their positive effect of a shrinking carbon footprint, those policies will continue to serve the Group in the future, despite the improving epidemiological situation in connection with COVID-19.

CARBON FOOTPRINT OF THE GEN-I GROUP FOR 2021

SCOPE 1
DIRECT EMISSIONS

emissions generated by activities and equipment owned or controlled by the company:

- fuel consumption by the Company's vehicle fleet
- fuel consumption by vehicles under lease
- consumption of natural gas for heating at the Krško and Maribor organizational units

SCOPE 2
INDIRECT EMISSIONS

emissions generated from the consumption of energy by activities and equipment owned or controlled by the company:

- electricity consumption for commercial buildings:
  - functioning of electrical equipment
  - functioning of electronic equipment
  - lighting
  - cooling of premises
  - heating of premises
- consumption of electricity for electric vehicles owned or leased by the company
- the quantity of electricity produced from renewable energy sources is subtracted from the purchased quantity
- the consumption of heat from the district heating system at the Ljubljana and Celje organizational units

SCOPE 3
INDIRECT EMISSIONS

all other indirect emissions not included in category 2

- transport of employees to and from work
- business travel (by air)
- business travel (by taxi)
- business travel (by public transport, such as bus and train)
- business travel by private car

Carbon footprint of the GEN-I Group for 2021

GEN-I	
Surface area (m^2)	8,702
Number of employees*	520
tCO_2e	627.1
tCO_2e/employee	1.2

* The number of employees at the locations in question represents the average annual number of employees.

Carbon footprint by source for 2021

SOURCES	t CO_2e
district heating	172.5
electricity consumption*	0
electricity consumption (charging stations)*	0
natural gas consumption	12.1
business travel	214.0
transport to/from work	228.4
total	**627.1**

* GEN-I did not generate a carbon footprint through the consumption and production of electricity, as the latter was produced from 100% RES. Emissions for electric vehicles are included in the figures for transport.

Illustration of the GEN-I Group's carbon footprint by scope and year expressed in tons of CO_2e

	2018	2019	2020	2021
Surface area (m^2)	5,066	5,876	7,018	8,702
Number of employees*	342	403	473	520
SCOPE 1	295.3	281.5	194.3	203.0
SCOPE 2	527.9	50.8	120.2	172.5
SCOPE 3	250.7	326.3	275.1	251.6
Total CO_2 emissions	**1,073.9**	**658.6**	**589.6**	**627.1**

* Number of employees at the parent company GEN-I, d.o.o. and at Slovenian subsidiaries

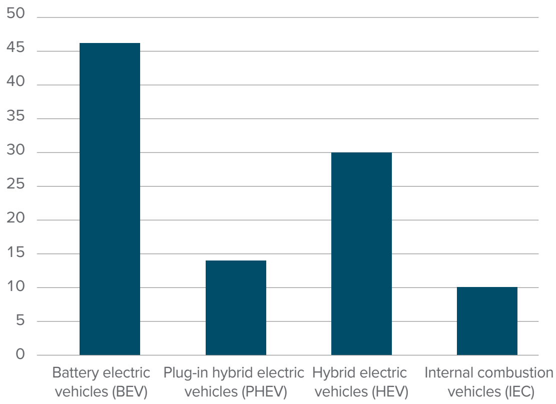
Illustration of the GEN-I Group's yearly carbon footprint expressed in tons of CO_2e/employee

	2018	2019	2020	2021
Total CO_2 emissions per employee	3.14	1.63	1.25	1.21

Energy consumption[19]

In the GEN-I Group's business premises, we consistently comply with guidelines on the reduction of consumption for heating and cooling, and on the reduction of electricity consumption. All new premises are equipped with LED lights. E-bike sheds, with solar power plants installed on their roofs, have been set up in front of the organizational units on Dunajska cesta and in Kromberk. The electricity that they produce are used to charge micro e-vehicles in the bike sheds and to light the GEN-I Sonce sign, while the e-bike shed on Dunajska cesta is equipped with a battery to store electricity surpluses.

By the end of 2021, we had electrified 89% of the vehicle fleet, meaning we have the largest electric vehicle fleet in Slovenia. We expanded the charging infrastructure, and thus have 40 charging stations in Ljubljana, 19 in Krško and 12 in Nova Gorica. We facilitate the charging of a total of 71 vehicles, with which we travelled 632,514 green kilometers in 2021. We also encourage our employees to reduce their fuel consumption. To that end, we have facilitated the simplified organization of ride sharing using the eTurn application. In the scope of mobility week, we organized a campaign in September 2021 with the aim of encouraging employees to increase the use of alternative forms of mobility. A total of 198 employees participated in the campaign and travelled 8,518 green kilometers.



Proportion of vehicles (in%)

[19] GRI 302: Disclosures 103-1, 103-2, 103-3, 302-1, 302-4.

Energy consumption within the GEN-I Group

Type of energy source	2019	2020	2021
District heating (kWh)	136,852	360,553	517,701
Electricity consumption (kWh)	746,283	839,060	1,131,526
Electricity consumption – electric vehicle charging stations (kWh)	80,020	61,532	130,710
Natural gas consumption (kWh)	49,171	27,007	62,351

Energy consumption was up in 2021 relative to 2020. This can be attributed to the fact that the figure for 2021 includes three additional organizational units.

We do not keep data regarding the production source for consumed electricity, as we work in leased premises (with the exception of the organizational unit in Kromberk). We also track energy used for our own operations using guarantees of origin, which electricity producers use to prove that electricity was produced from renewable or carbon-free sources.[20] This means that the electricity consumed by the GEN-I Group is produced from renewable or carbon-free sources.

Recycling of photovoltaic modules following the end of their useful life

Due to the growing importance of the recycling of photovoltaic modules, the subsidiary GEN-I Sonce d.o.o. is a member of the joint scheme for the management of waste electrical and electronic equipment, headed by ZEOS, d.o.o. Through that scheme, ZEOS guarantees the collection and management of waste electrical and electronic equipment, which includes the used components of solar power plants. GEN-I Sonce earmarks a portion of the proceeds from the sale of every solar power plant for the recycling thereof. We thus ensure the recycling of used equipment (modules, components, etc.) and the reuse of materials in the manufacture of new components. The recycling of photovoltaic materials has a dual green value, as the recycling of photovoltaic modules reduces environmental pollution by reducing the amount of waste materials and contributes to the reduction of electricity consumption required to extract these raw materials. The photovoltaic industry's commitment to ensure the full ('closed') sustainable life cycle of photovoltaic modules is thus fulfilled.

[20] The European guarantee of origin mechanism is described in more detail in section 5.12 Environmental and social assessment of suppliers.

5.4. Responsible approach to the social environment[21]

Sponsorships and donations

The Group uses a reactive sponsorship model. This means that there is no predefined umbrella program. Instead, more than half of all funds are unallocated, and are earmarked for specific purposes during the business year, depending on performance and the need to make our presence felt in the local environment and the media. All decisions regarding sponsorship funds and donations are made by the Management Board.

We dedicated special attention to local sports associations and clubs in 2021. This included support for the GEN-I Volley volleyball club from Nova Gorica, the Gorica soccer club and the Olimpija Ljubljana women's soccer club, the Pivovarna Laško, Krško, Sevnica and Brežice handball clubs, the Nova Gorica, the Krka Novo Mesto and Plama-Pur Ilirska Bistrica basketball clubs, the Adria Novo Mesto cycling club and the Ilirija skiing-ski jumping club. At the national level, we also supported the Slovenian Track and Field Association.

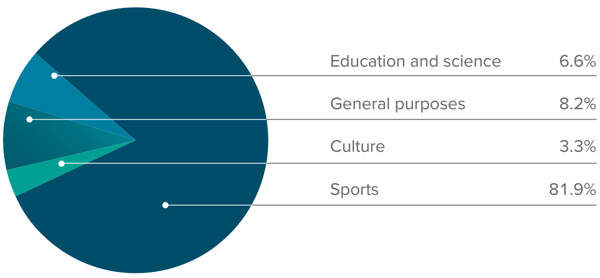
In the professional field, we earmarked sponsorship funds for activities aimed at education and training, and the search for best energy practices and solutions.

Donations were primarily earmarked for humanitarian purposes (59% of total funds), in particular for the Gorica and Brežice general hospitals, the Krško, Ljubljana and Goriška chapters of the Friends of Youth Association and others.

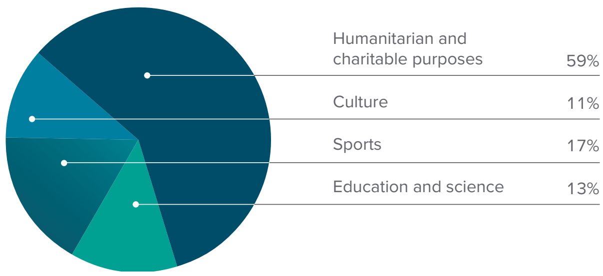
Charitable purposes

We were the largest donor to the 9th Goricatlon charitable-sporting event. Funds were collected during that event for the purchase of therapeutic devices for the Nova Gorica Day Care Center. Many of our employees participated by accumulating kilometers for a good cause.

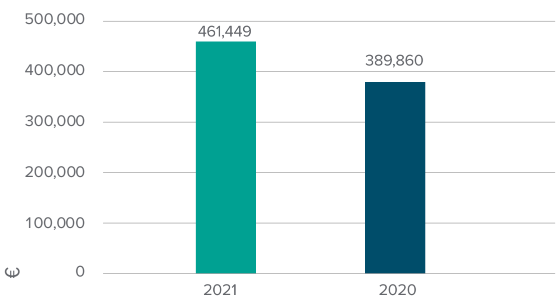
The GEN-I Group does not perform activities that have or could have adverse impacts on local communities.



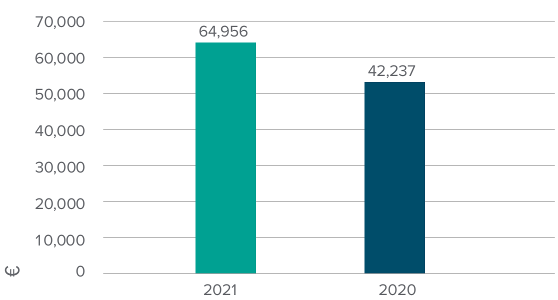
Structure of sponsorships in 2021



Structure of donations in 2021



Amount of sponsorship



Amount of donations

[21] GRI 413: Disclosures 103-1, 103-2, 103-3, 413-1, 413-2.

5.5. Responsible approach to the public

By operating in one of the most important economic sectors for Slovenia and the region, we assume a great deal of responsibility for the functioning and development of society as a whole, which comprises different stakeholders and interest groups. Through the strategic planning of relations with them, we ensure that their interests are aligned with our own objectives and operations.

With the aim of providing adequate information, education and the promotion of the latest developments, we maintained regular and open relations with the media in 2021, published all important information on our websites and social networks on a regular basis, and shared this information with the public at our own events and at events organized by others.

At the beginning of the year, we presented an overview of market conditions and expectations for the future to business partners at our annual meeting. Our employees and management staff served as lecturers or round table panelists in several events regarding the energy sector and green transformation. We also regularly participated in lectures at faculties, where we transferred our practical knowledge to students. In this way, we kept younger generations informed and strengthened our employer brand.

In the spring, we presented the public an ambitious but feasible plan that facilitates the development and decarbonization of individuals, companies and society as a whole, while maintaining competitiveness without increasing Slovenia's dependence on imports. Through our Strategic Plan until 2030, we addressed the climate crisis and presented the general public a way out.

By communicating about the global energy crisis and its effects on the Slovenian energy market, we briefed various stakeholders on the consequences that could follow if we do not respond to the crisis, and presented solutions developed by the GEN-I Group to prevent energy poverty.

Through comprehensive reporting, we also responded to the decision of owners not to reappoint the previous Management Board to a new five-year term of office. We received tremendous support from our customers, employees and the general public through presentation of the situation and explanations in difficult circumstances.

We will continue to nurture relations with stakeholders in the future through open, clear and unbiased communication.

5.6. Responsible approach to customers[22]

Putting customers first

The GEN-I Group shares its expertise and focuses its financial resources on the development of services through which we provide customers high-quality energy at fair prices. Customers and the users of our services are at the center of our attention, and we made it our responsibility to make their lives and operations as carbon-neutral as possible. We offer them simple and accessible opportunities to achieve the green transformation through CO_2-free electricity, solar power plants or any of our green solutions for sustainable mobility.

Digital solutions

We facilitate the switch to carbon-free electricity completely via the digital switching of suppliers. Our customers can organize everything necessary for the supply of energy remotely via the web. We updated the My GEN-I portal in 2021. Through My GEN-I, our customers receive monthly electricity bills that are also stored directly on the portal, which can be used to monitor electricity and natural gas consumption. An informative calculation can be used to anticipate the amount of monthly bills and calculate their carbon footprint, while customers can select services that contribute to financial savings and environmental protection, and they can turn to our advisers when they need assistance.

A total of 173,472 users were registered to use the My GEN-I portal in 2021. The portal was visited 2,726,181 times, most frequently to view and pay bills, to view energy consumption and to submit meter readings. A total of 14.5% of all communication with customers was through the portal, including 72% of switches from physical to electronic bills, for which more than 66% of all portal users and more than one third of all GEN-I users have opted. Via the My Energy portal, Elektro energija's customers receive support that is

[22] GRI 418: Disclosures 103-1, 103-2, 103-3, 418-1.

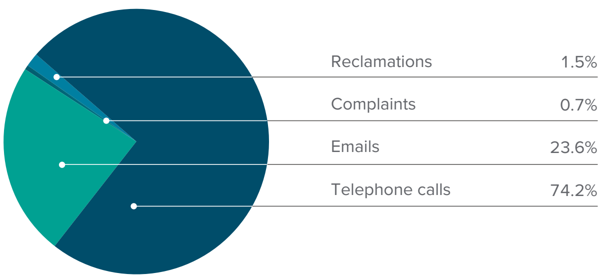
similar to the support received via the My GEN-I portal by GEN-I's customers and Jeftina struja customers in Croatia.

In addition to the basic My GEN-I portal, the owners of GEN-I Sonce solar power plants also have at their disposal the My GEN-I Solar application, which allows them to monitor the functioning of their solar power plants and thus plan their own electricity consumption more effectively.

Direct communication via the call center

In the context of investments in the development of digital solutions to improve the user experience, we continue to strengthen customer relations through direct communication via our call center. The importance of personal and prompt communication with customers when they are in need or difficulty was particularly evident at the end of 2021, when several suppliers stopped supplying electricity due to the energy crisis. Despite a sharp rise in prices on the international markets, we arranged a switch for all customers who were suddenly left without a supplier and wanted to switch from their existing supplier to GEN-I. In accordance with our responsibility to ease customers' worries about their future electricity supply, we reinforced our customer contact center with co-workers from other departments to provide the support customers needed at the time.

In 2021, the customer contact center received 270,199 phone calls, answered 86,124 emails and responded to all messages received via the My GEN-I portal. We also responded to 5,294 complaints and 2,548 reclamations.



Training to achieve customer satisfaction

In terms of customer care, we are committed to simplicity, transparency, trust, empathy, and a rapid, high-quality response. We organize regular customer satisfaction training for employees who are in direct contact with customers. In 2021, we introduced the CRM Classroom, which allows us to prepare and deliver digital training in the form of courses for new and existing employees. We organized a total of 234 such training events in 2021.

The success of training has also been confirmed by our customers, whose satisfaction with our services is measured. Customers gave us an average rating of 4.85 out of a possible 5.00.

Personal data protection

Our services are intended for more than 400,000. For this reason, we have careful privacy rules in place for them and for our relations with our customers in general.

The area of customer privacy is treated in a professional manner, meaning lawfully, fairly, securely, prudently and transparently. Because we are aware of our responsibility in connection with the handling of our customers' personal data, our customers are continuously informed about how and for what purpose their personal data is processed. Privacy information is available to customers at all times on the Company's website and in direct transactions with them. Potential breaches are handled by a five-member personal data protection committee. When a breach is identified, that committee investigates the incident, identifies the potential adverse consequences for the rights and freedoms of individuals, adopts the appropriate measures and, where necessary, informs the Management Board of the breach and proposed measures to remedy or at least mitigate the associated risks. If necessary, it also reports the breach to the supervisory body by the prescribed deadline and in accordance with the provisions of the GDPR.

The personal data protection committee handled 19 breaches reported by individuals (customers or other persons) in 2019. All cases involved the unjustified disclosure of another's non-sensitive personal data. For this reason, the breach was unlikely to pose a significant risk to the rights and freedoms of individuals. Nevertheless, all the appropriate technical and organizational safeguards were put in place to protect personal data.

There were no complaints from regulators in 2021 that led to the identification of potential irregularities. In connection with losses of customer data, we handled minor breaches, such as the wrongful disclosure of one customer's data to another due to the erroneous dissemination of business documentation that may have included personal data, due to human error and not a systems error.

We did not identify any major breaches in the area of personal data protection in 2021 (we deem the above-described breaches to be minor). Major breaches or data leaks involve the release of sensitive, confidential or proprietary data into an untrusted environment, which may occur as the result of hacking, the internal work of individuals who are or were employed by the organization, or the accidental loss or exposure of data. Attempted hacks were identified, but there were no breaches in the area of personal data protection due to timely action. No system failures resulting as the result of a 'leaky' information system were handled, as we strive to ensure that privacy is built into our information systems by default.

5.7. Responsible approach to employees

The GEN-I Group is aware that positive effects and ambitious objectives can only be achieved over the long term through a responsible approach to employees. Cooperation, integration, multidisciplinary teams, promoting innovation, the recognition of potential and the formulation of profiles of the future so that employees can acquire wide-ranging and flexible competences served as the basis of the HR strategy and all HR development projects again in 2021.

Employee development is one of our strategic development policies, through which we pursue the vision to be the first choice in all segments of the energy chain and the main promoter of the green energy transformation. Recruitment and the treatment of employees are therefore adapted to challenges in the international environment and to GEN-I's focus on the development of innovative solutions for the green energy transformation. In that context and with awareness of the importance of establishing a sound and cohesive employee structure, we reinforce the values on which our organization is based through various activities. Standing out amongst those activities is the selection of eight Geniuses of the year.

Through our HR policy, we have also made a breakthrough in the wider business environment in recent years. We ranked amongst the finalists in the large enterprises category in the Golden Thread 2020 competition, and received the title of best employer in the same category in 2021. We have held fourth place amongst the ten most reputable and best employers in Slovenia for two consecutive years. Our project 'Stay together – retention of employees during the (post-)coronavirus period' was selected among the finalists for the 2021 HR&M project of the year in the large enterprises category, while the Institute for Precariat Studies awarded us the Certificate for socially responsible corporate governance and decent work.

Response to changes in the business environment

Our biggest challenge in the area of recruitment in 2021 was again linked to the uncertain business environment. We adapted the organization of work to the needs of strategic development policies and the lasting impact of the epidemic. We reinforced employees' agility, capacity for innovative and creative thinking, and ability to plan complex solutions. We ensured the development of the competences of the future, with an emphasis on social skills and cooperative relations (so-called T-shaped skills). We focused on formulating teams of employees in which each member does what they do best. Using the internationally renowned CliftonStrengths® survey, we identified the primary strengths of employees and began developing an organizational culture that supports different paths to established objectives. For the easier and more effective introduction of the concept of strengths in work processes, we organize training for management staff, while we encourage employees to achieve their potential by including them in different agile multidisciplinary teams.

We achieve two important effects through agile teams:

- by participating in projects that reach beyond the scope of their work, employees gain a broader picture of the GEN-I Group's operations, acquire new skills and develop their competences; and
- work in a changing environment and with different demands allows us to identify the hidden talents and potential of individual employees.

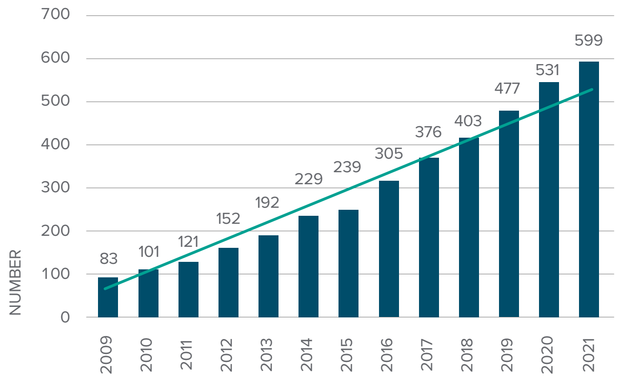
That approach is part of our learning model and the development of employees in practice. It is additionally supported by internal mentors, whose main task is to share their experience and knowledge with younger generations.

Also adapted to changes in the environment in 2021 was the recruitment of employees, where we also included the matching of an individual's values with the values of the Group in the selection process. We employed people with technical and scientific knowledge, and with backgrounds in sociology and humanities who are committed to continuous learning, and the acquisition of new knowledge and skills.

Employment, and educational and age structure of employees[23]

The GEN-I Group had 599 employees at the end of 2021. The number of employees was up by 12.8% or 68 relative to 2020.

The representation of both genders amongst employees is nearly equal. The average age of Group employees was 34 years in 2021. Employment at one of the GEN-I Group's companies represents the first job for many employees.



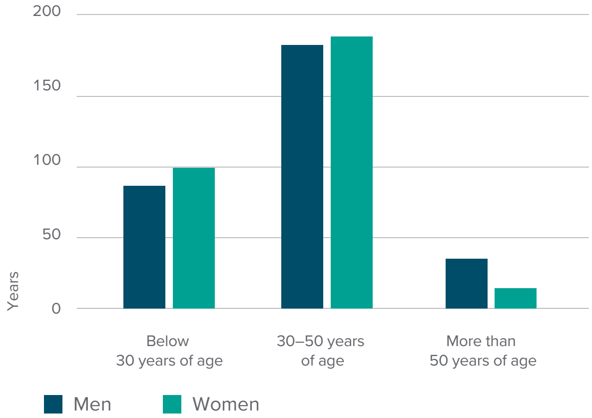
Number of women

Below 30 years of age	30–50 years of age	More than 50 years of age	TOTAL
100	185	14	299

Number of men

Below 30 years of age	30–50 years of age	More than 50 years of age	TOTAL
89	179	32	300

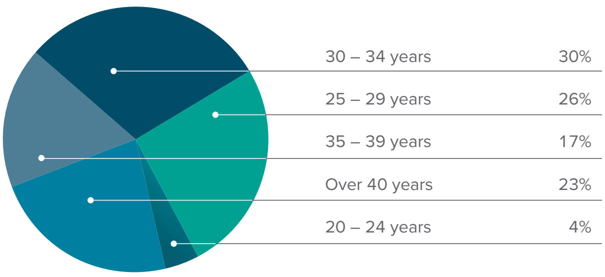
[23] Disclosures 102-7, 102-8; GRI 401: Disclosures 103-1, 103-2, 103-3, 401-1, 401-3.



Age structure of employees in 2021

GEN-I Group employees at December 31, 2021

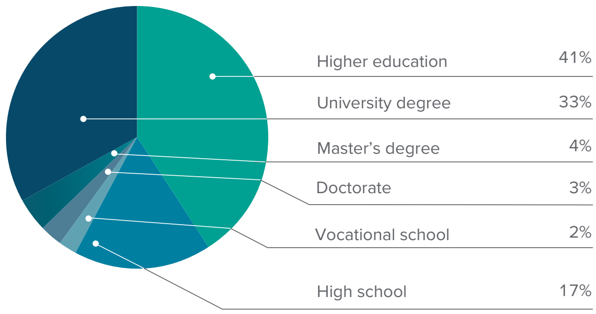
Company	No. of employees
GEN-I, d.o.o.	482
GEN-I Sonce	79
GEN-I Hrvatska	16
GEN-I Atene	2
GEN-I Beograd	4
GEN-I Sarajevo	1
GEN-I Skopje	5
GEN-I Istanbul	3
GEN-I Sofia	2
GEN-I Tirana	2
GEN-I Vienna	1
GEN-I Kiev	2



Age structure of employees in the GEN-I Group at December 31, 2021

Employee qualifications

The GEN-I Group employees a large number of highly educated employees. More than 75% of employees had at least a Level VI education at December 31, 2021, while the proportion of employees with the highest levels of formal education (e.g. a master's degree or doctorate) is around 7%.



Age structure of employees in the GEN-I Group at December 31, 2021

Employee turnover in 2021

Number of departures in 2021: 46
Number of new hires in 2021: 114

New hires of women

Below 30 years of age	30–50 years of age	More than 50 years of age
42	24	0

New hires of men

Below 30 years of age	30–50 years of age	More than 50 years of age
25	22	1

Parental leave

GEN-I Group	Women	Men
Number of employees on maternity, childcare and nursing care leave	44 (maternity leave) 64 (nursing care leave) 21 (childcare leave) 13 (force majeure)	16 25 7 3
Paternity leave of 20 days	0	3
Paternity leave of 75 days (until a child turns 3 years of age)	0	0
Number of employees who exercised the option of part-time work	10	3
Number of employees who returned to work in 2021 following parental leave	21	0
Number of employees who did not return to work in 2021 following parental leave, but should have	0	0

Employee development[24]

GEN-I Dialogue

We promote the continuous development of employees via an internally developed methodology and the GEN-I Dialogue process, which is supported by an internally developed application. That methodology follows the principles of management by objective, while the focus of the process is regular communication between employees and management staff. The GEN-I Dialogue processes comprises three key elements:

1. OKR process

In the scope of the objectives and key results (OKR) process, employees and their managers define the objectives and key results that will lead them to those objectives with their manager's support, before the start of every quarter. Employees use the application weekly to record their satisfaction with results and their well-being at work. Weekly reports represent the starting point for weekly meetings, where the employee and their manager verify the achievement of OKRs.

2. Assessment of personal performance

Once a year, every employee has a meeting with their manager to collectively evaluate and assess achievements over the entire year, and reflect on the behaviors that led to the successful achievement of objectives. The aim of such a personal performance appraisal is to reinforce commitment and accountability, and to motivate employees to make additional contributions to their work. Employees are also rewarded financially for their contributions.

More than 95% of employees received their personal performance appraisal and feedback regarding the previous year digitally in 2021.

3. Development interviews

GEN-I Group employees have a personal development interview with their manager once a year. The aim of the development interview is to review past development, raise awareness about development needs and set new career goals. A total of 93% of employees were included in the development interview process in 2021.

Culture of strengths and the digital Career well-being module

In January 2021, we began implementing a culture of strengths, i.e. a strategic development policy that, by focusing on the potentials and strong points of an individual, pursues a positive psychology philosophy and, in the culture of the Company, creates conditions not only for well-being but also for the achievement of the best possible work results. We believe that the path to improvement and individual growth begins with a basic investment in each individual's best talents. For this reason, we have taken a systematic approach to identifying the strengths of employees. The aim of this multi-phase project is to adapt the ways we cooperate, develop and grow at the Company.

We trained 14 strength messengers last year to promote a culture of strengths amongst employees. We organized 77 workshops with them with the aim of identifying the strong points of individuals and differences in how employees work, and promoting the use of strengths for the effective achievement of personal and collective objectives. We planned 235 teaching hours for implementation of the program.

[24] GRI 404: Disclosures103-1, 103-2, 103-3, 404-1, 404-2, 404-3.

We encourage the recognition and appreciation of strengths amongst co-workers using a digital tool that facilitates the sending and receiving of compliments between employees. We send and receive around 84 compliments a month. We highlight a specific strength in 31% of compliments.

To monitor employees' well-being in the workplace, we developed the digital Career well-being digital module as an upgrade to the GEN-I Dialogue application. Using that module, we encourage employees to identify potential changes in their well-being and to talk about them with their manager.

Remuneration

In recent years, we have built an employee remuneration system that has a twofold effect: it motivates employees to achieve or even exceed ambitious objectives and thus contribute to GEN-I's performance.

In addition to a fixed remuneration, key employees receive a monthly variable component, depending on individual targets set by their superiors. Employees, excluding the majority of management staff, may also receive project-based remuneration on a quarterly basis. The latter is intended for achievements that required above-average effort from employees, while the effects of those achievements are seen in the success of the GEN-I Group.

In addition to recognizing and remunerating employees' monthly and quarterly contributions to the performance of the GEN-I Group, we have also agreed on a parallel remuneration system based on the Group's performance across the entire business year. The amount of that remuneration is conditional on whether business results exceeded the adopted plan, and whether the return on equity demanded by the majority owner is exceeded. Depending on the level of responsibility and complexity of their jobs, all employees are entitled to such remuneration if they received an above-average internal assessment of their individual performance during the previous year. The effects of such remuneration on the level of operating results can be seen in high added value per employee, which at the GEN-I Group level is almost six times higher than the Slovenian average and which more than doubled in the last year alone, to stand at EUR 271,723.

Education and training

In addition to practical learning to develop the potential of employees, we encourage various forms of courses for acquiring new knowledge, competences and skills Employees attended various professional training events and conferences at home and abroad in 2021.

The internal transfer of knowledge is also an important element of the Company's successful operations. We share our expertise with a large number of our employees through mentoring, team work, internal lectures and workshops.

GEN-I Academy

The academy is an online tool that includes several different types of educational content. Amongst the most important is educational video content that is crucial for understanding our operations.

Onboarding – orientation

Onboarding is a form of training for new employees intended for their introduction to the work process, and the provision of various information about the Company and the areas in which it operates. Courses are extremely beneficial for successful inclusion in the GEN-I Group's work process, while the content is the basis and precondition for completion of the internal orientation program. In the scope of that training, new employees are briefed on GEN-I's values and the importance of respecting those values, and on the need for inclusion in regular work processes.

Green onboarding

Green onboarding (ZEON) is a program that includes all new employees who work in Ljubljana. The aim of the program is to promote a green mindset and the sustainable development of the GEN-I Group. It also encourages multidisciplinary teams to work on development projects that are innovative, creative and focused on a green future.

Library

An online library is available to employees, while we also have our own physical library in Ljubljana. The latter offers employees free access to professional literature, and to interesting materials in the areas of personal development and the development of soft skills.

Total education hours: 4.849

Education				
M	2,571.5	53%	8.6 hours	300 men
W	2,277.5	47%	7.6 hours	299 women
vertical functions	2,430	50%	5.6 hours	431 persons
horizontal functions	2,419	50%	14.4 hours	168 persons
supervisors	856	18%	14 hours	61 persons
other employees	3,993	82%	7.4 hours	538 persons
internal training	1,066	22%		
external training	3,783	78%		
online	4,074	84%		
live	775	16%		
up to 30 years of age	1,482	31%	7.8 hours	190 persons
30–50 years of age	3,030.5	62%	8.2 hours	369 persons
more than 50 years of age	336.5	7%	8.4 hours	40 persons

Occupational health and safety[25]

We have in place an occupational health and safety management system, in the scope of which we perform the following legally prescribed tasks:

- we identify risks and potential harm;
- we manage and investigate workplace accidents;
- we organize work safety training;
- we promote health in the workplace; and
- we offer employees psychological support.

We ensure safe work conditions in accordance with the collective agreement of the Slovenian electricity sector (which defines aspects of occupational safety), and in accordance with local legislation at subsidiaries.

All employees are required to attend occupational safety training for the purpose of acquiring knowledge regarding how to respond to and report on various workplace hazards. We also organize periodic medical exams for employees that are tailored to their jobs (special attention is paid to occupational safety at the subsidiary GEN-I Sonce d.o.o. where employees are more exposed to injuries). Each employee completes a declaration of safety with risk assessment for on-site and remote work as a supplement to the collective agreement. GEN-I, d.o.o. and GEN-I Sonce d.o.o. pay supplementary health insurance premiums for their employees.

We have zero tolerance for alcohol, drugs and illegal substances in the workplace. We also demonstrate our concern for the health of employees by providing fresh fruit in offices on a daily basis. There is also zero tolerance for violence, bullying and other forms of harassment in the workplace.

Programs and projects to promote health and satisfaction in the workplace

The GEN-I Group takes a comprehensive approach to health, meaning we demonstrate concern for the physical, psychological and social aspects of employees' lives through various programs to promote health in the workplace.

Earther Association

Through the Earther Association (which every employee is free to join), we encourage employees to connect in a relaxing natural environment in the context of the sustainable growing of food. Employees may grow their own vegetables and fruit on land owned by the Company.

6 'original' earthers

10 raised beds

5 presentations of the project to ZEON and other GEN-I employees

17 new members from GEN-I

300 hours of work dedicated by earthers to the caretaking of plots

1 Teams communication channel

1 collective sowing event

30 kg of vegetable produced

200 hard-working co-workers (bees)

∞ Infinite plans, motivation and energy for 2022

[25] GRI 403: Disclosures 103-1, 103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9.

GEN-I Sports Club

Team spirit and employee cohesion are also reinforced through the GEN-I Sports Club. Employees can choose from activities in more than 20 sections, while we also offer training and courses: in 2021, we organized courses for boating, sailing, diving and instructors, etc.

Blood donation

At the request of employees, we organized a blood drive in September 2021 in which 49 people participated.

Teambuilding

We encourage employees in individual departments to participate in annual teambuilding events.

Psychological well-being

Through a project completed in March 2022, managers and experienced co-workers were offered an opportunity to strengthen their psychological well-being through three individual professional approaches. Due to the tremendous interest expressed, we added group relaxation and meditation workshops.

Collective health insurance

Last year, GEN-I, d.o.o. decided to conclude a collective health insurance policy, and thus facilitated quick access to healthcare services by employees and their family members.

Ensuring safe working conditions during the COVID-19 epidemic

A special COVID-19 team, which prepared training materials for healthy and safe remote work, was responsible for organizing safety measures and communicating with employees. The safety and health of employees who performed their work in business premises was also ensured. We provided those employees protective masks and disinfectant, ventilated premises and implemented other measures as required.

Workplace accidents/injuries

We find that employees are very well-trained and equipped with the information required to avoid workplace accidents. We report every workplace accident that results in an employee's inability to work for more than three days, and every hazardous event and occupational disease to the Labor Inspectorate of the Republic of Slovenia. We recorded one minor workplace injury within the GEN-I Group in 2021. Other information regarding workplace accidents is presented below.

- Number of hazardous events: 0
- Number of occupational diseases: 0
- Number of work days lost due to workplace injuries: sick leave of 4 days
- Proportion of lost hours due to workplace accidents: 0.21%

Collective agreement[26]

All employees at Group companies registered in Slovenia enjoy the rights set out in the collective agreement of the Slovenian electricity sector. Employment benefits are the same for full-time employees, temporary employees and part-time employees.

Works Council[27]

GEN-I's 11-member Works Council began functioning in 2021. That body actively strives to protect and promote the interests of employees, briefs employees about developments at the Company and their participation in the management thereof, and includes them in the adoption of important economic, HR and social decisions.

The Works Council exercises its right to participate in the management of the Company through:

- the right to petition and the right to reply to that petition;
- the right to information;
- the right to put forth opinions and proposals, and the right to respond to them;
- the option or obligation of joint consultation with the employer;
- the right to joint decision making; and
- the right to reject the employer's decisions.

[26] GRI 407: Disclosures 103-1, 103-2, 103-3, 407-1; Disclosure 102-41.
[27] GRI 407: Disclosures 103-1, 103-2, 103-3, 407-1

5.8. Respect for human rights

Human rights at GEN-I[28]

The GEN-I Group's vision and the corporate culture based on that vision derive from the concepts of contributing to the building of a sustainable and more inclusive society that protects our environment, and creating opportunities for the development of a company that generates added value for owners and other stakeholders. A commitment to human rights is the common thread that binds our operations. We respect the rights guaranteed by the Constitution, laws and international documents in the area of human rights, while respect is integrated in all of the Group's business processes and activities, both internally – through respect and concern for the rights of employees and the interactive corporate human resource management system that we have in place – and externally – in relations with our customers/partners, where we are bound by the highest ethical standards of business conduct.

Respect for human rights complements GEN-I's five core values, which employees and management respect in their work as the GEN-I Group's code of ethics.

Respect and concern for employees' rights[29]

Satisfied and motivated employees are crucial to the success of the GEN-I Group. We therefore place their rights, health and development at the center of operations. More about the promotion of occupational health, employees' rights to continuous development and training, and about the Works Council is presented in section 5.7 Responsible approach to employees

Respect for the rights of partners and customers

We promote fair and ethical conduct and business practices in relations with partners and customers, in accordance with applicable law. We link up with partners who respect human rights, and who share our values and mission, in particular our commitment to sustainable development and the decarbonization of society.[30] We treat partners and customers with respect, which is reflected in the loyalty of the latter. We take a responsible approach to customers and business partners,[31] and ensure honest, open and diligent relations with them through a high level of communication. Even in difficult situations, we stand by them and provide the best possible solutions.

[28] GRI 412: Disclosure 103-1, 103-2.
[29] Disclosure 412-2.
[30] This topic is discussed in greater detail in section 5.12 Environmental and social assessment of suppliers.
[31] This topic is discussed in greater detail in section 5.6 Responsible approach to customers.

Personal data protection

The GEN-I Group carefully safeguards the personal data of employees and all external stakeholders. To ensure compliance in this area, we have in place all of the necessary legal bases and a number of internal processes, which are regularly reviewed and upgraded.

The overall information security policy of GEN-I, d.o.o., which was adopted by the Company's Management Board, was drawn up in accordance with best practices and the ISO IEC 27001:2013 standard, and supports the achievement of GEN-I, d.o.o.'s strategic objectives.

Protection of trade secrets in accordance with rules governing this area

The lawful processing of personal data is based on compliance with fundamental principles in this area, on prior data protection impact assessments (DPAs) and legitimate interest assessments (LIAs), which we also use when developing new products, services or programs.

Personal data protection officer

The GEN-I Group has appointed a personal data protection officer who continuously monitors the compliance of processing with valid regulations and international standards, trains employees, provides advice regarding the assessment of the impact of personal data processing in order to prevent, in a timely manner, unlawful practices with personal data that may occur during such processing, and cooperates with the supervisory authorities. Potential breaches are handled by a personal data protection committee, which reports those breaches to the supervisory body by the prescribed deadline as required. We did not identify any breaches of personal data protection in 2021 that would have required notification of the competent supervisory authority.

We adopted internal acts to ensure effective personal data protection, to regulate the use of ICT resources, and to manage and protect user accounts, passwords and confidential employment data. The GEN-I Group's employees receive training regarding personal data protection.

The Information Commissioner did not initiate any proceedings against GEN-I, d.o.o. in the area of personal data protection in 2021.

Diversity, equal opportunities and non-discrimination[32]

In internal processes and relations with external stakeholders, we strive for respectful treatment and equality, and provide opportunities for all individuals.

Our recruitment, advancement and remuneration policy is based on the principle of non-discrimination. The GEN-I Group provides equal opportunities, regardless of gender, race, skin color, nationality, age, medical condition, religion, political or other beliefs, membership in trade unions, social, family or financial status, sexual orientation or other personal circumstances.

The representation of both genders amongst employees was nearly equal in 2021. Although women were not represented during the previous term of office of the Management Board, the ratio of men to women is more balanced at executive, middle and lower management levels. At the end of 2021, women accounted for 27% of executive positions, 33% of department heads and 46% sector heads.

We are working to narrow the wage gap in all employee categories in terms of the basic wages and remuneration of men and women. Small differences between the salaries of women and men in a particular category do not relate to gender, but rather to other criteria and job requirements, which is also reflected in the fact that women's salaries are slightly higher in some categories, while men's salaries are higher in others.

In the scope of the Company's internal acts, we are committed to zero tolerance for discrimination in the workplace and to protecting the dignity of employees.

Promoting freedom of thought and association

In order to ensure diversity, we make a conscious effort to have a diverse workforce in terms of gender, age and education when recruiting and including employees in teams and work processes, as our operating results show that a diverse workforce is key to the successful operations and sustainable development of the Company. We strive to build teams that complement each other in professional and personal terms, and that identify solutions more comprehensively and quickly. We use the Clifton Strengths® HR tool in that regard.

Evaluation[33]

The protection of human rights within the GEN-I Group was not the subject of any reports, complaints or extraordinary internal or external controls in 2021, with the exception of regular inspections by the competent authorities, such as the Labor Inspectorate of the Republic of Slovenia. No irregularities were identified and no fines or corrective measures were imposed on the Company as a result of the above-mentioned controls. This is further confirmation of our commitment to fundamental principles and the consistency of our actions in the area of human and other rights. Similarly, the competent departments did not handle any cases of discrimination or breaches of the principles of diversity and equal opportunity in 2021.

5.9. Anti-corruption

Compliance

In accordance with the GEN-I Group's value of responsibility, we provide our customers, business partners and the public a transparent, honest and understandable overview of our operations.

Prevention of corruption, conflicts of interest, money laundering and terrorist financing[34]

The entire GEN-I Group employs high standards for the conclusion of transactions with new and existing business partners. The verification and confirmation process, which

[32] GRI 405: Disclosures 103-1, 103-2, 103-3, 405-1, 405-2; GRI 406: Disclosures 103-1, 103-2.

[33] GRI 406: Disclosures 103-3, 406-1; GRI 412: Disclosure 103-3, 412-1.

[34] GRI 205: Disclosures 103-1, 103-2, 103-3, 205-1, 205-2, 205-3.

includes many of the Company's departments, is standardized and in line with internal rules governing the know your customer (KYC) process. For each partner, the KYC process and subsequent monitoring verify a wide range of factors relating to the type and activity of a customer, the structure and transparency of its operations and regulatory compliance, the potential involvement of politically exposed persons, beneficial owners, the geographic area from which a customer comes, the purpose and intended nature of the business relationship, etc. The Risk Management Department also examines partners based on data from their annual reports and via external service providers.

Based on documentation collected and due diligence in connection with partners, the final decision regarding the establishment or continuation of a business relationship with a partner is made by the credit committee, which comprises representatives of Risk Management, Treasury, Trading, Sales and Legal Departments. The credit committee functions in accordance with the guidelines of the Company's Management Board, and complies with the internal rules of procedure adopted by the aforementioned body in its decisions and work. We also identify risks associated with corruption, money laundering and terrorist financing in the countries where the GEN-I Group operates and in countries where its partners operate by monitoring legislation and publications of the Office for Money Laundering Prevention and the Commission for the Prevention of Corruption. We did not identify any cases of corruption, money laundering or terrorist financing in our due diligence activities or in transactions with partners in 2021, nor did we identify any acts of corruption by employees. GEN-I Group companies were not the subject of investigations in 2021 in connection with corruption, money laundering or terrorist financing.

Amongst GEN-I Group companies, only the subsidiary GEN-I Sonce d.o.o. is bound by the Prevention of Money Laundering and Terrorist Financing Act (ZPPDFT-1). In accordance with Article 13 of the ZPPDFT-1, the aforementioned company is classified to a group of entities that perform financial activities to a limited extent. For this reason, customer due diligence activities are carried out in accordance with binding sectoral regulations and relevant internal acts adopted by the Company.

Because GEN-I, d.o.o. issues financial instruments that are traded on the regulated market (bonds and commercial paper), its Management Board adopted rules on inside information and trading in the Company's financial instruments with the aim of preventing insider trading. That document lays down rules regarding the obligation to publish inside information about the Company, the prohibition of trading in the Company's financial instruments for those included on the list of persons with access to such information, and reporting on transactions concluded for those persons subject to reporting requirements. The compliance officer, who is appointed in accordance with the above-mentioned rules, is responsible for keeping an up-to-date list of those persons. We did not identify any cases of insider trading in 2021.

The GEN-I Group clearly supports a zero-tolerance policy in connection with corruption and bribery, and does not tolerate any unethical, unprofessional or illegal conduct by its employees and business partners. For this reason, we give special attention to prompt identification and the adoption of the relevant measures should such risks arise in the operations of Group companies, both in Slovenia and abroad. As soon as they join the GEN-I Group, employees are encouraged to contribute to the development and reinforcement of high ethical standards, and to co-create an organizational culture of lawful and transparent operations in accordance with GEN-I's values, moral and legal principles, and the Company's internal acts. In relation to customers, business partners and other relevant stakeholders associated with our work, principles are reinforced through the relevant contractual provisions regarding requirements and potential sanctions in the event of breaches.

We regularly monitor the adoption of regulations that relate to various areas of the Company's operations, including the prevention of corruption, money laundering and terrorist financing, and continuously implement legal requirements and best practices in business processes.

Public policies[35]

Due to our participation in the adoption of sectoral legislation by European regulatory bodies, we are registered in the Transparency Register, where we regularly report on potential lobbying contacts and funds received on the basis of our participation in European projects to secure grants.

We include in donor or sponsorship agreements the appropriate clauses to ensure the proper use of funds and the appropriate sanctions if those funds are misused. We did not finance political parties in 2021.

[35] GRI 415: Disclosures 103-1, 103-2, 103-3, 415-1.

Protection of competition[36]

On the one hand, the highly competitive environment in which we operate requires all stakeholders to be extremely flexible and to continuously improve operations, which can only be achieved through the introduction of new products, services and business models, the implementation of promising technologies and digitalization. On the other hand, such an environment offers numerous business opportunities that we exploit to ensure competitive prices for all customer segments in all market conditions. In this regard, we feel a special responsibility to our customers precisely on account of the high market shares we achieve in the electricity supply segment, while we strive to ensure that the positive effects of our competitive advantage translate to benefits for our customers.

We work regularly with competition protection bodies both in Slovenia and abroad, and regularly respond to requests for the submission of information regarding the Company's operations that those bodies need to make decisions regarding concentration and other matters under their jurisdiction. No proceedings were initiated against GEN-I Group companies in 2021 by competition protection bodies.

Conflicts of interests[37]

One of the building blocks for ensuring compliance with the principle of ethical operations is undoubtedly the detection, prevention and elimination of potential conflicts of interest. The Company is bound to that principle by strict legal requirements and internal rules that govern in more detail the conclusion of transactions with related parties. There were no sustained or relevant conflicts of interest within the GEN-I Group in 2021.

[36] GRI 206: Disclosures 103-1, 103-2, 103-3, 206-1.
[37] Disclosure 102-25. .

5.10. Digitalization

Digitalization represents one of GEN-I's strategic policies. It is being implemented at all levels of operations, including in the development of new products and services, in customer relations, in the area of sales and marketing, and in the performance of internal business processes. We are becoming a digitalized and high-tech company that adopts an increasing number of decisions based on data and data analyses. We employ modern technologies to ensure efficient operations, while digital solutions represent one of our strategic advantages.

We are aware that digitalization only becomes relevant when all links between market players, customers, devices and employees have been digitalized. That is why we are prudently studying our current needs and identifying what our needs will be in the coming years. We are also carefully planning the coordinated development of several technology platforms.

Digitalization of work processes

The GEN-I Group's work process is digitalized to the point that it is no longer important where employees are located. We promote the use of technologies for effective work. In this way, we are very resilient to crises, such as the recent health crisis when we were forced to adapt the work process. We have not had any major difficulties in terms of adapting on account of our previously established remote work.

Digitalization of HR practices

We upgraded the existing GEN-I Dialog application in 2021 with the digital Career well-being module. By upgrading the application, we provided employees a digital platform to monitor their own career path.

Analytical platform in the cloud

Data are at the core of our approach. We collect and process data using a data-analytics platform. That platform allows us to store and process unlimited quantities of data, and to use sources effectively for transformations and analyses. It comprises analytical tools that include machine learning and artificial intelligence.

Digitalization of customer relations

The Moj GEN-I portal functions for the benefit of customers. We upgraded and supplemented that portal in 2021, and adapted it to conditions and needs.

We offer the Moj GEN-I Solar application to the owners of solar power plants, as GEN-I's first mobile application for general use. We will further develop and adapt that application in the future taking into account the needs of customers and our business objectives.

When planning digitalization, our goal is to ensure that employees can focus as much of their time and energy as possible on substantive issues, and less on infrastructure technology issues, data collection and retrieval, and other IT tasks. Our aim is to be agile in our work. Technology facilitates the rapid development and adaptation of processes, and the quick launch of new products.

5.11. Legislation

Cooperation in the formulation of legislation

The GEN-I Group, independently or through professional associations (e.g. the Slovenian Photovoltaic Association and/or the Electricity Suppliers Section at the Energy Industry Chamber of Slovenia), participates in the drafting of national regulations (through the submission of expert opinions, proposals, comments and initiatives to the proposers of regulations and decision-makers), and in public consultations organized by the Energy Agency and governmental bodies, where it advocates for the following:

- changes in the existing regulation of the electricity market (in particular changes to regulation relating to the functioning of the electricity and natural gas markets, the functioning of distribution networks, the democratization and decentralization of the energy sector and smart grids);
- regulation that is non-restrictive and removes bureaucratic barriers that hinder the introduction of renewable energy sources (in particular solar energy), and the achievement of the national decarbonization target;
- for appropriate legislation and the removal of administrative barriers to the introduction of energy communities, which would contribute to the reduction of GHG emissions, increase the proportion of RES, make the electricity market independent of market conditions while at the same time promoting solidarity amongst people; and
- the drafting and adoption of a high-quality development plan for the power grid at the national level, with a focus on 2030 and 2050, to ensure the coordinated planning of investments in renewable energy sources and the storage thereof.

We establish an appropriate and professional dialogue with all contacts from the national authorities and governmental departments that formulate legislation and draft strategic documents in the areas of energy, renewable energy sources and smart grids. Through the ambitious objectives set out in the GEN-I Group's long-term Strategic Development Plan, we encourage the government to set more ambitious targets that will provide significant support for the green and digital transition.

We are in step with EU policies, and develop new measures, products and services in a timely manner. This ensures the decarbonization of the Slovenian energy sector and addresses the other challenges faced by today's society in the area of decarbonization.

We are present on more than twenty markets and have been very successful in achieving our mission to support the development of transparent liberalized markets, particularly in the CSEE region and Energy Community countries, including through a very active role (at the EU level) within EFET.[38]

In addition to funding promised by the EU in regulations governing the green and digital transitions, we secure our own funds for investments that will accelerate and facilitate the decarbonization of Slovenia. We advocate economic initiatives that will generate appropriate business models for green solutions, all with the aim of facilitating access to renewable energy sources by Slovenian citizens.

[38] This topic is explained in greater detail in section 5.11.2 Compliance with the law.

Compliance with the law[40]

We ensure compliance with the law through the targeted distribution of the monitoring and implementation of legislative changes in work processes managed by specialist departments. Thus, due to the complexity of regulatory and legal requirements on the wholesale and retail energy market in Europe, particularly in the area of RES, and in terms of compliance with, for example, REMIT requirements and aspects of cross-border trading, the monitoring of changes in energy regulations and legislation, as well as timely involvement in public consultations and other processes in connection with the adoption of legislative and regulatory changes, are the responsibility of the Regulation and Compliance Department. The latter also ensures that relevant changes are implemented in a timely and appropriate manner in the Company's work processes and in the work of operational departments.

All other expert areas, where regulatory compliance is of particular importance (labor law, consumer law, environmental and construction law) are monitored by the specialist departments responsible for a particular area (e.g. the HR Department for the area of labor law). In all areas, the monitoring of changes is seen in the continuous implementation of those changes in work processes by specialist departments and/or the relevant operational departments (depending on the area in question and whether a distinction between specialist and operational implementation is relevant), which in turn ensures that work processes are up-to-date and fully compliant with sector-specific legislation. More extensive interventions or procedural changes, and the introduction of new policies at the level of GEN-I, d.o.o. are also discussed by the relevant and competent internal body prior to implementation. No cases of non-compliance with energy, environmental or socio-economic legislation were identified, meaning that all activities are assessed as compliant with the regulations from a specific area.

5.12. Environmental and social assessment of suppliers

Buying and selling energy products is the GEN-I Group's core activity. For this reason, the majority of our suppliers comprise partners from whom we buy energy products, either for resale (trading) on energy exchanges or for supply to our customers.

We trade five energy products on energy exchanges, with the primary focus on assessing the social acceptability of our partners in order to ensure the stability of business with them. We have established systematic cooperation in accordance with pre-defined criteria and corporate standards (know your customer) with the following objectives:

- determining whether a partner is involved in VAT fraud, money laundering or terrorist financing, etc. We thoroughly analyze the corporate documentation provided by a partner, as well as data from credible risk management systems and information databases; and
- identifying a partner's potential links with other jurisdictions (headquarters, subsidiaries, etc.) and individuals who may influence its operations (e.g. political connections).

In accordance with our commitment to supply exclusively carbon-free electricity to Slovenian customers from the beginning of 2021, we have linked up with a number of partners in the area of supply. The most important of these is the GEN Group with the Krško Nuclear Power Plant and hydroelectric power plants on the lower course of the Sava River, but we also buy electricity from other diversified renewable sources, mainly from solar power plants and small hydroelectric power plants. In terms of the purchase of energy from smaller power plants, we account for the highest share of purchases of electricity from renewable sources in Slovenia.

[40] GRI 307: Disclosures 103-1, 103-2, 103-3, 307-1; GRI 419: Disclosures 103-1, 103-2, 103-3, 419-1.

We verify the supply of carbon-free electricity through the European guarantee of origin mechanism. Electricity producers use electronic documents to guarantee that the electricity used by our customers was produced from a specific renewable or carbon-free source, e.g. 100% solar energy. The control over the credibility, accuracy and correctness of evidence regarding the sources of supplied energy is carried out in Slovenia by the Energy Agency of the Republic of Slovenia and at EU level through the AIB Hub. GEN-I proves the source of green electricity in accordance with the European Energy Certificate System (EECS) the CEN EN16325 standard.

In recent years, the GEN-I Group has been accelerating the electrification of its vehicle fleet for business travel and for travel between our organizational units. The suppliers of our company cars are either pioneers in electric mobility or traditional car companies that are focusing increasingly on electric vehicles.

For other purchases at the Company, employees responsible for ordering products follow management's guidelines by verifying not only prices, but also materials, composition and proximity to a supplier, and then weigh these criteria before making a purchasing decision.

When making purchases, GEN-I Sonce complies with the ISO 9001:2015 and ISO 14001:2015 quality management and environmental protection standards.

5.13. Key strategies for the sustainable operations of the GEN-I Group

Key strategies for the sustainable operations of the GEN-I Group in 2022

ESG ASPECT	AREA	STRATEGIES
Environmental aspect (E: Environment)	Reduction of environmental impacts	· Supply of carbon-free electricity to our customers and business partners; · improved penetration of RES through solar power plants; continuation of the GEN-I solar community and SEC projects; · reduction of the GEN-I Group's carbon footprint; · continued electrification of the vehicle fleet; · promotion of the recycling of used photovoltaic modules; · active approach to waste management; · more efficient use of energy and other sources; · reinforcement of paperless operations; · purchase of environmentally friendly products; · optimal energy management of commercial buildings where we perform our activities; · promotion of awareness of the risk of climate change and enhanced awareness of the importance of preserving the natural environment; and · promotion of the use of new technologies, products and services to reduce the impacts of households on the environment.
Social aspect (S: Social)	Responsible employment and work practices	· Maintenance of a high level of employee commitment and satisfaction; · reinforcement of the importance of cooperation and a multidisciplinary organizational culture; · promotion of a culture of strengths; · development of employee knowledge and competences; · improvement of recruitment processes; · upgrading of the onboarding of employees and their introduction to the Company's culture; · active management of psycho-social risks amongst employees; and · employee training.
	Responsible approach to customers, business partners and suppliers	• Strengthening of customer satisfaction; • improvement of the user experience; • ensuring personal, information and data security; • expansion and updating of cooperation with contractual partners; • maintenance of locally oriented purchasing; and • active business cooperation with partners who share the same values and principles of sustainable development in their operations.
	Inclusion in and development of the social community	• Strengthening of key partnership projects in the areas of sport, culture, healthcare and education; and • balanced work in the area of donation programs.

ESG ASPECT	AREA	STRATEGIES
Governance aspect (G: Governance)	Transparency in the governance of the organization	· Compliance with the law, internal rules and commitments made, and ensuring fair and lawful work and operations; · ensuring a high level of corporate governance, and compliance with codes, recommendations and best practices; · high-quality communication with the general public regarding the operations and plans of the GEN-I Group; · proactive cooperation with institutional investors; · maintaining the professionalism and independence of the external auditor of operations; and · implementation of a diversity policy.
	Fair business practices	· Zero tolerance for criminal acts, the prevention of money laundering and terrorist financing, the prevention of acts of corruption and management of conflicts of interest; · proactive communication with and training of employees in the areas of compliance and corporate ethics; · work in external groups in the area of compliance, fair business practices and the transfer of best practices; and · reinforcement and transfer of best practices in the areas of research and demonstration projects.
	Respect for human rights	· Protecting the dignity of employees by ensuring zero tolerance for discrimination, harassment or bullying in the workplace; and · reinforcement of the importance of respecting and preserving human rights and fundamental freedoms amongst employees and partners.

Relevance to SDG goals

5.14. Disclosures under the Taxonomy Regulation

Based on the Taxonomy Regulation, the GEN-I Group includes in the statement regarding non-financial operations information as to how and to what extent the Company's activities are related to environmentally sustainable economic activities.

The Taxonomy Regulation established a qualification system for reporting on sustainable economic activities that is intended to increase sustainable investments and shift capital flows to more sustainable investments.

In accordance with the second paragraph of Article 10 of Commission Delegated Regulation (EU) 2021/2178,[41] the GEN-I Group only discloses in its 2021 annual report the proportion of taxonomy-eligible and taxonomy non-eligible economic activities in their total turnover, capital and operational expenditure, and the qualitative information relevant for this disclosure.

[41] 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.

Proportion of turnover from products or services associated with taxonomy-aligned economic activities – disclosure covering 2021

Taxonomy-eligible economic activities (1)	NACE Code (2)	Absolute turnover (3) Currency	Proportion of turnover (4) %
A. TAXONOMY-ELIGIBLE ACTIVITIES			**0.55%**
A.1 ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)			
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)			
A.2 TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)*			
Construction of solar power plants (GEN-I Sonce)	F42.22	18,339,428	0.55%
Energy contracting	F42.22	53,099	0.00%
Heat pumps	F43.22	69,720	0.00%
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		18,462,246	0.55%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
Turnover of taxonomy-non-eligible activities (B)		3,337,860,391	99.45%
Total (A+B)		3,356,322,637	100.00%

* The economic activities listed below are disclosed under A.2 because it has not yet been determined if they are taxonomy-eligible, which is required for disclosure under A.1.

Proportion of CAPEX from products or services associated with taxonomy-aligned economic activities – disclosure covering 2021

Taxonomy-eligible economic activities (1)	NACE Code (2)	Absolute CAPEX (3) Currency	Proportion of CAPEX (4) %
A. TAXONOMY-ELIGIBLE ACTIVITIES			**16.51%**
A.1 ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)			
CAPEX of environmentally sustainable activities (taxonomy-aligned) (A.1)			0.00%
A.2 TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)*			
Construction of solar power plants (GEN-I Sonce)	F42.22	897,341	12.99%
Energy contracting	F42.22	242,384	3.51%
Heat pumps	F43.22	767	0.01%
CAPEX of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		1,140,493	16.51%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
CAPEX of taxonomy-non-eligible activities (B)		5,768,820	83.49%
Total (A+B)		6,909,312	100.00%

* The economic activities listed below are disclosed under A.2 because it has not yet been determined if they are taxonomy-eligible, which is required for disclosure under A.1.

Proportion of OPEX from products or services associated with taxonomy-aligned economic activities – disclosure covering 202121

Taxonomy-eligible Economic activities (1)	NACE Code (2)	Absolute OPEX (3) Currency	Proportion of OPEX (4) %
A. TAXONOMY-ELIGIBLE ACTIVITIES			**9.49%**
A.1 ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)			
OPEX of environmentally sustainable activities (taxonomy-aligned) (A.1)			0.00%
A.2 TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)*			
Construction of solar power plants (GEN-I Sonce)	F42.22	259,238	8.87%
Energy contracting	F42.22	17,088	0.58%
Heat pumps	F43.22	815	0.03%
OPEX of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		277,141	9.49%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
OPEX of taxonomy-non-eligible activities (B)		2,644,471	90.51%
Total (A+B)		2,921,612	100.00%

* The economic activities listed below are disclosed under A.2 because it has not yet been determined if they are taxonomy-eligible, which is required for disclosure under A.1.

Qualitative information

Within the GEN-I Group, the taxonomy-eligible activities, whose turnover, CAPEX and OPEX are included in the calculation of the numerator, are performed by GEN-I Sonce d.o.o., GEN-I ESCO, d.o.o. and GEN-I Sonce DOOEL Skopje. Only the relevant turnover, CAPEX and OPEX of those companies are included in the calculation of the numerator.

Other GEN-I Group companies perform taxonomy-non-eligible activities. Consequently, the turnover, CAPEX and OPEX of those companies are not included in the calculation of the numerator.

GEN-I Sonce d.o.o. generates turnover from the performance of two taxonomy-eligible economic activities. The basis for the inclusion of turnover at the level of individual economic activity at the aforementioned company is actual turnover generated at the level of individual economic activity. Turnover generated by an individual economic activity at that company also represents the allocation key for CAPEX and OPEX at the level of individual activity at the company. GEN-I ESCO, d.o.o. only performs one taxonomy-eligible activity. There is thus no need to use the allocation key for turnover, CAPEX and OPEX when capturing the data of that company.

Other GEN-I Group companies only perform taxonomy-non-eligible activities. Even if those companies perform several non-taxonomy-eligible activities, the allocation of turnover, CAPEX and OPEX is not relevant for calculation of the disclosures in question.

There were no major changes in connection with the implementation of CAPEX plans during the reporting period, as this is the first year of reporting.

Assessment of compliance with Regulation (EU) 2020/852

Taxonomy-eligible activities are defined in accordance with Commission Delegated Regulation (EU) 2021/2139.[42]

In accordance with the aforementioned regulation, the economic activities 'Construction of solar power plants (GEN-I Sonce d.o.o.)' and 'Energy contracting' can be disclosed under activities in connection with the construction or management of buildings for electricity production using photovoltaic technology (NACE code 42.22), while the economic activity 'Heat pumps' can be disclosed under the installation and management of heat pumps (NACE code 43.22).[43]

The non-taxonomy-eligible economic activities of the GEN-I Group are associated with the activities of electricity and natural gas trading, the supply of electricity and natural gas and the provision of energy services to end-customers During the compilation of this report, these activities had not yet been covered by Commission Delegated Regulation (EU) 2021/2139. Here it should be emphasized that GEN-I, d.o.o. has been supplying customers on the domestic market exclusively electricity produced from more environmentally friendly, carbon-free sources (solar, nuclear and hydro energy) since January 1, 2021. This means that GEN-I, d.o.o. is also promoting the phase-out of harmful energy sources and the transition to a more environmentally acceptable low-carbon energy mix in the scope of this non-taxonomy eligible activity. In accordance with the Fit for 55 legislative package, we can expect these activities to be included in EU delegated regulations in the future. It should also be emphasized that on February 2, 2022 the European Commission presented amended delegated regulations that will include activities from the natural gas and nuclear energy sectors in the environmentally sustainable activities set out in Commission Delegated Regulation (EU) 2021/2139.

[42] 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.
[43] Activities are discussed in greater detail in section 3.7 Business activities of the GEN-I Group.

6. GRI INDEX[44]

GRI GS (Global Standards) content index – core option. 'This report has been prepared in accordance with the GRI Standards: Core option.'			
General standard disclosures			
GRI standard and disclosures	**Description**	**Section/page**	**Note**
GRI 101: FOUNDATION 2016			
GRI 102: GENERAL DISCLOSURES 2016			
ORGANIZATIONAL PROFILE 2016			
102-1	Name of the organization	Presentation of the GEN-I Group/p. 14	
102-2	Brands, products and services	Presentation of the GEN-I Group/p. 14	
102-3	Location of headquarters	Presentation of the GEN-I Group/p. 14	
102-4	Location of operations	Presentation of the GEN-I Group/p. 14	
102-5	Ownership and legal form	Presentation of the GEN-I Group/p. 14	
102-6	Markets served (geographical and sectoral breakdown and types of customers)	Presentation of the GEN-I Group/p. 14, Business activities of the GEN-I Group. 37	
102-7	Scale of the organization	Responsible approach to employees/p. 67	
102-8	Information on employees and other workers (employees by employment type, contract type, region and gender)	Responsible approach to employees/p. 67	
102-9	Supply chain	Presentation of the GEN-I Group/p. 14	
102-10	Significant changes to the organization's size, structure, ownership, or supply chain	Presentation of the GEN-I Group/p. 14	
102-11	Whether and how the organization applies the precautionary principle or approach	Risk management/p. 49	
102-12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	Presentation of the GEN-I Group/p. 14	
102-13	Membership in associations	Presentation of the GEN-I Group/p. 14	
STRATEGY			
102-14	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy	Message from the President of the GEN-I's Management Board/p. 10, Strategic policies/p. 23, Pursuit of strategic policies in the scope of sustainable development/p. 56	
102-15	Key impacts, risks, and opportunities	Risk management/p. 49	
ETHICS AND INTEGRITY			
102-16	Values, principles, standards and norms of behavior	Strategic policies/p. 25	
102-17	Mechanisms for advice and concerns about ethics	Corporate governance statement/p. 18	
GOVERNANCE			
102-18	Governance structure of the organization, including committees of the highest governance body	Corporate governance statement/p. 18	
102-20	Executive-level responsibility for economic, environmental and social topics	Corporate governance statement/p. 18	
102-22	Composition of the highest governance body	Corporate governance statement/p. 17-19	
102-24	Nominating and selecting the highest governance body	Corporate governance statement/p. 18	
102-25	Conflicts of interest	Anti-corruption/p. 75	
102-26	Role of highest governance body in setting purpose, values and strategy	Corporate governance statement/p. 18	
102-29	Identifying and managing economic, environmental and social impacts	Corporate governance statement/p. 18	
102-31	Review of economic, environmental and social topics	Corporate governance statement/p. 18	
102-32	Highest governance body's role in sustainability reporting	Corporate governance statement/p. 18	

[44] Disclosures: 102-54, 102-55, 102-56.

GRI GS (GLOBAL STANDARDS) CONTENT INDEX – CORE OPTION. 'THIS REPORT HAS BEEN PREPARED IN ACCORDANCE WITH THE GRI STANDARDS: CORE OPTION.'			
General standard disclosures			
GRI standard and disclosures	**DESCRIPTION**	**SECTION/PAGE**	**NOTE**
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	Key stakeholders and materiality assessment/p. 58	
102-41	Percentage of total employees covered by collective bargaining agreements	Responsible approach to employees/p. 72	
102-42	Basis for identifying and selecting stakeholders with whom to engage	Key stakeholders and materiality assessment/p. 58	
102-43	approach to stakeholder engagement, including frequency of engagement by stakeholder group	Key stakeholders and materiality assessment/p. 58	
102-44	Key topics and concerns that have been raised through stakeholder engagement and the organization's response	Key stakeholders and materiality assessment/p. 58	
INFORMATION REGARDING THE REPORT			
102-45	All entities included in the organization's consolidated financial statements	Financial report of the GEN-I Group – Introduction/p. 94	
102-46	Explanation of the process for defining the report content and the topic boundaries	Key stakeholders and materiality assessment/p. 58	
102-47	List of material topics	Key stakeholders and materiality assessment/p. 58	
102-48	Effect of any restatements of information given in previous reports, and the associated reasons	Statement regarding non-financial operations/p. 53	
102-49	Significant changes from previous reporting periods in the list of material topics and topic boundaries	Statement regarding non-financial operations/p. 53	
102-50	Reporting period	Statement regarding non-financial operations/p. 53	
102-51	Date of most recent report	Statement regarding non-financial operations/p. 53	
102-52	Reporting cycle	Statement regarding non-financial operations/p. 53	
102-53	Contact point for questions regarding the report or its contents	Statement regarding non-financial operations/p. 53	
102-54	Claims of reporting in accordance with the GRI Standards	GRI index/p. 86	
102-55	GRI content index	GRI index/p. 86	
102-56	External assurance	GRI index/p. 86	We have not yet opted for external assurance in connection with reporting according to the GRI standards.
Specific standard disclosures			
ECONOMIC ASPECT			
GRI 203: INDIRECT ECONOMIC IMPACTS 2016			
103-1, 103-2, 103-3	Management approach	Energy services and sales of technology/p. 46	
203-1	Extent of development of significant infrastructure investments and services supported	Energy services and sales of technology/p. 46	
GRI 205: ANTI-CORRUPTION 2016			
103-1, 103-2, 103-3	Management approach	Anti-corruption/p. 74	
205-1	Total number and percentage of operations assessed for risks related to corruption	Anti-corruption/p. 74	
205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption/p. 74	
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption/p. 74	

GRI GS (Global Standards) content index – core option. 'This report has been prepared in accordance with the GRI Standards: Core option.'			
Specific standard disclosures			
GRI standard and disclosures	**Description**	**Section/page**	**Note**
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016			
103-1, 103-2, 103-3	Management approach	Anti-corruption/p. 76	
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	Anti-corruption/p. 76	
ENVIRONMENTAL IMPACTS			
GRI 302: ENERGY 2016			
103-1, 103-2, 103-3	Management approach	Responsible approach to the natural environment/p. 61	
302-1	Energy consumption within the organization	Responsible approach to the natural environment/p. 61	
302-4	Reduction of energy consumption	Responsible approach to the natural environment/p. 61	
GRI 305: EMISSIONS 2016			
103-1, 103-2, 103-3	Management approach	Responsible approach to the natural environment/p. 59	
305-1	Direct (Scope 1) GHG emissions	Responsible approach to the natural environment/p. 59	
305-2	Energy indirect (Scope 2) GHG emissions	Responsible approach to the natural environment/p. 59	
305-3	Other indirect (Scope 3) GHG emissions	Responsible approach to the natural environment/p. 59	
305-5	Reduction of GHG emissions	Responsible approach to the natural environment/p. 59	
GRI 307: ENVIRONMENTAL COMPLIANCE 2016			
103-1, 103-2, 103-3	Management approach	Compliance with the law/p. 78	
307-1	Non-compliance with environmental laws and regulations	Compliance with the law/p. 78	
SOCIAL IMPACTS			
GRI 401: EMPLOYMENT 2016			
103-1, 103-2, 103-3	Management approach	Responsible approach to employees/p. 67	
401-1	New employee hires and employee turnover	Responsible approach to employees/p. 67	
401-3	Return to work and retention rates of employees that took parental leave, by gender	Responsible approach to employees/p. 67	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018			
103-1, 103-2, 103-3	Management approach	Responsible approach to employees/p. 71	
403-1	Statement of whether an occupational health and safety management system has been implemented	Responsible approach to employees/p. 71	
403-2	Identification of work-related hazards	Responsible approach to employees/p. 71	
403-3	Description of occupational health services/functions	Responsible approach to employees/p. 71	
403-4	Description of the processes for worker participation in the development, implementation and evaluation of the occupational health and safety management system	Responsible approach to employees/p. 71	
403-5	Worker training on occupational health and safety	Responsible approach to employees/p. 71	
403-6	Promotion of worker health	Responsible approach to employees/p. 71	
403-7	Description of the organization's approach to preventing or mitigating significant negative occupational health and safety impacts that are directly linked to its products or services	Responsible approach to employees/p. 71	
403-8	Number and percentage of workers covered by an occupational health and safety management system	Responsible approach to employees/p. 71	

GRI GS (Global Standards) content index – core option. 'This report has been prepared in accordance with the GRI Standards: Core option.'			
Specific standard disclosures			
GRI standard and disclosures	**Description**	**Section/page**	**Note**
403-9	Rate of work-related injuries	Responsible approach to employees/p. 71	
GRI 404: TRAINING AND EDUCATION 2016			
103-1, 103-2, 103-3	Management approach	Responsible approach to employees/p. 69	
404-1	Average hours of training per employee by gender and employee category	Responsible approach to employees/p. 69	
404-2	Programs for upgrading employee skills and transition assistance programs	Responsible approach to employees/p. 69	
404-3	Percentage of employees receiving regular performance and career development reviews by gender	Responsible approach to employees/p. 69	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016			
103-1, 103-2, 103-3	Management approach	Respect for human rights/p. 74	
405-1	Diversity of governance bodies and employees by category	Respect for human rights/p. 74	
405-2	Ratio of basic salary and remuneration of women to men by significant locations and activities	Respect for human rights/p. 74	
GRI 406: NON-DISCRIMINATION 2016			
103-1, 103-2, 103-3	Management approach	Respect for human rights/p. 74	
406-1	Incidents of discrimination and corrective actions taken	Respect for human rights/p. 74	
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016			
103-1, 103-2, 103-3	Management approach	Responsible approach to employees/p. 72	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Responsible approach to employees/p. 72	
GRI 412: HUMAN RIGHTS ASSESSMENT 2016			
103-1, 103-2, 103-3	Management approach	Respect for human rights/p. 73-74	
412-1	Operations that have been subject to human rights reviews or impact assessments	Respect for human rights/p. 74	
412-2	Employee training on human rights policies or procedures	Respect for human rights/p. 73	
GRI 413: LOCAL COMMUNITIES 2016			
103-1, 103-2, 103-3	Management approach	Responsible approach to the social environment/p. 63	
413-1	Operations with local community engagement, impact assessments and development programs	Responsible approach to the social environment/p. 63	
413-2	Operations with significant actual and potential negative impacts on local communities	Responsible approach to the social environment/p. 63	
GRI 415: PUBLIC POLICY 2016			
103-1, 103-2, 103-3	Management approach	Anti-corruption/p. 75	
415-1	Value of the organization's political contributions	Anti-corruption/p. 75	
GRI 418: CUSTOMER PRIVACY 2016			
103-1, 103-2, 103-3	Management approach	Responsible approach to customers/p. 64	
418-1	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Responsible approach to customers/p. 64	
GRI 419: SOCIOECONOMIC COMPLIANCE 2016			
103-1, 103-2, 103-3	Management approach	Compliance with the law/p. 78	
419-1	Non-compliance with laws and regulations in the social and economic area	Compliance with the law/p. 78	

FINANCIAL REPORT **2021**

FINANCIAL REPORT OF THE GEN-I GROUP AND GEN-I, D.O.O. FOR THE YEAR 2021

GEN-I GROUP

FINANCIAL REPORT OF THE GEN-I GROUP

7. INTRODUCTION[44]

The GEN-I Group (hereinafter: the Group), for which the consolidated financial statements are prepared, includes the parent company GEN-I, d.o.o. and the following fully owned subsidiaries:

- 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 Milano S.r.l., Corso di Porta Romana 6, Milan
- GEN-I Vienna GmbH, Heinrichsgasse 4, Dunaj
- GEN-I Istanbul Ltd., Grand Pera, Hüseyinağa Mahallesi, İstiklal Cd. No: 56/58, Kat No: 3, Daire No: 5, 34435 Beyoğlu, Istanbul
- 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., Kiev
- 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

[44] Disclosure 102-45.

8. CONSOLIDATED FINANCIAL STATEMENTS OF THE GEN-I GROUP FOR 2021

8.1. Consolidated statement of financial position of the GEN-I Group at December 31

AMOUNTS IN EUR ITEMS	NOTES	12/31/2021	12/31/2020
Property, plant and equipment	1	10,476,665	10,360,634
Right-of-use assets	2	3,852,176	3,377,721
Intangible assets and goodwill	3	11,623,515	9,377,882
Investment property	4	1,775,176	1,841,279
Shares and participating interests in associates	5	22,480,000	11,236,702
Financial assets	6	304,531	253,183
Operating receivables	7	15,980,394	11,084,938
Deferred tax assets	21	1,023,680	1,049,265
Non-current assets		67,516,137	48,581,603
Inventories	8	15,760,368	3,407,772
Trade and other receivables	9	152,914,497	87,049,176
Advances paid, contract assets and other assets	10	88,357,802	56,327,396
Financial assets	11	39,901	39,186
Derivatives	12	3,105,613	18,739,181
Current tax assets	13	507,889	163,330
Cash and cash equivalents	14	149,585,642	65,584,621
Current assets		410,271,712	231,310,662
Assets		**477,787,849**	**279,892,265**
Share capital	15	19,877,610	19,877,610
Legal reserves	15	1,987,761	1,987,761
Fair value reserves	15	-331,741	-419,811
Translation reserve	15	-1,203,724	-996,924
Net profit for the period	15	70,076,376	15,428,322
Retained earnings	15	80,821,846	69,393,524
Non-controlling interest		**0**	**0**
Equity		171,228,128	105,270,484
Financial liabilities	16	8,400,000	36,200,000
Lease liabilities	17	2,609,471	2,422,458
Trade and other payables	18	82,754	133,282
Provisions	19	1,807,088	1,600,885
Deferred revenues	20	229,028	197,053
Non-current liabilities		**13,128,341**	**40,553,678**
Financial liabilities	16	75,247,518	25,471,861
Lease liabilities	17	1,296,699	993,974
Trade and other payables	22	176,573,692	89,252,255
Advances received, contract liabilities and other liabilities	23	26,723,601	16,430,731
Liabilities for corporate income tax	24	13,589,870	1,919,282
Current liabilities		**293,431,380**	**134,068,103**
Liabilities		306,559,721	174,621,781
Total equity and liabilities		**477,787,849**	**279,892,265**

The notes are a constituent part of the financial statements and must be read in connection with them.

8.2. Consolidated income statement of the GEN-I Group

AMOUNTS IN EUR ITEMS	NOTES	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Revenues	26	3,356,322,637	2,101,225,597
Change in value of inventories	27	1,316,095	-293,040
Historical cost of goods sold	28	-3,308,888,153	-2,055,559,519
Other recurring operating revenues or expenses	26	110,361,336	28,390,065
Gross operating profit		159,111,915	73,763,103
Cost of materials	28	-782,509	-819,610
Cost of services	28	-16,277,278	-14,782,557
Labor costs	29	-48,199,032	-27,163,972
Deferred labor costs		0	522,712
Other operating revenues or expenses	30	-889,385	558,046
Earnings before interest, taxes, depreciation and amortization (EBITDA)		92,963,712	32,077,722
Amortization and depreciation	31	-3,779,839	-3,383,930
Impairment losses on trade receivables and contract assets	31	-210,940	-5,285,673
Earnings before interest and taxes (EBIT)		88,972,931	23,408,119
Financial income	32	377,779	423,150
Financial costs	32	-2,183,448	-4,142,843
Loss from financing		-1,805,669	-3,719,693
Recognized results of associates		423,331	471,257
Profit before tax		87,590,594	20,159,683
Taxes	33	17,514,218	4,731,361
Profit from continuing operations		**70,076,376**	**15,428,322**

The notes are a constituent part of the financial statements and must be read in connection with them.

8.3. Consolidated statement of other comprehensive income of the GEN-I Group

AMOUNTS IN EUR COMPREHENSIVE INCOME	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Net profit for the period	**70,076,376**	**15,428,322**
Items that are or may be classified to the income statement	**-206,802**	**258,048**
Translation differences	-206,802	258,048
Deferred tax from comprehensive income	0	0
Actuarial gains (losses) that will not be transferred subsequently to profit or loss	**88,070**	**-279,549**
Other comprehensive income for the period, net of tax	**-118,732**	**-537,597**
Total comprehensive income for the period	**69,957,644**	**14,890,725**

The notes are a constituent part of the financial statements and must be read in connection with them.

8.4. Consolidated cash flow statement of the GEN-I Group

AMOUNTS IN EUR ITEMS	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Cash flows from operating activities		
Net profit for the period	87,590,594	20,159,683
Adjustments for		
Amortization and depreciation	3,779,839	3,383,930
Write-downs of operating receivables and property, plant and equipment	2,534	4,187
Impairment losses, loss allowances and write-offs of trade receivables and contract assets	210,940	5,285,673
Gains on the sale of property, plant and equipment, intangible assets and investment property	-73,348	-22,683
Reversal of write-downs and write-down of liabilities	-16,116	-2
Non-monetary expenses	-29,693,927	-28,182,295
Financial income	-377,779	-423,150
Financial costs	1,672,660	1,774,060
Recognized results of associates under the equity method	-423,331	-471,257
Operating profit before changes in net current assets and taxes	62,672,066	1,508,147
Changes in net current assets and provisions		
Change in receivables	-56,867,959	14,133,690
Change in inventories	-12,352,596	-2,653,917
Change in prepayments and other assets	-32,030,405	-2,439,107
Change in operating liabilities	92,176,306	26,835,219
Change in advances received and other current liabilities	10,292,870	-454,316
Change in provisions	206,203	634,460
Change in deferred revenues	31,975	81,482
Income tax paid	-5,704,972	-2,884,857
Net cash flow from operating activities	58,423,488	34,760,801
Cash flows from investing activities		
Interest received	405,692	457,303
Dividends received	455,033	482,499
Proceeds from the sale of property, plant and equipment and intangible assets	0	95,255
Proceeds from the sale of associates	0	11,275,000
Proceeds from decrease in loans granted	0	2,776
Proceeds from settlement of derivatives	151,417,933	43,655,500
Acquisitions of property, plant and equipment and intangible assets	-5,026,362	-8,922,589
Acquisitions of subsidiaries	0	-128,000
Acquisitions of associates	-11,275,000	-11,275,000
Acquisitions of other investments	-51,349	0
Outflows for settlement of derivatives	-128,899,528	-52,960,467
Net cash flow from investing activities	7,026,419	-17,317,723
Cash flows from financing activities		
Interest paid	-1,732,399	-1,785,103
Acquisitions of right-of-use assets	-60,518	-73,259
Repayment of long-term loans	-212,169	-2,807,201
Repayment of short-term loans	-512,897,687	-85,935,941
Proceeds from short-term loans received	537,453,887	80,647,865
Dividends (shares) paid out	-4,000,000	-4,000,000
Net cash flow from financing activities	18,551,114	-13,953,639
Opening balance of cash and cash equivalents	**65,584,621**	**62,095,182**
Net increase in cash and cash equivalents	**84,001,022**	**3,489,439**
Closing balance of cash and cash equivalents	**149,585,642**	**65,584,621**

The notes are a constituent part of the financial statements and must be read in connection with them.

8.5. Consolidated statement of changes in equity of the GEN-I Group

Changes in 2021

AMOUNTS IN EUR CHANGES IN EQUITY	SHARE CAPITAL	LEGAL RESERVES
Balance at 12/31/2020	19,877,610	1,987,761
Total comprehensive income for the period		
Net profit for the period	0	0
Other comprehensive income		
Translation differences	0	0
Actuarial gains (losses)	0	0
Total other comprehensive income	0	0
Total comprehensive income for the period	0	0
Transactions with owners recorded directly in equity		
Allocation of remaining portion of net profit to other equity components	0	0
Dividends (shares) paid out	0	0
Balance at 12/31/2021	**19,877,610**	**1,987,761**

The notes are a constituent part of the financial statements and must be read in connection with them.

Changes in 2020

AMOUNTS IN EUR CHANGES IN EQUITY	SHARE CAPITAL	LEGAL RESERVES
Balance at 12/31/2019	19,877,610	1,987,761
Total comprehensive income for the period		
Net profit for the period	0	0
Other comprehensive income		
Exchange rate differences	0	0
Actuarial gains (losses)	0	0
Total other comprehensive income	0	0
Total comprehensive income for the period	0	0
Transactions with owners recorded directly in equity		
Allocation of remaining portion of net profit to other equity components	0	0
Dividends (shares) paid out	0	0
Other reversals of equity components	0	0
Balance at 12/31/2020	**19,877,610**	**1,987,761**

FAIR VALUE RESERVES	TRANSLATION RESERVE	NET PROFIT OR LOSS	RETAINED EARNINGS	TOTAL EQUITY
-419,811	-996,924	15,428,322	69,393,524	105,270,484
0	0	70,076,376	0	70,076,376
0	-206,800	0	0	-206,800
88,070	0	0	0	88,070
88,070	-206,800	0	0	-118,730
88,070	-206,800	70,076,376	0	69,957,646
0	0	-15,428,322	15,428,322	0
0	0	0	-4,000,000	-4,000,000
-331,741	**-1,203,724**	**70,076,376**	**80,821,847**	**171,228,128**

FAIR VALUE RESERVES	TRANSLATION RESERVE	NET PROFIT OR LOSS	RETAINED EARNINGS	TOTAL EQUITY
-140,262	-738,875	15,282,822	58,561,157	94,830,214
0	0	15,428,322	0	15,428,322
0	-258,048	0	0	-258,048
-279,549	0	0	0	-279,549
-279,549	-258,048	0	0	-537,597
-279,549	-258,048	15,428,322	0	14,890,725
0	0	-15,282,822	15,282,822	0
0	0	0	-4,000,000	-4,000,000
0	0	0	-450,455	-450,555
-419,811	**-996,924**	**15,428,322**	**69,393,524**	**105,270,484**

9. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GEN-I GROUP FOR 2021

9.1. Reporting entity

GEN-I, trgovanje in prodaja električne energije, d.o.o. (hereinafter: the Company) is domiciled in Slovenia. Its registered office is at Vrbina 17, 8270 Krško, Slovenia. The consolidated financial statements of the GEN-I Group for the business year that ended on December 31, 2021 comprise the Company and its subsidiaries (together hereinafter referred to as: the GEN-I Group or the Group). The consolidated annual report in the broadest terms for the Group is compiled by the controlling company GEN energija d.o.o., Vrbina 17, Krško and is published on the website http://www.gen-energija.si/.

The GEN-I Group's core activities include the supply of electricity and natural gas to end-customers, the purchase of electricity from major producers and from producers who use renewable energy sources and high-efficiency cogeneration plants, the provision of services aimed at the energy self-sufficiency, efficiency and independence of households, the provision of advanced services to business partners, and electricity and natural gas trading.

9.2. Basis for compilation

(A) STATEMENT OF COMPLIANCE

The financial statements were approved by the parent company's Management Board on April 26, 2022.

The consolidated financial statements were compiled in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, the interpretations adopted by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU, and the provisions of the Companies Act (ZGD).

The financial statements were compiled in accordance with the assumption of a going concern.

(B) MEASUREMENT BASIS

The consolidated financial statements were compiled on a historical cost basis, except in the case of derivatives and financial instruments at fair value through profit or loss, where fair value was used.

(C) FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are expressed in euros, which is the parent company's functional currency. All accounting data presented in euros are rounded to the nearest integer. Immaterial differences may arise in the totals presented in tables due to the rounding of data. The consolidated financial statements present comparative information for the previous period.

(D) USE OF ESTIMATES AND JUDGEMENTS

When compiling the consolidated financial statements, the senior management has made judgments and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, revenues and expenses in accordance with the IFRS. Actual results may vary from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Estimates and assumptions are mainly associated with:

- the estimated useful lives of amortizable assets (point 9.3E);
- asset impairment (point 9.3I);
- the identification of lease contracts, the definition of the lease term and the definition of the associated discount rate (point 9.3F);
- the measurement of ECL allowances for trade receivables and contract assets (point 9.3I);
- employee earnings (point 9.3J);
- provisions (point 9.3K);
- deferred tax assets (point 9.3O);
- contingent liabilities; and
- derivatives (point 9.3C (v)).

(E) CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

There were no changes in accounting policies in 2021.

9.3. Significant accounting policies

Companies of the GEN-I Group consistently applied the accounting policies described below to all periods presented in the consolidated financial statements.

(A) BASIS OF CONSOLIDATION

(i) Subsidiaries

Subsidiaries are entities controlled by the parent company. A company is subject to control when it is exposed or has the right to variable returns from its participating interest in the entity and has the ability to affect those returns though its influence over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Accounting policies applied by the subsidiaries are adapted to the Group's accounting policies.

(ii) Investments in associates

Associates are entities in which the Group has significant influence, but not control over their financial and business policies. Significant influence exists if the Group owns at least 20% but no more than 50% of voting rights in another company, unless it can prove that this is not the case.

Investments in associates are initially recognized at historical cost, and subsequently accounted for using the equity method.

The consolidated financial statements include the Group's share in the profit and loss of associates, calculated using the equity method after reconciling accounting policies, from the day significant influence is established until the day it ceases.

If the Group's share in the loss of an associate exceeds its participating interest in that company, the carrying amount of the Group's participating interest is reduced to zero, and the recognition of further losses is discontinued.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized revenues and expenses arising from intra-group transactions are eliminated from the consolidated financial statements. Unrealized gains arising from transactions with equity-a-ccounted associates are eliminated against the associated investment to the extent of the Group's participating interest in the company in question. Unrealized losses are eliminated in the same way as unrealized gains, provided that there is no evidence of impairment.

(B) FOREIGN CURRENCIES

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates valid on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate valid on the reporting date. Non-monetary assets and liabilities denominated in foreign currencies and measured at fair value are translated into the functional currency at the exchange rate valid on the day their fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate valid on the transaction date. Foreign currency differences are recognized in the income statement and disclosed in financial 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 rate valid at the reporting date. The revenues and expenses of foreign companies, with the exception of companies in hyperinflationary economies, are translated into euros at average exchange rates applicable for a specific period.

Foreign currency differences are recognized 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 recognized on the day they arise. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets (except trade receivables without a significant financing component) and financial liabilities are initially measured at fair value, plus transaction costs that are directly attributable to their acquisition or issue for items not measured at FVTPL. Trade receivables without a significant financing component are initially measured at the transaction price.

(ii) Classification and subsequent measurement of financial assets (policy)

On initial recognition, financial instruments are classified to one of the following categories: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (hereinafter: FVOCI) – investments in debt securities, FVOCI – investments in equity instruments, or financial assets measured at fair value through profit or loss (hereinafter: FVTPL). Financial investments are not reclassified after initial recognition unless the Group changes its business model for managing financial investments. In this case, all financial investments affected by the change are reclassified on the first day of the first reporting period after the change.

A financial asset is measured at amortized cost if it is not designated as a financial asset at FVTPL and if the following two conditions are met:

- the financial asset is held under a business model aimed at the possession of financial assets for the purpose of receiving contractual cash flows, and
- in accordance with the contractual terms of a financial asset, cash flows occur on specified dates, which are solely the repayment of the principal and the interest on the outstanding principal amount.

Upon the initial recognition of an investment in equity instruments not held for trading, the Group irrevocably decides to show subsequent changes in the fair value of the investment in other comprehensive income. This decision is taken individually for each investment.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see Note 9.7). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements for measurement at amortized 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 (policy)

The Group makes an assessment of the objective of the business model in which a financial asset is held at the portfolio level, as this best reflects the way transactions are managed and information is provided to management. That information includes the following:

- defined policies and objectives of the portfolio and the implementation of these policies in practice, including whether the management strategy focuses on generating revenues from contractual interest, maintaining a specific interest rate profile, matching the duration of financial assets with the duration of related liabilities or expected cash outflows, or creating cash flows through the sale of assets;
- the method of evaluating the performance of the portfolio and the method of reporting this to the management of the Group;
- the risks that affect the performance of the business model (and the financial assets managed in accordance with it) and the way in which these risks are managed;
- how business managers are remunerated, i.e. whether remuneration is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, value and time of sales of financial assets in previous periods, the reasons for the sale and the expectations for future sales activities.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not treated as sales for this purpose and continue to be recognized by the Group.

Financial assets that are held for trading or are managed and whose yield is assessed based on fair value are measured at FVTPL.

Financial assets – assessment whether contractual cash flows are solely payments of principal and interest (policy)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. Interest consists of compensation for the time value of money, credit risk associated with the outstanding principal amount in a given period, and for other basic and lending-related costs (e.g. liquidity risk and administrative costs) and profit margin.

In assessing whether the contractual cash flows exclusively repay the principal and interest, the Group complies with the contractual provisions of the instrument. This includes assessing whether the financial asset contains a contractual provision that could change the timing or amount of the contractual cash flows so as not to meet that condition. In making this assessment, the Group considers:

- contingent events that would change the amount and time of cash flows;
- provisions for which the contractual coupon interest rate may be changed, including elements of variable interest rates;
- advance payment and terms of the renewal; and
- provisions restricting the Group's cash flows from certain assets (i.e. the provision that a financial asset may only be repaid in the event of default by the assets it is secured with).

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 outstanding principal amount, which may include reasonable additional compensation for the early termination of a contract. Additionally, for a financial asset acquired at a discount or premium on its nominal contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the nominal contractual amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is deemed to meet this criterion if the fair value of the prepayment feature is negligible at initial recognition.

Financial assets – subsequent measurement, and gains and losses (policy)

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest of dividend income, are recognized in profit and loss. However, see point (v) in Note c) for derivatives designated as hedging instruments.

Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced for impairment losses. Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit of loss. Any gain or loss on derecognition is recognized in profit or loss.

Investments in debt securities measured at FVOCI

These assets are subsequently measured at fair value. Interest income, calculated using the effective interest method, positive and negative exchange rate differences and impairment losses are recognized in profit and loss. Other net gains and losses are recognized in OCI. Gains and losses recognized in OCI are reclassified to profit or loss on derecognition.

Equity investments measured at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss, unless the dividend clearly represents a return on part of the cost of the investment. Other net gains and losses are recognized in OCI and are never transferred to profit or loss.

Financial liabilities – classification, subsequent measurement, and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at fair value if it is classified as held-for-trading, if it is a derivative or if it is designated as such on initial recognition. Financial liabilities measured at FVTPL are measured at fair value, and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

See point (v) in Note c) for financial liabilities designated as hedging instruments.

(iii) Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when the Group transfers the contractual cash flow rights from the financial asset based on a transaction in which almost all risks and rewards of ownership of the financial asset are transferred or in which it does not transfer nor retain almost all the risks and rewards of ownership and does not retain control of the financial asset.

The Group enters into transactions in which it transfers assets recognized in the statement of financial position but retains all or almost all of the risks and rewards of the financial asset. In such cases, transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value based on those modified terms.

On derecognition of a financial liability, the difference between the carrying amount of an extinguished financial liability and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) Offsetting

Financial assets and liabilities are offset, and the net amount is disclosed in the statement of financial position if, and only if, the Group has the legally enforceable right to offset recognized amounts and intends to either settle the net amount or liquidate the asset and settle its liability.

(v) Derivatives and hedge accounting

The Group uses derivatives to hedge against market and currency risks.

The Group uses forward contracts and various financial trading instruments to hedge against market risks caused by electricity price fluctuations. It primarily uses forward currency contracts to hedge against currency risks.

The Group uses non-standardized forward contracts to hedge against market risks arising from electricity and natural gas prices and currency risks. These are agreements on the sale or purchase of an underlying instrument whose price is determined at the time of the agreement's execution, but with a future effective date. The prices of forward transactions are determined based on the underlying financial instrument. At the time of execution, the value of the contract equals zero because the strike price (the agreed settlement price) is equal to the forward price. Not taking into account the costs of supply, the value of a non-standardized forward contract at maturity is equal to the difference between the current price of an underlying instrument at maturity and the contractual forward price or the agreed settlement price. The forward price changes during the validity of the contract depending on changes in current market prices and the residual maturity of the forward contract.

Standardized forward contracts (futures) are binding agreements on the purchase or sale of a standardized quantity of well-defined standard quality instruments on a standardized day in the future (standard specification) at a price determined in the present. Standardized products are a prerequisite for exchange trading. The main advantage of standardized products is the minimization of transaction costs associated with trading. When such products are used, there is no need for buyers and sellers to define the contractual elements of each transaction; they only need to agree on the price of individual forward contracts. Transactions are concluded without the physical presence of goods. A standardized forward contract comes into effect only when registered with a clearing (settlement) house. This type of contract is transferable to enable exchange trading and its liquidity is determined by exchange trading volumes. Non-standardized forward contracts, on the other hand, are not liquid because the exchange of these contracts is almost impossible. When trading forward contracts, a security deposit must be placed with the clearing house for both sales and purchases. This deposit includes an initial margin and a variation margin.

Derivatives also include option contracts that the Group classifies to financial assets or financial liabilities at fair value through profit or loss. Fair value is defined as the price that would be received for the sale of the asset or paid for the transfer of the obligation in a regular transaction between market participants on the measurement date. If the transaction price is not equal to fair value at the measurement date, the difference is recognized in profit or loss.

Contracts to buy or sell a non-financial asset (such as a commodity) that can be settled net (either in cash or by exchanging financial instruments) are covered by IFRS 9 and are accounted for at fair value, unless they were entered into and continue to be held for the purpose of receiving or delivering the non-financial asset in question in accordance with the Group's expected purchase, sale or usage requirements – the so called 'own-use' exemption. (IFRS 9.2.4). Contracts covered by IFRS 9 are accounted for as derivatives and are marked to market through the income statement, unless management can and does opt to apply hedge accounting.

Contracts that result in the physical delivery of a commodity and for which the Group does not have a net settlement practice and that are not entered into for trading, speculative or hedging purposes are accounted for as a normal purchase or sales contract – i.e. an unrecognized executory contract. Contracts that result in the physical delivery of a commodity and for which the Group has a net settlement practice and that have other purposes than just the delivery or purchase of electricity or natural gas are accounted for as derivatives and are measured at fair value through profit and loss.

Derivatives are initially measured at fair value. Following initial recognition, derivatives are measured at fair value, and changes to fair value are generally recognized in profit or loss.

At least once a year, during the compilation of the annual financial statements, financial assets or financial liabilities at fair value through profit or loss are remeasured at fair value. Gains and losses as the result of changes in fair value are recognized in profit or loss.

Hedge accounting

The Group meets hedge accounting requirements in order to hedge against market risks associated with changes in electricity and natural gas prices in accordance with IFRS 9.

At the inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether changes in the cash flows of the hedged item and the hedging instrument are expected to off-set each other.

At the inception of the hedging relationship, and then on an ongoing basis, the Group assesses whether a hedging relationship meets hedge accounting requirements. That assessment relates to expectations and is therefore only forward-looking. To qualify for hedge accounting, a hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk is not predominant in changes in value that result from that economic relationship; and
- 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 entity actually uses to hedge the quantity of the hedged item.

At each reporting date, the Group measures the ineffectiveness of hedging, i.e. the extent to which changes in the fair value or cash flows of the hedging instrument are greater than or less than changes in the hedged item risk.

Ineffectiveness is measured as the difference between a change in the published price (exchange) with respect to the hedging instrument and hedged item. In accordance with the hedging policy of the GEN-I Group, the ineffective portion is represented by a deviation between a change in the price of a hedged item and hedging instrument.

Fair value hedging

The Group calculates fair value hedges against the risk of fluctuating prices for standardized and non-standardized forward contracts by recognizing changes in the fair value of derivatives immediately in profit or loss. Gains or losses from hedged items that can be attributed to hedged risks must be adjusted to the book value of the hedged items and recognized in profit or loss. If an unrecognized firm commitment is defined as a hedge item, the subsequent cumulative change in the fair value of the firm commitment that can be attributed to a hedge is recognized as an asset or liability, with the relevant gain or loss recognized in profit or loss. The initial book value of an asset or liability arising from the fulfillment of a firm commitment by the Group is adjusted by including the cumulative change in the fair value of the commitment that can be attributed to a hedge previously recognized in the statement of financial position.

(D) SHARE CAPITAL

Share capital is the called-up capital contributed by shareholders. The Group's total equity comprises called-up capital, legal reserves, fair value reserves, the translation reserve and retained earnings.

(E) PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

Items of property, plant and equipment are disclosed at historical cost, less depreciation costs and impairment losses.

The historical cost includes the costs that can be directly attributed to the procurement of an individual asset. The costs of an internally produced asset comprise the costs of materials, direct costs of labor, other costs that can be directly attributed to enabling the use of the asset for its intended purpose, costs of disposal and removal, costs of restoring the location of an asset to its original state and capitalized borrowing costs. Any computer software that contributes significantly to an asset's functionality must be capitalized as part of that asset.

Components of items of property, plant and equipment that have different useful lives are accounted for as separate items.

(ii) Subsequent costs

Costs arising from the replacement of parts of fixed assets are recognized at the carrying amount of those assets if the future economic benefits associated with a part are likely to increase and if its historical cost can be measured reliably. All other costs (such as daily maintenance) are recognized as expenses in profit or loss immediately after they arise.

(iii) Spare parts

Spare parts and maintenance equipment of lower value with useful lives of up to one year are treated as inventory and recognized as costs in profit or loss. Spare parts and equipment of significant value with estimated useful lives exceeding one year are recognized as items of property, plant and equipment.

(iv) Depreciation

Depreciation is calculated using the straight-line method based on the useful life of each component of an item of property, plant and equipment. This is the most accurate method for predicting asset usage patterns. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

Estimated useful lives for the current and comparative period are as follows:

• buildings	33 years
• parts of buildings	16 years
• plant and equipment	2 to 5 years

Investments in fixed assets owned by third parties are depreciated for the duration of the lease period (1 to 10 years).

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted if necessary. Estimates of the useful lives of plant and equipment were not revised during the business year.

(F) RIGHT-OF-USE ASSETS

Right-of-use assets are covered by IFRS 16 Leases, which was published by the IASB on 13 January 2016. In accordance with IFRS 16, a lessee recognizes a right-of-use assets and a lease liability. A right-of-use asset is treated similarly to other non-financial assets and is thus depreciated accordingly. A lease liability is initially measured at the present value of lease payments over the lease term, discounted using the interest rate implicit in the lease, if that rate can be determined. If that rate cannot be determined, the lessee must apply the incremental borrowing rate. The lessor defines a lease as an operating or finance lease depending on the nature of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. Otherwise, it is classified as an operating lease. A lessor recognizes financial income over the term of a finance lease, based on a pattern reflecting a constant periodic rate of return on the net investment. A lessor recognizes operating lease payments as income on a straight-line basis or, if more representative of the pattern in which benefit from use of the underlying asset is diminished, another systematic basis.

The Group reviews and analyses previously concluded lease contracts with a term exceeding one year. Based on lease costs and lease terms, the Group estimates the value of right-of-use assets and lease liabilities, and recognizes them in the statement of financial position. The values of right-of-use assets and lease liabilities are estimated based on the discounting of future cash flows for the lease term. Cash flows are discounted using the interest rates that the Group achieves in the financing of long-term loans. Those rates range from 1.7% to 2.8%. Depreciation costs are calculated using depreciation rates estimated based on the remainder of the lease term.

The Group applies a uniform recognition and measurement model to all leases, except for short-term leases and leases of low-value assets. The Company discloses lease payments in connection with low-value leases as a cost in the period to which the lease relates.

(G) INTANGIBLE ASSETS AND GOODWILL

(i) Capitalized development costs

Capitalized development costs arise as the result of the transfer of findings from research or expertise to a plan or project to produce new or significantly improved products or services, before the production or sale of those products or services begin.

The Group capitalizes development costs if they meet the following criteria:

- the technical feasibility of the completion of the project has been established, such that the project will be available for sale or use;
- the entity intends to complete the project, and use or sell it;
- the entity is capable of using or selling the project;
- economic benefits in connection with the project are likely, including the existence of a market for the effects of the project or for the project itself, or if the project will be used by the entity to its own benefit;
- technical, financial and other factors for the completion of development, and for the use or sale of the project are available; and
- the entity is capable of reliably measuring the costs that can be attributed to an intangible asset during the development thereof.

Capitalized development costs comprise the direct costs of labor and other costs that can be directly attributed to enabling assets for their intended use

The Group must estimate the useful life of a new product and allocate development costs accordingly over the same period to match the economic benefits that arise in connection with that product.

(ii) Other intangible assets and goodwill

Other intangible assets with limited useful lives acquired by the Group are disclosed at historical cost, less amortization costs and accumulated impairment losses.

An asset is impaired if its carrying amount exceeds its recoverable value. The GEN-I Group recognizes impairment losses on intangible assets in revaluation operating expenses. On every reporting date, the Company first verifies whether signs of the impairment of an asset exist. Only if such signs exist, does it perform an impairment test and calculate the asset's recoverable value. If no signs of impairment exist, no formal impairment test is performed and the asset's recoverable value is not calculated. At this point, the impairment process ends. This means that the recoverable value does not have to be calculated on every reporting date. The Company only verifies whether signs of impairment exist. It only performs an impairment test if such signs exist. External and internal sources of information are used to check for signs of impairment.

Goodwill arising from the acquisition of subsidiaries is measured at historical cost less accumulated impairment losses.

Following initial recognition, the Group checks once a year for factors that could have a negative impact on the future cash flows of a cash-generating unit obtained through the acquisition of a subsidiary. A reduction in the value of a cash-generating unit is recognized in the financial statements as the impairment of goodwill and the assets of the cash-generating unit charged to the current year's profit or loss.

(iii) Subsequent costs

Subsequent costs associated with intangible assets are only capitalized if they increase future economic benefits arising from the asset to which the cost relates. All other costs are recognized as expenses in profit or loss immediately after they arise.

Amortization

Amortization is calculated based on an asset's historical cost or another amount that is used in its place.

Amortization is recognized in the income statement using the straight-line method and is based on the useful life of intangible assets (with the exception of goodwill), starting from the date the asset is available for use. This is the most accurate method for predicting the patterns of future economic benefits associated with the asset. The estimated useful life of software for the current and comparative year is five years.

Other intangible assets such as trading and selling licenses are amortized according to the validity of the issued license in question.

Amortization methods, useful lives and other values are reviewed at the end of each business year and adjusted if necessary.

(H) INVESTMENT PROPERTY

Investment property comprises real estate owned by the Group with the aim of generating rental income, increasing the value of non-current investments or both. Investment property is disclosed at historical cost less accumulated depreciation and impairment losses. Investment property is measured according to the historical cost model. Depreciation is recognized in profit or loss according to the straight-line method, while the estimated useful life of investment property is 25 years.

(I) IMPAIRMENT OF ASSETS

(i) Non-derivative financial assets

Financial instruments and contract assets

The Group recognizes loss allowances for expected credit losses (hereinafter: ECL) for:

- financial assets measured at amortized cost, and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, i.e. ECLs that arise 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 relevant 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 ECLs on trade receivables and contract assets based on a loss allowance adjustment matrix.

Loss rates are calculated taking into account rates of transitions between credit rating categories based on the probability that a receivable will pass through successive phases from default to write-off. Rates of transitions between credit rating categories are calculated separately for exposures in various segments based on common credit risk characteristics, e.g. customer types (B2B or wholesale, B2C or retail and trading).

Exposure to credit risk to which the GEN-I Group is exposed is assessed based on the collateralization of receivables, and on data and information that point to the risk of loss (financial information regarding customers and their financial statements, information available in the media, previous business relations with customers, and forward-looking information).

ECLs are calculated for all trade receivables and contract assets up to 90 days past due based on the appropriate loss rates for different time intervals.

Impairment losses are recognized in the amount of 90% of the value of trade receivables and contract assets more than 90 days past due.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets disclosed at amortized 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 information regarding the following circumstances:

- significant financial difficulties of the borrower or issuer;
- breach of contract such as default or payment delays of more than 90 days;
- the restructuring of a loan or prepayment by the Group under conditions that the Group would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; and
- the disappearance of an active market for a security because of financial difficulties.

Disclosure of allowances for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of those assets.

Write-offs

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering that financial asset in its entirely or a portion thereof, i.e. in the event of a final court decision regarding completed bankruptcy proceedings, completed compulsory settlement or completed enforcement proceedings, and for financial assets where the Group expects no recovery. However, financial assets that are written off could still be subject to enforcement activities in accordance with the Group's procedures for recovering receivables.

(ii) Cash, cash equivalents and other financial assets

ECLs on other financial assets are measured based on 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 carrying amount of non-financial assets (except deferred tax assets) to determine if there are any indications of impairment. If there are such indications, the asset's recoverable value is assessed. Impairment of goodwill and intangible assets with an indefinite useful life not yet available for use is reviewed at each reporting date.

The recoverable amount of an asset or cash-generating unit is the higher of its value in use or fair value less selling costs. In determining an asset's value in use, estimated future cash flows are 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. In order to test them for impairment, assets are consolidated into the smallest asset groups that generate cash inflows.

The impairment of an asset or cash-generating unit is recognized whenever its carrying amount exceeds its recoverable value. Impairment is disclosed in the income statement.

With respect to other assets, the Group evaluates impairment losses from previous periods on the balance-sheet date to determine whether or not there has been a reduction in losses and whether or not losses still exist. The Group derecognizes impairment losses if the estimates that were used to determine the recoverable value of assets have changed. An impairment loss is derecognized to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined in the net amortized amount if no impairment loss had been recognized for the asset in previous years.

(J) EMPLOYEE BENEFITS

Short-term employee benefits are disclosed in expenses when the related service is provided. A liability is recognized in 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 an employee and the obligation can be estimated reliably.

(K) PROVISIONS

Provisions are recognized if the Group has a present legal or constructive obligation as a result of a past event that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions for severance payments and long-service bonuses

Pursuant to the law, the collective agreement and internal rules, the Group is obliged to pay long-service bonuses and severance payments to employees, and has created non-current provisions for this purpose. The Group has no other pension-related obligations. Provisions are created in the amount of estimated future severance payments and long-service bonuses, discounted at the end of the reporting period.

The Group created non-current provisions in 2021 for long-service bonuses and severance payments at retirement as the present value of future payments required to settle liabilities arising from employees' service in the current and future periods, taking into account the costs of severance payments at retirement and the costs of all expected long-service bonuses until retirement. A discount rate of 0.9% was set for the calculation at November 30, 2021, based on the published yields on high-quality corporate bonds denominated in euros at November 30, 2021.

Labor costs and interest expenses are recognized in the income statement, while recalculated post-employment benefits and unrealized actuarial gains or losses from severance pay are recognized as an equity item in other comprehensive income.

(L) REVENUES

(i) Revenue from contracts with customers

The Group recognizes revenues from its core activities over time. With respect to contracts on the supply of electricity or natural gas, the seller transfers control over time, while the buyer receives and uses benefits deriving from the seller's performance obligation as the latter is satisfied. The seller thus fulfils its performance obligation and recognizes revenues over time by measuring its progress towards complete satisfaction of the performance obligation to supply electricity or natural gas according to the output method, i.e. according to charged amounts that are based on supplied quantities of electricity or natural gas. The same method is applied in sales of small solar power plants and services.

(ii) Revenues from services rendered

Revenues from services rendered are recognized in the income statement according to the stage of completion of individual transactions at the end of the reporting period. The stage of completion is assessed based on inspections of the work performed.

(iii) Commissions

If the Group acts as an intermediary in a transaction and not as the main party, the resulting net commission is disclosed as revenues.

(iv) Revenues from rents

Revenues from rents are recognized on a straight-line basis over the term of the lease.

(M) GOVERNMENT GRANTS

Government grants relating to assets are initially recognized as deferred revenues if there is reasonable assurance that the Group will receive a grant and comply with the conditions associated with that grant. They are subsequently recognized in profit or loss as other income on a systematic basis over the useful life of the asset.

Government grants that the Group receives to cover costs are systematically recognized in profit or loss in the period in which the costs arise.

(N) FINANCIAL INCOME AND FINANCIAL COSTS

Financial income includes interest income, net gains on financial assets measured at fair value through profit or loss and positive exchange rate differences. Interest income is recognized when it arises at a contractually agreed interest rate.

Dividend income is recognized in profit and loss on the date on which the Group's right to receive payment is established.

Financial costs include interest expense, net losses on financial assets measured at fair value through profit or loss and negative exchange rate differences. Interest expense is recognized in the income statement at a contractually agreed interest rate.

(O) INCOME TAX

Income tax includes current and deferred tax. Income tax is disclosed in the income statement, except where it relates to business combinations or items disclosed directly in equity, in which case it is disclosed in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable profit for the business year, applying the tax rates in force at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is disclosed by taking into account the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the relevant amounts for tax reporting purposes. Deferred tax is disclosed in the amount that is expected to be paid when temporary differences are reversed based on laws that are in force at the end of the reporting period.

The Group nets deferred tax assets and liabilities if it has a legally enforceable right to do so and if these assets and liabilities relate to income tax for the same tax authority and the same taxable unit, or if the tax relates to different taxable units that intend to pay or receive the resulting net amount or settle their liabilities and reverse the assets.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced by the amount of tax benefits that are not expected to be realized.

(P) SEGMENT REPORTING

Because the financial report comprises the financial statements and accompanying notes of both the Group and the Company, only the Group's operating segments are disclosed.

An operating segment is a part of the Group that carries out business activities from which it generates revenues and incurs costs that relate to transactions with other Group companies. The results of operating segments are reviewed regularly by the senior management with the aim of making decisions about the allocation of resources to a particular segment and assessing the Group's performance.

Although the senior management monitors more detailed information regarding each operating segment, only the following reportable segments were defined in the preparation of these financial statements due to the sensitive nature of that information:

- the trading and sale of electricity and natural gas; and
- the self-sufficient supply of electricity from the sun and advanced services.

Operating segments of the Group in 2021

AMOUNTS IN EUR	TRADING AND SALES	SELF-SUFFICIENT SUPPLY AND ADVANCED SERVICES	INCOME STATEMENT/ STATEMENT OF FINANCIAL POSITION
External revenues	3,337,628,655	18,693,982	3,356,322,637
Inter-segment revenues	0	0	0
Segment profit (loss) before tax	85,348,663	2,241,931	87,590,594
Interest income	290,640	10,088	300,728
Interest expense	-1,419,477	-185,361	-1,604,838
Amortization and depreciation	-3,554,974	-224,865	-3,779,839
Share of profit of equity-accounted associates and joint ventures	423,331	0	423,331
Total assets	456,762,573	28,430,505	485,193,078
Current and non-current operating and financial liabilities	290,528,131	23,436,818	313,964,949

REVENUE GENERATED IN SLOVENIA AND ABROAD AMOUNTS IN EUR	DOMESTIC	ABROAD	TOTAL
Trading and sales	539,148,286	2,798,480,369	3,337,628,655
Revenue from the sale of goods and materials	18,693,982	0	18,693,982
Total	**557,842,268**	**2,798,480,369**	**3,356,322,637**

The GEN-I Group manages a single portfolio in which energy products flow between countries. Consequently, the generation of revenues by individual country is not relevant for decisions by senior management. Thus, the revenues of operating segments are only booked separately for the foreign and domestic markets.

Operating segments of the Group in 2020

AMOUNTS IN EUR	TRADING AND SALES	SELF-SUFFICIENT SUPPLY AND ADVANCED SERVICES	INCOME STATEMENT/ STATEMENT OF FINANCIAL POSITION
External revenues	2,088,698,867	12,526,730	2,101,225,597
Inter-segment revenues	0	0	0
Segment profit (loss) before tax	18,221,785	1,937,899	20,159,684
Interest income	374,690	48,067	422,757
Interest expense	-1,421,128	-185,361	-1,606,489
Amortization and depreciation	-3,198,929	-185,002	-3,383,930
Share of profit of equity-accounted associates and joint ventures	471,257	0	471,257
Total assets	258,451,494	21,440,771	279,892,265
Current and non-current operating and financial liabilities	156,331,286	18,290,495	174,621,781

(Q) INITIAL APPLICATION OF NEW AMENDMENTS TO EXISTING STANDARDS THAT ARE IN FORCE DURING THE CURRENT REPORTING PERIOD

The following amendments to existing standards and new interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective in the current accounting period:

- **Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases –** Interest Rate Benchmark Reform – Phase 2, as adopted by the EU on January 13, 2021 (apply to annual periods beginning on or after January 1, 2021);
- **Amendments to IFRS 16 Leases –** COVID-19-Related Rent Concessions beyond June 30, 2021, adopted by the EU on August 30, 2021 (effective April 1, 2021 for business apply beginning on or after January 1, 2021); and
- **Amendments to IFRS 4 Insurance Contracts –** Extension of the Temporary Exemption from Applying IFRS 9, as adopted by the EU on December 16, 2020 (the expiry date for the temporary exemption was extended on January 1, 2021 to annual periods beginning on or after January 1, 2023).

The adoption of these amendments to existing standards did not lead to any significant changes in the Group's financial statements.

(R) NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS ISSUED BY THE IASB AND ADOPTED BY THE EU BUT NOT YET EFFECTIVE

On the day these financial statements were approved, the following new standards had been issued by the IASB and adopted by the EU but were not yet effective:

- **Amendments to IAS 16 Property, Plant and Equipment –** Proceeds Before Intended Use, as adopted by the EU on June 28, 2021 (apply to annual periods beginning on or after January 1, 2022);
- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets –** Onerous Contracts — Cost of Fulfilling a Contract, as adopted by the EU on June 28, 2021 (apply to annual periods beginning on or after January 1, 2022);
- **Amendments to IFRS 3 Business Combinations –** Reference to the Conceptual Framework with amendments to IFRS 3, as adopted by the EU on June 28, 2021 (apply to annual periods beginning on or after January 1, 2022);
- **IFRS 17 Insurance Contracts,** including amendments to IFRS 17, as adopted by the EU on November 19, 2021 (applies to annual periods beginning on or after January 1, 2023); and
- **Amendments to various standards (Improvements to IFRS, 2018–2020 cycle)** proceeding from the project of annual improvements to the IFRS (IFRS 1, IFRS 9, IFRS 16

and IAS 41), primarily to eliminate discrepancies and to provide interpretations, as adopted by the EU on June 28, 2021 (the amendments to IFRS 1, IFRS 9 and IAS 41 apply to annual periods beginning on or after January 1, 2022. The amendment to IFRS 16 relates solely to an illustrative example. The date of application is thus not stated).

(S) NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS ISSUED BY THE IASB BUT NOT YET ADOPTED BY THE EU

The IFRS as adopted by the EU do not currently differ significantly from the regulations adopted by the IASB, with the exception of the following new standards, amendments to existing standards and new interpretations, which at April 26, 2022 (the dates of application stated below apply to all IFRS) had not been adopted for use by the EU:

- **IFRS 14 Regulatory Deferral Accounts** (applies to annual periods beginning on or after January 1, 2016). The European Commission opted not to begin procedures to adopt this interim standard, but will wait for the issue of the final version;

- **Amendment to IAS 1 Presentation of Financial Statements –** Classification of Liabilities as Current or Non-current (applies to annual periods beginning on or after January 1, 2023);

- **Amendment to IAS 1 Presentation of Financial Statements –** Disclosure of Accounting Policies (applies to annual periods beginning on or after January 1, 2023);

- **Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors –** Definition of accounting estimates (apply to annual periods beginning on or after January 1, 2023); and

- **Amendments to IAS 12 Income Taxes –** Deferred Tax related to Assets and Liabilities arising from a Single Transaction (apply to annual periods beginning on or after January 1, 2023);

- **Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures –** Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and Subsequent Amendments (date of application postponed indefinitely until the completion of a research project in connection with the equity method);

- **IFRS 17 Insurance Contracts – Initial Application of IFRS 17 and IFRS 9 — Comparative Informatio**n (applies to annual periods beginning on or after January 1, 2023).

The Group does not expect the introduction of these new standards and amendments to existing standards to have a significant impact on its financial statements during initial application.

Hedge accounting in connection with the portfolio of financial assets and liabilities is not yet regulated, as the EU has not adopted the relevant principles.

The Group assesses that the application of hedge accounting in connection with financial assets and liabilities under IAS 39 Financial Instruments: Recognition and Measurement would not have had a significant impact on its financial statements if it had been applied on the balance-sheet date because it applies IFRS 9 for hedge accounting.

9.4. Cash flow statement

The Group compiles the cash flow statement using the indirect method.

9.5. Overview of all subsidiaries in the GEN-I Group

GROUP COMPANIES	% OF OWNERSHIP		CARRYING AMOUNT OF INVESTMENT		EQUITY OF SUBSIDIARY		SHARE CAPITAL OF MAJORITY SHAREHOLDER	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
GEN-I Athens SMLLC	100.00%	100.00%	600,000	600,000	1,077,452	1,266,157	600,000	600,000
GEN-I, d.o.o. Beograd	100.00%	100.00%	150,000	150,000	1,045,902	858,793	655,166	654,051
GEN-I Sonce d.o.o.	100.00%	100.00%	1,000,000	1,000,000	4,963,681	3,115,937	1,000,000	1,000,000
GEN-I Istanbul Ltd.	99.00%	99.00%	844,566	844,566	541,382	766,307	131,290	219,464
GEN-I Energia S.r.l.	100.00%	100.00%	380,000	380,000	527,031	307,118	100,000	100,000
GEN-I Prodažba na energija DOOEL Skopje	100.00%	100.00%	39,951	39,951	471,855	603,858	9,947	9,922
GEN-I, d.o.o., Sarajevo	100.00%	100.00%	512,847	512,847	653,304	836,601	511,292	511,292
GEN-I Sofia SpLLC	100.00%	100.00%	100,830	100,830	-2,883,166	-3,358,231	100,005	100,004
GEN-I Tirana Sh.p.k.	100.00%	100.00%	46,452	46,452	524,219	837,022	50,153	48,720
GEN-I Vienna GmbH	100.00%	100.00%	50,000	50,000	812,929	987,391	50,000	50,000
GEN-I Hrvatska d.o.o.	100.00%	100.00%	991,692	991,692	1,197,567	1,454,368	997,924	993,128
GEN-I Kiev LLC	100.00%	100.00%	248,224	248,224	843,445	469,495	236,302	210,015
GEN-I Tbilisi LLC	100.00%	100.00%	50,000	50,000	23,881	27,312	35,923	31,121
Elektro energija, d.o.o.	100.00%	100.00%	10,149,750	10,149,750	10,014,641	11,316,240	3,000,000	3,000,000
GEN-I Sonce DOOEL Skopje	100.00%	100.00%	100,000	100,000	9,654	69,642	99,960	99,699
GEN-I ESCO d.o.o.	100.00%	100.00%	50,000	50,000	-3,608	21,129	50,000	50,000
Total			**15,314,311**	**15,314,311**	**19,820,169**	**19,579.139**	**7,627,962**	**7,677,416**

9.6. Notes to the financial statements

Note 1: **Property, plant and equipment**

AMOUNTS IN EUR PROPERTY, PLANT AND EQUIPMENT	31/12/2021	31/12/2020
Land	2,470,248	2,470,248
Buildings	3,290,334	3,451,927
Other plant and equipment	4,118,395	3,998,839
Property, plant and equipment under construction, and advances	597,688	439,620
Total property, plant and equipment	**10,476,665**	**10,360,634**

The buildings and associated land in Kromberk and Brdo account for the majority of property, plant and equipment. Vehicles, computer equipment, furniture and other equipment account for the majority of other plant and equipment.

Total investments in property, plant and equipment in 2021 amounted to EUR 1,949,060, and relate to computer equipment, the renovation of business premises, the purchase of vehicles, furniture and other equipment, and investments in fixed assets owned by third parties. Property, plant and equipment are not pledged as collateral.

ASSETS OF SUBSIDIARY		LIABILITIES OF SUBSIDIARY		REVENUE OF SUBSIDIARY		NET PROFIT OR LOSS OF SUBSIDIARY		NUMBER OF EMPLOYEES AT SUBSIDIARY	
31/12/ 2021	31/12/ 2020	31/12/ 2021	31/12/ 2020	31/12/ 2021	31/12/ 2020	31/12/ 2021	31/12/ 2020	31/12/ 2021	31/12/ 2020
12,382,681	8,396,031	11,305,229	7,129,874	129,546,551	71,257,690	361,717	579,408	2	2
37,994,769	14,279,839	36,948,867	13,421,046	402,931,699	175,775,352	390,166	515,966	4	4
27,542,596	20,670,730	22,578,915	17,554,793	18,594,291	12,456,723	1,846,380	1,589,962	79	52
3,843,539	3,943,675	3,302,158	3,177,367	19,958,872	28,206,675	336,592	355,559	3	3
971,784	2,240,869	444,754	1,933,752	0	745,116	229,554	15,785	0	0
36,780,428	12,120,708	36,308,573	11,516,850	194,499,335	73,664,147	362,875	495,701	5	2
35,069,953	14,375,648	34,416,649	13,539,047	220,585,936	89,896,664	142,012	325,309	1	1
3,982,365	2,214,143	6,865,531	5,572,374	9,136,752	41,222	475,518	-205,777	2	2
19,634,108	9,780,777	19,109,889	8,943,755	57,488,443	22,653,069	323,923	711,930	2	2
10,088,901	5,544,018	9,275,972	4,556,627	29,263,789	13,043,516	53,968	228,431	1	1
35,490,593	19,380,810	34,293,025	17,926,441	225,028,298	91,936,825	199,303	462,068	16	12
3,384,518	2,308,792	2,541,073	1,839,296	11,956,268	20,931,223	302,039	-202,143	2	2
24,209	27,916	328	604	0	0	-7,031	2,283	0	0
20,631,208	23,146,642	10,616,566	11,830,402	48,073,536	48,114,112	467,603	1,769,201	0	1
2,813,326	2,088,106	2,803,672	2,018,463	0	0	-60,085	-28,445	0	0
828,706	679,479	832,314	658,350	56,022	42,496	-24,718	-20,572	0	0
251,463,684	**141,198,183**	**231,643,515**	**121,619,041**	**1.367,119,792**	**648,764,830**	**5,399,816**	**6,594,666**	**117**	**84**

Changes in 2021

AMOUNTS IN EUR PROPERTY, PLANT AND EQUIPMENT	LAND	BUILDINGS	OTHER PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION, AND ADVANCES	TOTAL
HISTORICAL COST					
Balance at 1/1/2021	**2,470,248**	**7,223,474**	**10,296,419**	**439,620**	**20,429,761**
Acquisitions and other purchases	0	0	0	1,949,061	1,949,061
Write-downs	0	0	-34,422	0	-34,422
Disposals	0	0	-344,641	0	-344,641
Transfers within property plant and equipment	0	104,117	1,686,875	-1,790,992	0
Exchange rate differences	0	0	-3,736	0	-3,736
Balance at 12/31/2021	**2,470,248**	**7,327,591**	**11,600,495**	**597,688**	**21,996,022**
IMPAIRMENT LOSSES					
Balance at 1/1/2021	**0**	**3,771,547**	**6,297,580**	**0**	**10,069,126**
Acquisitions through business combinations	0	0	0	0	0
Write-downs	0	0	-34,423	0	-34,423
Disposals	0	0	-304,046	0	-304,046
Depreciation expense	0	265,710	1,522,990	0	1,788,700
Balance at 12/31/2021	**0**	**4,037,257**	**7,482,100**	**0**	**11,519,357**
Carrying amount at 1/1/2021	**2,470,248**	**3,451,927**	**3,998,839**	**439,620**	**10,360,634**
Carrying amount at 12/31/2021	**2,470,248**	**3,290,335**	**4,118,395**	**597,688**	**10,476,665**

Changes in 2020

AMOUNTS IN EUR PROPERTY, PLANT AND EQUIPMENT	LAND	BUILDINGS	OTHER PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION, AND ADVANCES	TOTAL
HISTORICAL COST					
Balance at 1/1/2020	**2,470,248**	**6,644,571**	**8,192,508**	**98,292**	**17,405,619**
Acquisitions	0	0	309,603	0	309,603
Other acquisitions	0	0	0	2,962,630	2,962,630
Write-downs	0	0	-249,698	0	-249,698
Disposals	0	0	-70,266	0	-70,266
Transfers within property plant and equipment	0	578,903	2,042,398	-2,621,302	0
Other transfers	0	0	71,874	0	71,874
Balance at 12/31/2020	**2,470,248**	**7,223,474**	**10,296,419**	**439,620**	**20,429,762**
IMPAIRMENT LOSSES					
Balance at 1/1/2020	**0**	**3,512,559**	**4,910,535**	**0**	**8,423,094**
Acquisitions through business combinations	0	0	212,459	0	212,459
Write-downs	0	0	-221,448	0	-221,448
Disposals	0	0	-81,206	0	-81,206
Transfers within property plant and equipment	0	0	112,965	0	112,965
Other transfers	0	0	-552	0	-552
Depreciation expense	0	258,987	1,363,918	0	1,622,905
Exchange rate differences	0	0	909	0	909
Balance at 12/31/2020	**0**	**3,771,546**	**6,297,580**	**0**	**10,069,126**
Carrying amount at 1/1/2020	**2,470,248**	**3,132,012**	**3,281,973**	**98,292**	**8,982,525**
Carrying amount at 12/31/2020	**2,470,248**	**3,451,927**	**3,998,839**	**439,620**	**10,360,634**

Note 2: **Right-of-use assets**

AMOUNTS IN EUR RIGHT-OF-USE ASSETS	12/31/2021	12/31/2020
Buildings	3,668,161	3,336,561
Other	184,015	0
Vehicles	0	41,160
Total right-of-use assets	**3,852,176**	**3,377,721**

The Group has business premises under lease in Ljubljana, Krško and Maribor, which it has capitalized in accordance with IFRS 16, as well as license under lease. The lease terms vary from 2 to 10 years.

Payments of the lessee's obligations under the lease of assets are not secured. The GEN-I Group applies the exemption provided for by the aforementioned standard to short-term leases and leases where the value of the underlying asset is less than EUR 10,000. Lease payments are contractually defined and fixed.

Changes in 2021

AMOUNTS IN EUR RIGHT-OF-USE ASSETS	BUILDINGS	VEHICLES	OTHER	TOTAL
HISTORICAL COST				
Balance at 1/1/2021	**5,034,368**	**881,252**	**0**	**5,915,620**
New acquisitions	1,680,668	0	194,839	1,875,507
Lease termination	-524,064	0	0	-524,064
Other transfers	0	-251,098	0	-251,098
Balance at 12/31/2021	**6,190,972**	**630,154**	**194,839**	**7,015,965**
IMPAIRMENT LOSSES				
Balance at 1/1/2021	**1,697,807**	**840,092**	**0**	**2,537,900**
Disposals	-242,172	-251,098	0	-493,270
Depreciation expense	1,067,176	41,160	10,824	1,119,159
Balance at 12/31/2021	**2,522,811**	**630,153**	**10,824**	**3,163,788**
Carrying amount 1/1/2021	**3,336,561**	**41,160**	**0**	**3,377,721**
Carrying amount at 12/31/2021	**3,668,161**	**0**	**184,015**	**3,852,176**

Changes in 2020

AMOUNTS IN EUR RIGHT-OF-USE ASSETS	BUILDINGS	VEHICLES	OTHER
HISTORICAL COST			
Balance at 12/31/2019	**4,518,498**	**824,788**	**5,343,286**
New acquisitions	603,061	0	603,061
Lease termination	-87,191	-64,068	-151,259
Other transfers	0	120,532	120,532
Balance at 12/31/2020	**5,034,368**	**881,252**	**5,915,620**
IMPAIRMENT LOSSES			
Balance at 1/1/2020	**763,094**	**708,746**	**1,471,840**
Disposals	-48,508	-64,068	-112,576
Other transfers	0	80,060	80,060
Depreciation expense	983,221	115,354	1,098,576
Balance at 12/31/2020	**1,697,807**	**840,092**	**2,537,900**
Carrying amount at 1/1/2020	**3,755,404**	**116,041**	**3,871,445**
Carrying amount at 12/31/2020	**3,336,561**	**41,160**	**3,377,721**

Note 3: **Intangible assets and goodwill**

AMOUNTS IN EUR INTANGIBLE ASSETS	31/12/2021	31/12/2020
Non-current deferred operating costs	16,808	17,741
Goodwill	339,894	339,894
Other intangible assets	2,327,753	2,091,991
Advances for intangible assets	2,655,031	1,972,878
Intangible assets in acquisition and development, and advances	5,485,536	4,036,649
Capitalized development costs	798,493	918,729
Total intangible assets	**11,623,515**	**9,377,882**

The Group's other intangible assets include property rights in the form of software and long-term licenses for trading on foreign markets.

Total investments in intangible assets in 2021 in the amount of EUR 3,084,744 comprise software for information support for shared services and trading, support for the sale of electricity to end-customers and server support.

The development of a trading system will facilitate a significant increase in volumes, while an increase in trading is planned with the help of the ETRM (energy trading and risk management) system. In the retail sector, MECOMS facilitates the high-quality charging of services to customers and, of course, ensures all of the data required for analytics. These are two key systems, for today and the future, that cover the core activity of the GEN-I Group in terms of digitalization.

The value of goodwill was unchanged in 2021. There were no indications of impairment of goodwill in 2021.

Changes in 2021

AMOUNTS IN EUR INTANGIBLE ASSETS	NON-CURRENT DEFERRED OPERATING COSTS	GOODWILL	OTHER INTANGIBLE ASSETS	INTANGIBLE ASSETS IN ACQUISITION AND DEVELOPMENT, AND ADVANCES	TOTAL
HISTORICAL COST					
Balance at 1/1/2021	**17,741**	**339,894**	**9,859,389**	**6,928,256**	**17,145,280**
Other acquisitions	0	0	7,441	3,077,303	3,084,744
Disposals	0	0	-29,936	0	-29,936
Transfers from/to available-for-sale assets	-933	0	0	0	-933
Transfers within intangible assets	0	0	1,066,499	-1,066,499	0
Exchange rate differences	0	0	-2,365	0	-2,365
Balance at 12/31/2021	**16,808**	**339,894**	**10,901,028**	**8,939,060**	**20,196,790**
IMPAIRMENT LOSSES					
Balance at 1/1/2021	**0**	**0**	**7,767,398**	**0**	**7,767,398**
Write-downs	0	0	0	0	0
Amortization expense	0	0	805,877	0	805,877
Balance at 12/31/2021	**0**	**0**	**8,573,275**	**0**	**8,573,275**
Carrying amount at 1/1/2021	**17,741**	**339,894**	**2,091,991**	**6,928,256**	**9,377,882**
Carrying amount at 12/31/2021	**16,808**	**339,894**	**2,327,753**	**8,939,060**	**11,623,515**

Changes in 2020

AMOUNTS IN EUR INTANGIBLE ASSETS	NON-CURRENT DEFERRED OPERATING COSTS	GOODWILL	OTHER INTANGIBLE ASSETS	INTANGIBLE ASSETS IN ACQUISITION AND DEVELOPMENT, AND ADVANCES	TOTAL
HISTORICAL COST					
Balance at 1/1/2020	**21,588**	**228,130**	**8,668,415**	**1,876,098**	**10,749,231**
Other acquisitions	0	111,764	12,013	5,959,960	6,083,737
Capitalized development costs	0	0	0	522,712	522,712
Disposals of business combinations	0	0	-244,806	0	-244,806
Transfers from/to available-for-sale assets	-3,847	0	0	0	-3,847
Transfers within intangible assets	0	0	1,430,514	-1,430,514	0
Exchange rate differences	0	0	-6,747	0	-6,747
Balance at 12/31/2020	**17,741**	**339,894**	**9,859,389**	**6,928,256**	**17,145,280**
IMPAIRMENT LOSSES					
BALANCE AT 1/1/2020	**0**	**0**	**7,171,807**	**0**	**7,171,807**
Write-downs	0	0	-553	0	-553
Amortization expense	0	0	596,345	0	596,345
Exchange rate differences	0	0	-201	0	-201
Balance at 12/31/2020	**0**	**0**	**7,767,398**	**0**	**7,767,398**
Carrying amount at 1/1/2020	**21,588**	**228,130**	**1,496,608**	**1,876,098**	**3,622,424**
Carrying amount at 12/31/2020	**17,741**	**339,894**	**2,091,991**	**6,928,256**	**9,377,882**

Note 4: **Investment property**

AMOUNTS IN EUR INVESTMENT PROPERTY	12/ 31/2021	12/ 31/2020
Investment property	1,775,176	1,841,279
Total investment property	**1,775,176**	**1,841,279**

In 2018, GEN-I Sofia acquired an additional investment property in Bulgaria as part of bankruptcy proceedings of a Bulgarian electricity supplier. The aforementioned company leases out that property. The carrying amount of investment property does not exceed its fair value. There was thus no need for impairment.

Note 5: **Investments in associates**

AMOUNTS IN EUR INVESTMENT PROPERTY	12/ 31/2021	12/ 31/2020
Shares and participating interests in associates	22,480,000	11,236,702
Total investments in associates	**22,480,000**	**11,236,702**

In 2021, the GEN-I Group repurchased a 25% participating interest from Gorenjska banka and now holds a 50% participating interest in GEN-EL naložbe, d.o.o., with its registered office at Vrbina 17 in Krško. That investment is temporary for the GEN-I Group until it is sold to an appropriate long-term private owner.

Note 6: **Financial assets**

AMOUNTS IN EUR FINANCIAL ASSETS	12/ 31/2021	12/ 31/2020
Financial assets	304,531	253,183
Total financial assets	**304,531**	**253,183**

The GEN Group's financial assets in the amount of EUR 304,531 comprise unit-linked life insurance policies in the amount of EUR 304,531.

Note 7: **Non-current operating receivables**

AMOUNTS IN EUR NON-CURRENT OPERATING RECEIVABLES	12/ 31/2021	12/ 31/2020
Non-current operating receivables	15,980,394	11,084,938
Total non-current operating receivables	**15,980,394**	**11,084,938**

Non-current operating receivables primarily comprise receivables from the sale of small solar power plants by the subsidiary GEN-I Sonce.

Note 8: **Inventories**

AMOUNTS IN EUR INVENTORIES	12/ 31/2021	12/ 31/2020
Material	3,256,172	2,087,286
Work in progress	1,642,609	326,514
Products and commercial goods	10,861,587	993,972
Total inventories	**15,760,368**	**3,407,772**

Inventories of material and work in progress relate to the manufacture of small solar power plants for the self-sufficient supply of electricity. In 2017, the subsidiary GEN-I Sonce entered the self-sufficient energy supply market, and offers Slovenian household customers and small businesses the construction of 'turnkey' micro solar power plants that facilitate energy independence.

In addition, the parent company made the decision in 2020 to store physical quantities of natural gas intended for resale. Natural gas is valued at the current market price less costs to sell on the day it is transferred to inventories.

The Group did not recognize any write-offs as an expense, nor did it reverse any write-offs as a reduction of inventory-related expenses in 2021.

The Group's inventories are not pledged as collateral for liabilities.

Note 9: **Trade and other receivables**

Information regarding the Group's exposure to credit and market risks, and impairment losses for trade receivables is presented in section 9.7.

AMOUNTS IN EUR TRADE AND OTHER RECEIVABLES	31/12/2021	31/12/2020
Trade receivables	121,609,000	61,998,203
Default interest receivable	207,530	235,444
Current portion of non-current operating receivables	14,309	10,521
Other receivables	31,083,658	24,805,008
Total trade and other receivables	**152,914,497**	**87,049,176**

Trade receivables amounted to EUR 121,609,000 (in 2020: EUR 61,998,203). That increase was the result of rising electricity prices.

Other receivables in the amount of EUR 31,083,658 (in 2020: EUR 24,805,008) are primarily the result of VAT and other receivables from state institutions, and third-party transactions.

Certain trade receivables on the wholesale electricity market in Southeast Europe are secured via specialized credit insurers.

Note 10: **Advances paid, contract assets and other assets**

AMOUNTS IN EUR ADVANCES PAID, CONTRACT ASSETS AND OTHER ASSETS	31/12/2021	31/12/2020
Advances paid and security deposits	11,117,983	4,179,108
Current deferred costs and expenses	10,022,024	5,149,127
Contract assets	67,217,795	46,999,162
Total advances paid, contract assets and other assets	**88,357,802**	**56,327,396**

Advances and security deposits paid by the Group in the amount of EUR 11,117,983 (in 2020: EUR 4,179,108) primarily comprises advances for the purchase of electricity and natural gas, and cross-border transfer capacities.

The majority of current deferred costs and expenses comprise deferred expenses for the purchase of electricity and natural gas in the amount of EUR 10,022,024 relating to the first quarter of 2022.

Current accrued revenues in the amount of EUR 67,217,795 mainly comprise accrued revenues from customers whose electricity and natural gas purchases for 2021 will be invoiced in 2022 in accordance with contractual provisions.

Note 11: **Current financial assets**

AMOUNTS IN EUR FINANCIAL ASSETS	31/12/2021	31/12/2020
Short-term deposits	39,901	39,186
Total financial assets	**39,901**	**39,186**

Short-term deposits were placed as collateral in favor of the Italian customs office.

Note 12: **Current derivatives**

AMOUNTS IN EUR CURRENT DERIVATIVES	31/12/2021	31/12/2020
Equity options	0	697,993
Options, swaps and other business-related derivatives	0	-249,222
Derivatives used as hedges against currency risks	-637,610	235,008
Firm commitments recognized for fair value hedging	-46,483,600	-2,219,891
Fair value of commodity contracts	50,226,823	20,275,293
Total current derivatives	**3,105,613**	**18,739,181**

The fair value of commodity contracts under IFRS 9 in the amount of EUR 50,226,823 relates to the following periods:

- the 2022 business year in the amount of EUR 49,686,273;
- the 2023 financial year in the negative amount of EUR 2,930,325; and
- the 2024 business year in the amount of EUR 3,470,875.

Firm commitments recognized for fair value hedges primarily comprise changes in the fair value of physical contracts for purchases and sales of electricity that are hedged using derivatives (standardized forward contracts) and relate to the 2023 business year in the negative amount of EUR 46,483,600.

Note 13: **Current tax assets**

AMOUNTS IN EUR CURRENT TAX ASSETS	31/12/2021	31/12/2020
Receivables for corporate income tax	507,889	163,330
Total current tax assets	**507,889**	**163,330**

Note 14: **Cash and cash equivalents**

AMOUNTS IN EUR CASH AND CASH EQUIVALENTS	12/31/2021	12/31/2020
Cash on account	142,121,254	57,599,571
Call deposits	3,940,426	9
Deposits with a maturity of up to 3 months	3,523,221	7,984,008
Cash on hand	741	1,032
Cash and cash equivalents	**149,585,642**	**65,584,621**

Note 15: **Equity and reserves**

Share capital in the amount of EUR 19,877,610 comprises the owners' cash contributions.

Reserves

AMOUNTS IN EUR RESERVES	12/31/2021	12/31/2020
Legal reserves	1,987,761	1,987,761
Fair value reserves	-331,741	-419,811
Translation reserve	-1,203,724	-996,924
Total	**452,296**	**571,026**

The Group's share capital was unchanged in 2021. Legal reserves amounted to EUR 1,987,761, representing 10% of share capital.

At the end of 2021, fair value reserves from actuarial calculations were negative in the amount of EUR 331,741.

Exchange rate differences arising from the translation of the financial statements of foreign subsidiaries are recognized in other comprehensive income as a foreign currency translation reserve.

Retained earnings

AMOUNTS IN EUR RETAINED EARNINGS	12/31/2021	12/31/2020
Net profit for the period	70,076,376	15,428,322
Retained earnings	80,821,846	69,393,524
Total	**150,898,222**	**84,821,846**

Total retained earnings, which amounted to EUR 69,393,524 at the end of the previous year, were increased by net profit in the amount of EUR 15,428,322, and reduced by dividend payments to the parent company's owners in the amount of EUR 4,000,000.

Note 16: **Financial liabilities**

AMOUNTS IN EUR NON-CURRENT FINANCIAL LIABILITIES	12/31/2021	12/31/2020
Bank loans	0	5,000,000
Loans and borrowings from others	0	0
Non-current liabilities for bonds	8,400,000	31,200,000
Total long-terms loans and borrowings	**8,400,000**	**36,200,000**

AMOUNTS IN EUR CURRENT FINANCIAL LIABILITIES	12/31/2021	12/31/2020
Bank loans	25,000,000	0
Loans and borrowings from others	0	129,147
Current interest payable	367,448	487,705
Other current financial liabilities	29,880,070	24,855,009
Current liabilities for bonds	20,000,000	0
Total short-term loans and borrowings	**75,247,518**	**25,471,861**

The Group discloses current and non-current financial liabilities from bonds. Long-term bonds in the amount of EUR 8,400,000 were issued by GEN-I Sonce, d.o.o in 2017, while short-term bonds in the amount of EUR 20,000,000 were issued by the parent company in 2018.

Other current financial liabilities in the amount of EUR 29,880,070 comprise commercial paper that matures in June 2022.

Loans and borrowings are initially recognized at fair value less acquisition costs. At the reporting date, they were measured at amortized cost less principal payments, taking into account acquisition costs, discounts and premiums.

Costs and maturity of financial liabilities

The Group's liabilities from bank loans amounted to EUR 25,000,000 at the reporting date and were solely short-term in nature. Loans and borrowings from Slovenian commercial banks are secured with bills of exchange. The Group issued bonds in 2017 and 2018 that mature in 2022 and 2024, respectively. Bonds were listed on the organized market of the Ljubljana Stock Exchange in 2018.

Loans and borrowings bear fixed interest rates ranging from 0.85% to 2.4%. Interest expenses for short-term and revolving loans from commercial banks and others, commercial paper, bonds, equity option contracts, finance leases and default interest amounted to EUR 1,604,838 during the 2021 business year (in 2020: EUR 1,606,489). The Group's current interest payable amounted to EUR 367,448 on the final day of the business year (in 2020: EUR 487,705).

Note 17: **Lease liabilities**

AMOUNTS IN EUR LEASE LIABILITIES	12/31/2021	12/31/2020
Non-current lease liabilities	2,609,471	2,422,458
Current lease liabilities	1,296,699	993,974
Total lease liabilities	**3,906,170**	**3,416,432**

The GEN-I Group's lease liabilities comprise liabilities based on contracts for assets under lease whose value was calculated in accordance with IFRS 16.

Changes in lease liabilities in 2021

Changes in non-current lease liabilities

AMOUNTS IN EUR CHANGES IN NON-CURRENT LEASE LIABILITIES	BUILDINGS	OTHER	TOTAL
Balance at 1/1/2021	**2,422,458**	**0**	**2,422,458**
Increases	1,574,550	194,840	1,769,390
Lease termination	-214,860	0	-214,860
Transfer to current portion	-1,293,013	-74,503	-1,367,516
Balance at 12/31/2021	**2,489,134**	**120,337**	**2,609,471**

Changes in current lease liabilities

AMOUNTS IN EUR CHANGES IN CURRENT LEASE LIABILITIES	BUILDINGS	OTHER	VEHICLES	TOTAL
Balance at 1/1/2021	**966,238**	**0**	**27,736**	**993,974**
Transfer from non-current portion	1,293,013	74,503	0	1,367,516
Interest	59,873	544	101	60,518
Lease termination	-70,012	0	0	-70,012
Lease payments	-1,016,350	-11,110	-27,837	-1,055,297
Balance at 12/31/2021	**1,232,762**	**63,937**	**0**	**1,296,699**

Changes in lease liabilities in 2020

Changes in non-current lease liabilities

AMOUNTS IN EUR CHANGES IN NON-CURRENT LEASE LIABILITIES	BUILDINGS	VEHICLES	TOTAL
Balance at 12/31/2019	**2,814,396**	**54,490**	**2,868,886**
Increases	601,568	0	601,568
Lease termination	-8,687	0	-8,687
Transfer to current portion	-984,819	-54,490	-1,039,309
Balance at 12/31/2020	**2,422,457**	**0**	**2,422,458**

Changes in current lease liabilities

AMOUNTS IN EUR CHANGES IN CURRENT LEASE LIABILITIES	BUILDINGS	VEHICLES	TOTAL
Balance at 12/31/2019	**968,475**	**69,947**	**1,038,422**
Transfer from non-current portion	984,819	54,490	1,039,309
Interest	70,285	2,974	73,259
Lease termination	-23,070	0	-23,070
Lease payments	-1,034,271	-99,675	-1,133,946
Balance at 12/31/2020	**966,238**	**27,736**	**993,974**

Note 18: **Non-current trade and other payables**

AMOUNTS IN EUR ITEMS	12/31/2021	12/31/2020
Non-current trade and other payables	0	45,782
Consortium fund assets	82,754	87,500
Total payables	**82,754**	**133,282**

Note 19: **Provisions**

AMOUNTS IN EUR PROVISIONS	PROVISIONS FOR SEVERANCE PAYMENTS AND LONG-SERVICE BONUSES 2021	PROVISIONS FOR SEVERANCE PAYMENTS AND LONG-SERVICE BONUSES 2020
Balance at 1/1	**1,600,885**	**966,425**
Creation of provisions	403,595	744,544
Use of provisions	-37,970	-11,356
Reversal of provisions	-159,422	-98,728
Balance at 12/31	**1,807,088**	**1,600,885**

The Group created provisions for long-service bonuses and for severance payments at retirement and in the event of employment termination based on the current value of its liabilities to employees. Additional provisions were created at the parent company in 2021 in the amount of EUR 358,606 and at GEN-I Sonce in the amount of EUR 44,989.

Provisions are created in the amount of estimated future severance payments and long-service bonuses, discounted at the end of the reporting period. A calculation is made for each employee, taking into account the costs of severance payments and the costs of all the expected long-service bonuses until retirement.

The calculation of provisions for post-employment and other non-current employee benefits is based on an actuarial calculation prepared by a certified actuary that applied the following financial assumptions (defined in nominal terms):

Rates of growth in average wages and amounts set out in relevant Slovenian regulation:

- The rates of growth in average wages in Slovenia for 2022 and 2023 set out in the autumn forecast of economic trends 2021 (IMAD) are taken into account. From 2024 on, average wages in Slovenia are expected to rise by 2.0% in line with inflation and by 1.0% in real terms. It is assumed that the amounts set out in the aforementioned regulation will not rise until 2023, while subsequent growth in those amounts is expected to be in line with inflation.

Rates of growth in wages at the Company:

- It is assumed that growth in basic gross wages and the variable component of wages will be in line with annual inflation.
- It is assumed that growth in wages at EGS will be in line with annual inflation, increased by 0.5% annually.
- Annual wage growth on account of advancement is taken into account in the amount of 0.5% of wages.
- A bonus for total years of service in the amount of 0.5% of basic wages is taken into account for every year of service completed.
- A discount rate of 0.5% was set for the calculation at December 31, 2021, based on the yields on high-quality (AA-rated) corporate bonds denominated in euros at December 31, 2021, taking into account the average weighted duration of the Company's debt (based on the calculated amount of debt prior to discounting) from the balance-sheet date until repayment according to an individual type of benefit (21.9 years).

Note 20: **Deferred revenues**

The Group recognized deferred revenues for subsidies received for electric vehicles.

AMOUNTS IN EUR ITEMS	12/31/2021	12/31/2020
Deferred government grants	229,028	197,053
Total deferred revenues	**229,028**	**197,053**

Note 21: **Deferred tax assets**

AMOUNTS IN EUR DEFERRED TAXES DEFERRED TAXES RELATING TO	2021	2020
Intangible and tangible fixed assets	176,500	178,388
Property, plant and equipment	11,953	11,663
Operating receivables	656,454	706,938
Provisions for severance payments and long-service bonuses	178,773	152,276
Deferred tax assets (liabilities)	**1,023,680**	**1,049,265**

The Group has created deferred tax assets for operating receivables, for provisions created for long-service bonuses and severance payments, and for differences in the amortization of intangible assets for reporting and tax purposes.

Deferred tax assets that effect operating results are recognized in the income statement.

Changes in temporary differences

AMOUNTS IN EUR CHANGES IN TEMPORARY DIFFERENCES IN THE PERIOD	1/ 1/2020	RECOGNI-ZED IN PROFIT OR LOSS	RECOGNI-ZED IN OTHER COMPRE-HENSIVE INCOME	12/31/2020	RECOGNI-ZED IN PROFIT OR LOSS	RECOGNI-ZED IN OTHER COMPRE-HENSIVE INCOME	12/31/2021
Intangible and tangible fixed assets	**173,412**	4,976	4,976	**178,388**	-1,888	-1,888	**176,500**
Property, plant and equipment	**7,317**	4,346	4,346	**11,663**	290	290	**11,953**
Operating receivables	**952,054**	-245,116	-245,116	**706,938**	-50,484	-50,484	**656,454**
Provisions for severance payments and long-service bonuses	**87,707**	64,569	64,569	**152,276**	26,497	26,497	**178,773**
Total	**1,220,490**	**-171,225**	**-171,225**	**1,049,265**	**-25,585**	**-25,585**	**1,023,680**

Deferred tax assets are calculated at a rate of 19%.

Note 22: **Current trade and other payables**

AMOUNTS IN EUR CURRENT TRADE AND OTHER PAYABLES	12/31/2021	12/31/2020
Trade payables	148,530,867	79,115,844
Current liabilities from third-party transactions	229,870	229,870
Current liabilities to employees	21,361,950	5,223,844
Current liabilities to others	6,451,005	4,682,697
Total current trade and other payables	**176,573,692**	**89,252,255**

Trade receivables amounted to EUR 148,503,867 (in 2020: EUR 79,115,844). That increase is the result of rising electricity prices.

Current liabilities to employees amounted to EUR 21,361,950 (in 2020: EUR 5,223,844) and comprise the December payroll, bonuses and other employment earnings. The increase in current liabilities to employees is the result of new hires and accrued bonuses on account of the extraordinary performance of the GEN-I Group in 2021.

Current liabilities to others in the amount of EUR 6,451,005 comprise liabilities for taxes and contributions for December salaries and other employment earnings payable by the employer, and liabilities for excise tax and CO_2 emissions.

Note 23: **Advances received, contract liabilities and other current liabilities**

AMOUNTS IN EUR ADVANCES RECEIVED, CONTRACT LIABILITIES AND OTHER CURRENT LIABILITIES	12/31/2021	12/31/2020
Current operating liabilities based on advances	**12,237,023**	**7,372,827**
Accrued costs and expenses	13,421,119	8,661,823
Deferred revenues	1,065,459	396,081
Accrued costs and deferred revenues	**14,486,578**	**9,057,904**
Total advances received, contract liabilities and other current liabilities	**26,723,601**	**16,430,731**

Current liabilities based on advances relate to advances received for electricity and natural gas sales to domestic and foreign entities.

Accrued costs and expenses in the amount of EUR 13,421,119 primarily relate to purchases of electricity and natural gas that were taken into account in the compilation of the financial statements based on contracts signed with business partners in 2021, but for which the Company had not received invoices by the time the annual report was prepared.

Note 24: **Current liabilities for corporate income tax**

AMOUNTS IN EUR LIABILITIES FOR CORPORATE INCOME TAX	12/31/2021	12/31/2020
Liabilities for corporate income tax	13,589,870	1,919,282
Total current liabilities for corporate income tax	**13,589,870**	**1,919,282**

Note 25: **Contingent liabilities and assets**

AMOUNTS IN EUR CONTINGENT LIABILITIES	12/31/2021	12/31/2020
Guarantees and sureties	136,414,606	121,956,502
Guarantees and sureties – domestic subsidiaries	4,689,962	11,926,242
Guarantees and sureties – foreign subsidiaries	46,743,067	29,534,750
Other contingent liabilities	79,260,199	60,225,324
Total contingent liabilities and assets	**267,107,834**	**223,642,817**

Contingent liabilities comprise liabilities from bank guarantees that were issued to various beneficiaries at the request of GEN-I, d.o.o. and its subsidiaries. They may include performance bonds, bid bonds and guarantees issued by banks for the timely payment of goods and services.

Other contingent liabilities relate to guarantees for timely payment and framework loans available from banks.

In addition to contingent liabilities, the Group recorded receivables from guarantees and sureties received, and other contingent receivables in the amount of EUR 92,318,410 (in 2020: EUR 65,863,190). These included guarantees for timely and reliable payment, and performance bonds.

Note 26: **Revenues**

AMOUNTS IN EUR REVENUES	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Revenue from the sale of goods and materials	3,263,670,711	2,049,143,472
Revenue from the sale of services	92,629,370	52,062,747
Rental income	22,556	19,378
Total	**3,356,322,637**	**2,101,225,597**

The Group's revenues from electricity and natural gas sales amounted to EUR 3,263,670,711 in 2021.

Revenues from the sale services mainly include sales of cross-border transfer capacities and revenues associated with the manufacture of small solar power plants.

AMOUNTS IN EUR REVENUE GENERATED IN SLOVENIA AND ABROAD	SLOVENIA	ABROAD	TOTAL
	GENERATED FROM 1/1 TO 12/31/2021		
Revenue from the sale of goods and materials	529,724,752	2,733,945,959	3,263,670,711
Revenue from the sale of services	28,094,960	64,534,410	92,629,370
Rental income	22,556	0	22,556
Total	**557,842,268**	**2,798,480,369**	**3,356,322,637**

The Group generated 83% of revenues on foreign markets and 17% of revenues on the domestic market in 2021.

AMOUNTS IN EUR REVENUE GENERATED IN SLOVENIA AND ABROAD	SLOVENIA	ABROAD	TOTAL
	GENERATED FROM 1/1 TO 12/31/2020		
Revenue from the sale of goods and materials	418,978,061	1,630,165,411	2,049,143,472
Revenue from the sale of services	19,469,683	32,593,064	52,062,747
Rental income	19,378	0	19,378
Total	**438,467,122**	**1,662,758,475**	**2,101,225,597**

The Group generated 79% of revenues on foreign markets and 21% of revenues on the domestic market in 2020.

AMOUNTS IN EUR OTHER RECURRING OPERATING REVENUES OR EXPENSES	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Fair value from commodity contracts	173,630,690	21,260,738
Fair value from financial contracts	-62,903,661	8,200,464
Ineffective portion of fair value hedging	146,168	-252,016
Fair value from currency contracts	-507,811	-1,766,340
Other recurring operating revenues/expenses	-4,050	947,219
Total other recurring operating revenues or expenses	**110,361,336**	**28,390,065**

Note 27: **Change in value of inventories**

AMOUNTS IN EUR ITEMS	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Change in value of inventories	1,316,095	-293,040

Note 28: **Cost of goods, materials and services**

AMOUNTS IN EUR ITEMS	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Historical cost of goods and material sold	3,308,888,153	2,055,559,519

The historical cost of goods sold includes the purchase price of electricity and natural gas, and associated costs, as well as the historical cost of goods sold for the construction of small solar power plants.

AMOUNTS IN EUR COST OF MATERIALS	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Energy costs	329,535	292,293
Materials and spare parts	163,045	173,626
Office supplies	241,177	288,809
Other costs of materials	48,752	64,882
Total cost of materials	**782,509**	**819,610**

AMOUNTS IN EUR COST OF SERVICES	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Cost of transportation and employees' business travels	166,100	137,692
Maintenance	1,387,767	1,705,131
Rents	1,239,036	655,290
Bank charges and other fees	2,538,944	2,302,741
Intellectual services	2,760,421	2,132,342
Sponsorship, advertising, promotions and public relations	1,391,640	1,313,328
Cost of IT services	136,959	205,298
Other services	6,656,411	6,330,734
Total cost of services	**16,277,278**	**14,782,557**

Other services primarily comprise telecommunications costs, and costs in connection with the trading infrastructure and the sale of electricity and natural gas.

The GEN-I Group's lease costs comprise the costs of short-term leases and low-value leases.

AMOUNTS IN EUR AUDITING SERVICES	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Audit of annual report	191,035	114,035
Other auditing services	8,587	3,225
Total auditing services	**199,622**	**117,260**

Note 29: **Labor costs**

AMOUNTS IN EUR LABOR COSTS	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Wages and salaries	38,464,893	20,654,218
Social security costs	6,405,568	3,317,361
Other labor costs	3,328,571	3,192,394
Deferred labor costs	0	-522,712
Total labor costs	**48,199,032**	**26,641,260**

In 2021, the GEN-I Group calculated labor costs in accordance with collective agreements for the electricity sector in countries where the parent company GEN-I, d.o.o. and its subsidiaries operate, the job classifications used by individual companies within the GEN-I Group, and individual employment contracts.

Labor costs comprise wages and salaries, including the variable component of remuneration linked to the performance of the Group, social security contributions, additional pension insurance and other labor costs.

The increase in labor costs is the result of new hires and accrued bonuses on account of the extraordinary performance of the GEN-I Group in 2021.

Other labor costs include allowances for transportation to and from work and meal allowances, annual leave pay, contributions for additional pension insurance, long-service bonuses, and fringe benefits.

Note 30: **Other operating revenues or expenses**

AMOUNTS IN EUR OTHER OPERATING REVENUES OR EXPENSES	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Revenue from the use and reversal of non-current provisions	0	48,698
Proceeds from the sale of property, plant and equipment and intangible assets	73,348	22,683
Write downs of operating liabilities and inventory surpluses	16,116	0
Other operating revenues	580,082	2,008,576
Revenue from subsidies, grants and compensation	555,867	612,146
Total other operating revenues	1,225,413	2,692,103
Taxes and levies	-459,534	-1,001,636
Losses on the sale of property, plant and equipment and intangible assets, and write-downs and impairments of fixed assets.	-2,534	-4,187
Donations	-65,536	-40,237
Other operating expenses	-1,573,702	-880,227
Derecognition of goodwill	-13,492	-207,770
Total other operating expenses	-2,114,798	-2,134,057
Total other operating revenues or expenses	**-889,385**	**558,046**

Other operating revenues primarily comprise revenues from the reversal of accrued expenses from the previous year, revenues from the sale of excess telephone services to employees and revenues from reminders.

Other operating expenses primarily comprise membership fees, compensation for damage, non-deductible expenses for tax purposes and taxes. They were up primarily on account of non-deductible expenses due to write-downs and the reversal of over-accrued revenues, and fines.

AMOUNTS IN EUR DONATIONS	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Humanitarian purposes	42,878	25,737
Charitable purposes	3,210	4,700
Educational and scientific purposes	9,060	1,000
Sports purposes	2,500	8,300
Cultural purposes	2,000	0
Religious and healthcare purposes	3,000	500
General donations	2,888	0
Total	**65,536**	**40,237**

Note 31: **Amortization and depreciation**

AMOUNTS IN EUR AMORTIZATION AND DEPRECIATION	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Amortization of intangible assets	805,877	596,345
Depreciation of investment property	66,103	66,104
Depreciation of property, plant and equipment	1,788,700	1,622,905
Depreciation of lease assets	1,119,159	1,098,576
Total amortization and depreciation	**3,779,839**	**3,383,930**

Impairment losses on trade receivables and contract assets

AMOUNTS IN EUR IMPAIRMENT LOSSES ON TRADE RECEIVABLES AND CONTRACT ASSETS	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Impairment losses, loss allowances and write-downs of trade receivables and contract assets	210,940	5,285,673
Total	**210,940**	**5,285,673**

The Group created additional impairments and expected credit losses in the total amount of EUR 123,440 in 2021 (in 2020: EUR 5,217,122), and wrote down receivables of EUR 87,500 (in 2020: EUR 65,550). The Group applied a higher expected default rate back at the end of 2020.

Note 32: **Loss from financing**

AMOUNTS IN EUR LOSS FROM FINANCING	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Dividend income from participating interests in subsidiaries	0	207
Interest income	300,728	422,757
Other financial income	77,051	186
Financial income	377,779	423,150
Interest expense	-1,604,838	-1,606,489
Net foreign exchange losses	-510,787	-2,368,783
Other financial costs	-67,823	-167,571
Financial costs	-2,183,448	-4,142,843
Loss from financing	**-1,805,669**	**-3,719,693**

The majority of financial income was accounted for by default interest, interest from deposits and interest from positive account balances.

Interest expenses included interest on commercial paper, bonds, loans received from banks and other institutions, equity options, finance leases, default interest and interest from negative account balances. Net foreign exchange losses as the result of fluctuations in the Turkish lira and Ukrainian hryvnia exchange rates account for a large portion of financial costs.

Note 33: **Income tax expense**

AMOUNTS IN EUR INCOME TAX EXPENSE	2021	2020
Current tax	17,496,526	4,663,245
Deferred tax	17,692	68,116
Total	**17,514,218**	**4,731,361**

Effective tax rate

AMOUNTS IN EUR	2021	2020
Gross profit before tax	**87,590,594**	**20,159,684**
Statutory tax rate	19%	19%
Income tax at statutory tax rate, prior to changes in tax base	16,642,213	3,830,340
Tax-exempt income	-5,354	-13,064
Non-deductible expenses	971,074	770,692
Tax relief	-261,874	-297,068
Non-deductible receivables for tax losses	-807	-808
Different tax rates	168,966	441,271
Effective tax rate	**20.00%**	**23.47%**
Current and deferred tax	17,514,218	4,731,361

Note 34: **Data on related parties**

Gross earnings

AMOUNTS IN EUR DATA REGARDING GROUPS OF PERSONS – SENIOR MANAGEMENT	2021	2020
Gross wages and salaries	707,817	752,354
Fringe benefits and other remuneration	641,252	697,611
Total	**1,349,069**	**1,449,965**

The data presented below represent disclosures according to IAS 24 Related Party Disclosures as the result of the financial consolidation of the GEN-I Group with the owner GEN energija d.o.o., taking into account the criteria of IFRS 10.

Related party transactions

All transactions that are deemed related party transactions based on financial consolidation by GEN energija d.o.o. as a company under 100% state ownership, taking into account the criteria of IAS 24, represent business relationships that are entered into under market conditions in the scope of everyday operations. Accordingly, we assess that more detailed disclosures are not required, despite the value of individual transactions, as the latter are immaterial, as regards quality, for disclosure in accordance with the requirements of IAS 24.

	2021	2020
REVENUES		
Associates	0	0
Parent companies	35,495,605	9,194,509
Other related companies	56,259	51,296
HISTORICAL COST OF GOODS SOLD		
Associates	0	0
Parent companies	197,289,269	168,152,781
Other related companies	385,895	320,149
COST OF SERVICES		
Associates	0	0
Parent companies	167,238	167,665
Other related companies	0	0
FINANCIAL INCOME FROM PARTICIPATING INTERESTS IN COMPANIES		
Associates	0	482,499
Parent companies	0	0
Other related companies	0	0
FINANCIAL COSTS FOR INTEREST		
Associates	0	0
Parent companies	0	98,667
Other related companies	0	0

	2021	2020
INVESTMENTS IN COMPANIES		
Associates	22,480,000	11,276,310
Parent companies	0	0
Other related companies	0	0
CURRENT OPERATING RECEIVABLES		
Associates	0	0
Parent companies	1,468,523	2,867,997
Other related companies	8,729	10,232
CURRENT FINANCIAL RECEIVABLES		
Associates	0	0
Parent companies	0	0
Other related companies	0	0
CURRENT OPERATING LIABILITIES		
Associates	0	0
Parent companies	28,116,453	18,266,634
Other related companies	34,895	44,530
CURRENT FINANCIAL LIABILITIES		
Associates	0	0
Parent companies	0	0
Other related companies	0	0
ACCRUED EXPENSES		
Associates	0	0
Parent companies	0	668,948
Other related companies	0	0

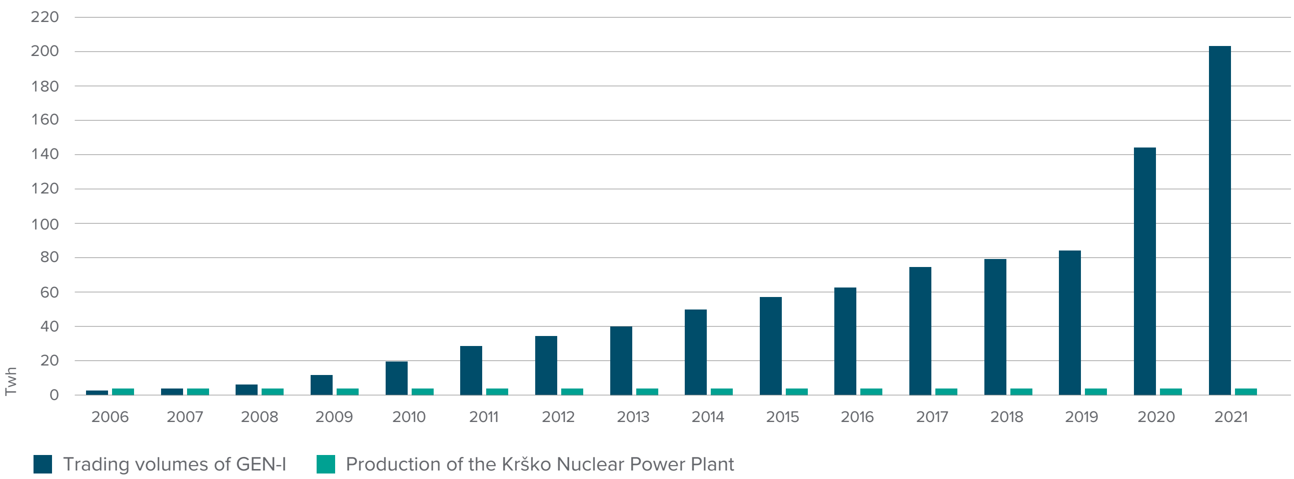
GEN-I, d.o.o. has a network of local subsidiaries for the optimal sale and purchase of energy products on the international markets. Revenues and expenses arise in relation to subsidiaries because we manage the single global portfolio centrally.

The majority of expenses in relation to a subsidiary arise from the execution of transactions under the umbrella agreement, while only a small portion of expenses arise from participation in public tenders for the sale of electricity issued by GEN energija.

GEN-I, d.o.o. concluded an umbrella agreement with GEN energija d.o.o. on the sale and purchase of electricity in accordance with GEN-I's Memorandum of Association. The purpose of that agreement is to ensure the efficient sale and trading of electricity, and to facilitate the more effective medium- and long-term price hedging of the GEN Group's production portfolio. Based on the aforementioned umbrella agreement, GEN-I uses its highly diversified trading infrastructure in accordance with market conditions to provide so-called market access services that allow GEN energija to trade electricity (sales and purchase) at prices tied to benchmark international energy markets. GEN energija is thus able to manage and hedge the GEN Group's production portfolio effectively.

The umbrella agreement is a service agreement by nature, under which GEN energija d.o.o. only pays GEN-I, d.o.o., as service provider, the amount of transaction costs. The latter only include external costs charged by trading platforms for the execution of transactions, and a portion of the costs that arise in connection with the availability of the trading and financial structure in Slovenia and outside its borders. Thus, in terms of the purchase of electricity from GEN energija d.o.o., trading conditions (high or low prices) do not impact the operating results of GEN-I, d.o.o. For this reason, the umbrella agreement has a neutral effect on GEN-I's operations.

In 2021, the GEN-I Group sold more than 200 TWh of electricity on the international markets, where purchases (at market prices set based on transparent liquid markets) from GEN energija d.o.o. accounted for slightly more than 2% of volumes sold by GEN-I.



9.7. Financial instruments – fair value and risk management

(A) DETERMINING FAIR VALUE

In accordance with the Group's accounting policies, the measurement of the fair value of both financial and non-financial assets and liabilities is necessary in several instances. The Group defined the fair values of individual groups of assets for measurement and accounting purposes based on the methods described below. Where additional clarifications regarding the assumptions used to determine fair value are necessary, they are given in the breakdown of the Group's individual assets or liabilities.

(i) Property, plant and equipment

The fair value of property, plant and equipment from business combinations is equal to their market value. The market value of property is equal to the estimated value for which property, having been appropriately advertised, could be exchanged on the valuation date between knowledgeable and willing parties in an arm's length transaction. The market value of plant, equipment and small inventory is based on the quoted market price of similar objects.

(ii) Intangible assets

The fair value of patents and trademarks acquired through business combinations is based on the discounted estimated future value of royalties whose payment will not be necessary thanks to the ownership of the patent or trademark. The fair value of customer relationships obtained through business combinations is determined based on a special multi-period excess earnings method, while the value of individual assets is determined after the fair return from all assets that contribute to the cash flow is deducted.

(iii) Operating and other receivables

The fair value of operating and other receivables is calculated as the present value of future cash flows, discounted using the market interest rate at the end of the reporting period.

(iv) Derivatives

The fair value of forward contracts is equal to their quoted market price at the end of the reporting period if the market price is available. If the market price is not available, fair value is determined as the difference between the contractual value of the forward contract and its current bid value, taking into account the remaining maturity of the transaction in question and using a risk-free interest rate (based on government bonds).

(v) Non-derivative financial liabilities

Fair value for reporting purposes is calculated based on the present value of future principal and interest payments, discounted at the market interest rate at the end of the reporting period. The market interest rate for finance leases is determined by comparing such leases with similar lease contracts.

Note 35: **Classification and fair value of financial instruments**

AMOUNTS IN EUR FAIR VALUE	12/31/2021		12/31/2020	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
ASSETS MEASURED AT FAIR VALUE				
Derivatives	3,105,613	3,105,613	18,739,181	18,739,181
Financial assets measured at fair value through profit or loss	0	0	0	0
Total	**3,105,613**	**3,105,613**	**18,739,181**	**18,739,181**
FINANCIAL ASSETS MEASURED AT AMORTIZED COST				
Non-current financial assets	304,531	304,531	253,183	253,183
Non-current operating receivables	15,980,394	15,980,394	11,084,938	11,084,938
Short-term deposits	39,901	39,901	39,186	39,186
Trade and other receivables	153,422,386	153,422,386	87,212,506	87,212,506
Cash and cash equivalents	149,585,642	149,585,642	65,584,621	65,584,621
Total	**319,332,854**	**319,332,854**	**164,174,433**	**164,174,433**
LIABILITIES MEASURED AT FAIR VALUE				
Derivatives	0	0	0	0
Total	**0**	**0**	**0**	**0**
LIABILITIES MEASURED AT AMORTIZED COST				
Unsecured bank loans	-25,000,000	-25,000,000	-5,000,000	-5,000,000
Other financial liabilities	-30,247,518	-30,247,518	-25,342,714	-25,342,714
Bonds	-28,400,000	-28,400,000	-31,200,000	-31,200,000
Loans and borrowings from others	0	0	-129,147	-129,147
Total	**-83,647,518**	**-83,647,518**	**-61,671,861**	**-61,671,861**

In 2021, the Group derecognized a derivative from a call option for a participating interest in GEN-EL in the amount of EUR 697,993 that was classified to Level 2 of the fair value hierarchy.

The value of the derivatives relates to financially and physically settled forward transactions, FOREX transactions and other derivatives connected with trading.

Financially and physically settled exchange transactions that do not meet own-use exemption conditions are valued based on the relevant quoted exchange prices. Settlement prices from the relevant exchanges for related products are used for valuation. FOREX transactions are valued based on the relevant FX rate (official middle exchange rate or forward exchange rate). Official middle exchange rates or forward exchange rates are used for valuation. Data regarding official middle exchange rates are obtained from the relevant central banks, while forward exchange rates are determined based on market data. These assets and liabilities are classified to Level 1 of the fair value hierarchy.

Other physically settled forward transactions that do not meet own-use exemption conditions are valued based on the relevant forward price curves. Cross-border transfer capacities are valued based on the relevant differences between forward price curves. These assets and liabilities are classified to Level 2 of the fair value hierarchy.

Financial assets at FVTPL comprise equity investments that are not quoted on an exchange and that the Group intends to hold for the long term. The Group uses historical cost as an appropriate estimate of the fair value of equity instruments that are not quoted on an exchange.

The fair value of other current assets and liabilities is roughly equal to their carrying amount. The fair value of non-current assets and liabilities is roughly equal to their amortized cost. These assets and liabilities are classified to Level 3 of the fair value hierarchy.

Fair value of assets

AMOUNTS IN EUR FAIR VALUE LEVELS	12/ 31/2021			
	LEVEL 1	LEVEL 2	LEVEL 3	**TOTAL**
ASSETS AT FAIR VALUE				
Derivatives	-26,483,041	29,588,654	0	**3,105,613**
Total assets measured at fair value	**-26,483,041**	**29,588,654**	**0**	**3,105,613**
ASSETS FOR WHICH FAIR VALUE IS DISCLOSED				
Non-current financial assets	0	0	304,531	**304,531**
Non-current operating receivables	0	0	15,980,394	**15,980,394**
Short-term deposits	0	0	39,901	**39,901**
Current operating receivables (excluding receivables from the state)	0	0	124,042,635	**124,042,635**
Cash and cash equivalents	0	0	149,585,642	**149,585,642**
Total assets for which fair value is disclosed	**0**	**0**	**289,953,103**	**289,953,103**
Total	**-26,483,041**	**29,588,654**	**289,953,103**	**293,058,716**

AMOUNTS IN EUR FAIR VALUE LEVELS	12/ 31/2020			
	LEVEL 1	LEVEL 2	LEVEL 3	**TOTAL**
ASSETS AT FAIR VALUE				
Derivatives	15,730,238	3,008,943	0	**18,739,181**
Total assets measured at fair value	**15,730,238**	**3,008,943**	**0**	**18,739,181**
ASSETS FOR WHICH FAIR VALUE IS DISCLOSED				
Non-current financial assets	0	0	253,183	**253,183**
Non-current operating receivables	0	0	11,084,662	**11,084,662**
Short-term deposits	0	0	39,186	**39,186**
Current operating receivables (excluding receivables from the state)	0	0	64,453,966	**64,453,966**
Cash and cash equivalents	0	0	65,584,621	**65,584,621**
Total assets for which fair value is disclosed	**0**	**0**	**141,415,617**	**141,415,617**
Total	**15,730,238**	**3,008,943**	**141,415,617**	**160,154,798**

Fair value of liabilities

AMOUNTS IN EUR FAIR VALUE LEVELS	12/ 31/2021			
	LEVEL 1	LEVEL 2	LEVEL 3	**TOTAL**
LIABILITIES MEASURED AT FAIR VALUE				
Derivatives	0	0	0	**0**
Total liabilities measured at fair value	**0**	**0**	**0**	**0**
LIABILITIES FOR WHICH FAIR VALUE IS DISCLOSED				
Non-current financial liabilities	0	0	8,400,000	**8,400,000**
Current financial liabilities	0	0	75,247,518	**75,247,518**
Non-current operating liabilities (excluding other liabilities)	0	0	82,754	**82,754**
Current operating liabilities (excluding liabilities to the state and employees, and liabilities from advances)	0	0	149,534,184	**149,534,184**
Total liabilities for which fair value is disclosed	**0**	**0**	**233,264,456**	**233,264,456**
Total	**0**	**0**	**233,264,456**	**233,264,456**

AMOUNTS IN EUR FAIR VALUE LEVELS	12/ 31/2020			
	LEVEL 1	LEVEL 2	LEVEL 3	**TOTAL**
LIABILITIES MEASURED AT FAIR VALUE				
Derivatives	0	0	0	**0**
Total liabilities measured at fair value	**0**	**0**	**0**	**0**
LIABILITIES FOR WHICH FAIR VALUE IS DISCLOSED				
Non-current financial liabilities	0	0	36,200,000	**36,200,000**
Current financial liabilities	0	0	25,471,861	**25,471,861**
Non-current operating liabilities (excluding other liabilities)	0	0	133,282	**133,282**
Current operating liabilities (excluding liabilities to the state and employees, and liabilities from advances)	0	0	79,827,131	**79,827,131**
Total liabilities for which fair value is disclosed	**0**	**0**	**141,632,274**	**141,632,274**
Total	**0**	**0**	**141,632,274**	**141,632,274**

(B) RISK MANAGEMENT FRAMEWORK

The Group's Management Board is fully responsible for the establishment and oversight of a risk management framework. The Management Board has established a risk management committee that is responsible for developing and monitoring the Group's risk management policies. That committee reports regularly to the Management Board on its activities.

The Group's risk management policies ensure the identification and analyses of the risks to which the Group is exposed, the definition of appropriate risk limits, the control and monitoring of risks, and compliance with limits. Risk management policies and systems are adapted regularly to reflect changes in market conditions and the Group's activities. Through its training and management standards and procedures, the Group strives to maintain a disciplined and constructive control environment in which all employees understand their roles and duties.

The Group is exposed to the following risks arising from financial instruments:

- credit risk,
- liquidity risk, and
- market risk (currency risk, interest-rate risk and commodity price risk).

Note 36: **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises primarily from trade receivables for electricity and natural gas, and small power plants.

(i) Trade receivables and contract assets

AMOUNTS IN EUR TRADE RECEIVABLES	CARRYING AMOUNT 2021	2020
Domestic customers	26,129,918	17,655,698
Euro area countries	15,887,373	10,815,712
Other European countries	23,150,814	14,881,454
Countries of the former Yugoslavia	34,336,770	8,362,036
Other regions	22,104,125	10,283,303
Total	**121,609,000**	**61,998,203**

AMOUNTS IN EUR RECEIVABLES	CARRYING AMOUNT 2021	2020
Wholesale customers	96,640,586	46,146,225
Retail customers	24,968,414	15,851,978
Total	**121,609,000**	**61,998,203**

The GEN-I Group has in place an active approach to managing credit risks and financial exposure to individual business partners that is based on the consistent application of internal bylaws and precisely defined procedures for identifying credit risks and assessing exposure to those risk, the setting of maximum risk exposure limits, and the constant monitoring of the Group's exposure to risks in its dealings with individual business partners. In accordance with the parent company's credit risk management rules, the Risk Management Department analyses the creditworthiness of each new trading partner and major customer that wishes to purchase electricity and natural gas, and assesses associated risks. This risk assessment serves as the basis for future business cooperation, and for defining credit lines to hedge risks and offering the appropriate payment and delivery conditions with respect to an individual contractual relationship. When monitoring credit risk and daily credit line exposure, the Group divides individual partners into groups according to their credit characteristics (whether the partner is a company or a group of companies, trading partner, end-customer or retail customer), geographical position, sector, age structure and maturity of receivables, past financial difficulties, and the assessed level of risk of a breach of contractual obligations. In order to minimize risks associated with business partners' inability to settle outstanding receivables, the Group pays particular attention to the use of the appropriate financial and legal instruments when concluding daily transactions to ensure that contractual obligations are settled. These instruments are incorporated into contractual relationships with business partners based on analyses of their creditworthiness and the relevant risk assessments.

Impairment losses on financial assets and contract assets recognized in profit or loss are presented below.

Age structure and changes in impairment losses on trade and other receivables

AMOUNTS IN EUR MATURITY OF RECEIVABLES	GROSS AMOUNT	IMPAIRMENT LOSSES	GROSS AMOUNT	IMPAIRMENT LOSSES
	12/31/2021		12/31/2020	
Not past due	138,287,271	5,171,557	86,469,089	4,775,062
Past due up to 90 days	7,448,009	455,914	5,871,945	1,238,727
Past due from 91 to 180 days	11,881,910	14,454	102,277	16,752
Past due from 181 to 365 days	-13,654	9,368	378,580	579,401
More than one year past due	11,283,013	10,320,759	10,437,669	9,600,442
Total	**168,886,549**	**15,972,052**	**103,259,560**	**16,210,384**

AMOUNTS IN EUR CHANGES IN IMPAIRMENT LOSSES	IMPAIRMENT LOSSES	
	2021	2020
Opening balance at 1/1	16,210,384	12,371,589
Creation of impairment losses	1,301,233	5,217,122
Reversal of impairment losses	-1,177,792	-1,320,090
Write-downs of receivables charged to impairment losses	-372,289	-68,550
Exchange rate differences	10,516	10,312
Closing balance at 12/31	**15,972,052**	**16,210,384**

The closing balance of impairment losses comprises ECLs and impairment losses on trade receivables and contracts assets in the amount of EUR 12,163,591 (in 2020: EUR 12,401,923), and impairment losses on other receivables and financial assets in the amount of EUR 3,808,461 (in 2020: EUR 3,808,461) that relate to impairment losses created by the subsidiary GEN-I Sofia.

Note 37: **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulties meeting its obligations associated with financial liabilities that are settled using cash or other financial means. The Group manages liquidity risk in order to ensure, to the greatest extent possible, that it will have sufficient liquidity to settle its liabilities when they are due, under both normal and stress conditions, without incurring unacceptable losses or damage to the Group's reputation.

Current year (2021)

AMOUNTS IN EUR FINANCIAL LIABILITIES	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	25,000,000	25,086,403	25,086,403	0	0	0	0
Issued bonds	28,400,000	29,024,466	23,292,337	0	2,888,005	2,844,124	0
Other liabilities	30,330,272	30,450,203	30,450,203	0	0	0	0
Lease liabilities	3,906,170	4,082,008	696,001	682,671	1,183,703	1,324,523	195,110
Trade and other payables	197,568,789	197,568,789	197,568,789	0	0	0	0
DERIVATIVE FINANCIAL LIABILITIES							
Other forward exchange contracts							
Outflow	0	0	0	0	0	0	0
Inflow	-3,105,613	-3,105,613	-3,105,613	0	0	0	0
Total	**282,099,618**	**283,106,256**	**273,988,120**	**682,671**	**4,071,708**	**4,168,647**	**195,110**

Previous year (2020)

AMOUNTS IN EUR FINANCIAL LIABILITIES	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	5,000,000	5,089,249	42,736	43,444	5,003,069	0	0
Issued bonds	31,200,000	32,480,477	3,456,011	0	23,292,337	5,732,129	0
Other liabilities	25,605,143	25,356,890	25,158,858	152,250	45,782	0	0
Lease liabilities	3,416,432	4,500,154	539,831	513,002	1,024,595	1,891,785	530,940
Trade and other payables	91,171,537	91,171,538	91,171,538	0	0	0	0
DERIVATIVE FINANCIAL LIABILITIES							
Other forward exchange contracts							
Outflow	0	0	0	0	0	0	0
Inflow	-18,739,181	-18,739,181	-18,739,181	0	0	0	0
Total	**137,653,931**	**139,859,126**	**101,629,793**	**708,696**	**29,365,783**	**7,623,914**	**530,940**

The liquidity of the entire Group is managed by the parent company, which carefully monitors and plans short-term solvency, and ensures it by coordinating and planning all cash flows within the Group. To that end, the Group takes into account, to the greatest extent possible, risks associated with possible late payments and poor payment discipline, which can hinder the planning of inflows and the Group's investment activities.

The Group also constantly monitors and optimizes short-term surpluses and shortages of monetary assets, both at the level of individual companies and at the Group level. A liquidity reserve in the form of credit lines approved by commercial banks, the diversification of financial liabilities, the constant adjustment of the maturities of receivables and liabilities, and the consistent collection of receivables are all factors that facilitate the Group's successful cash-flow management, which in turn ensures its purchasing power and mitigates risks associated with short-term solvency.

Thanks to the Group's active approach to financial markets, its good performance in the past and a stable cash flow from operating activities, liquidity risks are within acceptable parameters and entirely manageable.

The Group ensures its long-term solvency by preserving and increasing its share capital, and by maintaining an appropriate financial balance. The Group achieves this by continuously ensuring an appropriate balance-sheet structure with regard to the maturity of financial liabilities. As part of liquidity risk management activities, the Management Board intends to further strengthen the Group's long-term and short-term solvency in the coming year and include new subsidiaries in the liquidity monitoring system.

Note 38: **Currency risk**

Current year (2021)

AMOUNTS IN EUR RECEIVABLES AND LIABILITIES	EUR	USD	GBP	HRK	MKD	BAM
			12/ 31/2021			
Trade receivables	73,400,971	0	0	3,311,306	18,311,745	1,711,682
Unsecured bank loans	-25,000,000	0	0	0	0	0
Trade payables	-117,296,488	16,231	-31,488	-2,513,441	-839,083	-14,971,954
Gross on-balance-sheet exposure	**-68,895,517**	**16,231**	**-31,488**	**797,865**	**17,472,662**	**-13,260,272**
Estimated forecast sales	2,616,569,646	0	0	0	0	0
Estimated forecast purchases	2,526,449,210	0	0	0	0	0
Gross exposure	**5,143,018,856**	**0**	**0**	**0**	**0**	**0**
Net exposure	**5,074,123,339**	**16,231**	**-31,488**	**797,865**	**17,472,662**	**-13,260,272**

Previous year (2020)

AMOUNTS IN EUR RECEIVABLES AND LIABILITIES	EUR	USD	GBP	HRK	MKD	BAM
			31. 12. 2020			
Trade receivables	46,468,334	0	0	2,592,031	4,678,991	1,504,116
Unsecured bank loans	-5,000,000	0	0	0	0	0
Trade payables	-63,638,927	37,025	-23,468	-2,049,049	-362,308	-6,270,408
Gross on-balance-sheet exposure	**-22,170,594**	**37,025**	**-23,468**	**542,982**	**4,316,683**	**-4,766,292**
Estimated forecast sales	2,346,922,708	0	0	0	0	0
Estimated forecast purchases	2,272,864,926	0	0	0	0	0
Gross exposure	**4,619,787,634**	**0**	**0**	**0**	**0**	**0**
Net exposure	**4,597,617,041**	**37,025**	**-23,468**	**542,982**	**4,316,683**	**-4,766,292**

The GEN-I Group is actively involved in establishing a suitable infrastructure for foreign currency transactions and implementing other currency-hedging mechanisms, including forward contracts and currency clauses, particularly on foreign markets outside of the euro area.

The Group is primarily exposed to currency risks when performing its core activities of trading and selling electricity and natural gas, and cross-border transfer capacities, and also with regard to loans and participating interests in foreign subsidiaries. Given the scope of its operations, the GEN-I Group is most exposed to currency risks associated with the Croatian kuna (HRK), Macedonian denar (MKD), Romanian leu (RON) and Turkish lira (TRY).

The Group mitigates currency risks by linking the selling prices of goods to the currency used by the sources that finance the purchase of these goods. To a certain extent, currency risks between subsidiaries are 'naturally' hedged because a portion of expected inflows is covered by the expected outflows in the same currency. If necessary, the Group also uses derivatives and a number of forward currency contracts to hedge against these risks.

The Group consistently hedges all major positions in foreign currencies. On markets where it does not employ forward contracts for hedging, it uses a currency clause in contracts with partners and customers for that purpose. Consequently, changes in exchange rates do not have a material impact on the Group's results.

GEL	RSD	UAH	HUF	ALL	TRY	BGN	RON	CZK	PLN
31. 12. 2021									
0	11,373,840	1,059,424	0	0	26,193	38,880	12,374,959	0	0
0	0	0	0	0		0	0	0	0
-328	-500,715	0	-208,250	-1,360	-546,287	-12,184	-11,612,467	0	-13,052
-328	**10,873,125**	**1,059,424**	**-208,250**	**-1,360**	**-520,094**	**26,696**	**762,492**	**0**	**-13,052**
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
-328	**10,873,125**	**1,059,424**	**-208,250**	**-1,360**	**-520,094**	**26,696**	**762,492**	**0**	**13,052**

GEL	RSD	UAH	HUF	ALL	TRY	BGN	RON	CZK	PLN
31. 12. 2020									
0	384,768	10,191	0	0	61,295	112,994	6,185,483	0	0
0	0	0	0	0		0	0	0	0
-604	-350,190	-11,837	-106,324	-96	-238,038	-20,124	-6,081,401	-95	0
-604	**34,578**	**-1,646**	**-106,324**	**-96**	**-176,743**	**92,870**	**104,082**	**-95**	**0**
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
-604	**34,578**	**-1,646**	**-106,324**	**-96**	**-176,743**	**92,870**	**104,082**	**-95**	**0**

Note 39: **Interest-rate risk**

AMOUNTS IN EUR FINANCIAL INSTRUMENTS	CARRYING AMOUNT	
	12/ 31/2021	12/ 31/2020
FIXED-RATE INSTRUMENTS		
Financial assets	0	0
Financial liabilities	-78,280,070	-56,055,009
VARIABLE-RATE INSTRUMENTS		
Financial liabilities	-5,000,000	-5,129,147

The Group manages interest-rate risks by constantly assessing exposure and the possible effects of changing reference interest rates (the variable part) on costs from financing activities. The Group also monitors its loan portfolio, which could be affected by a change in the relevant interest rates. As part of its risk management activities, the Group monitors interest rate fluctuations on the domestic and foreign markets, and on the derivative markets. The purpose of continuous monitoring and analyses is to propose timely protective measures by balancing assets and liabilities in the statement of financial position.

Exposure to interest-rate risk is low, as only one loan, in the amount of EUR 5,000,000, bears a variable interest rate. A change in that interest rate of +/-100 basis points would result in an increase/decrease in net profit or loss by +/- EUR 50,000.

Note 40: **Risk of changes in commodity prices and hedge accounting**

The GEN-I Group's core activities include trading electricity and natural gas internationally, selling electricity and natural gas to end-customers, and purchasing the necessary quantities from producers for both activities.

The nature of its business activity requires the Group to carry out continuous hedging activities to mitigate market risk. Hedging activities are carried out by the parent company GEN-I, d.o.o. which is responsible for the centralized management of the Group's portfolio. The parent company has the necessary infrastructure in place to carry out hedging activities on commodity exchanges.

Hedging activities to mitigate market risk are carried out according to the policy and procedures defined by the Risk Management Department.

Commodity price risk arises from changes in prices due to the market structure, demand/supply, import/export fees, and changes in the price of cross border capacities. Specifically, this entails the risk of financial losses due changing prices on the energy markets. These market risks are managed using predefined strategies based on sensitivity analysis of portfolios, price elasticities of sales portfolios, CVaR indicators and quantitative exposure analysis, as well as depth and liquidity check of markets in all portfolios in the GEN-I Group.

A hedged item is a firm commitment. A firm commitment is a binding agreement regarding the exchange of a precisely defined quantity of resources at a precisely defined price on a precisely defined future date or dates. The Group's hedged items (commodities) comprise physical electricity and natural gas transactions.

A hedging instrument is a standardized forward contract. The Group is active on several commodity exchanges and uses standardized forward contracts for electricity, natural gas and other commodities as hedging instruments.

A hedge ratio is defined as the relationship between the quantity of the hedging instrument and the quantity of the hedged item, taking into account their relative weightings. In general, a hedged item and hedging instrument may relate to the same or a different commodity, and are executed at same or different times and on same or different markets. However, the hedge must be effective, meaning that there should be a strong correlation between the hedged item and hedging instrument. The hedged item and hedging instrument typically relate to the same commodity and have the same or a similar deadline for execution.

Sources of ineffectiveness that are expected to affect hedging relationships during their term are as follows:

- profile differences,
- location differences,
- timing differences,
- differences in quantities and nominal amounts,
- proxy hedging,
- early terminations, and
- credit risk.

To demonstrate the existence of an economic relationship, it must be expected that the value of the hedging instrument and the value of the hedged item will move in the opposite direction as a result of the common underlying or hedged risk. For the purpose of assessment, we typically use a qualitative test, i.e. an assessment of whether material terms match. When a hedge relationship is not obvious, we also use a quantitative test, i.e. a simple scenario analysis method, to assess the economic relationship.

Hedging instruments

AMOUNTS IN EUR PROFILE OF THE TIMING OF THE NOMINAL AMOUNT OF HEDGING INSTRUMENTS	NOMINAL AMOUNT		
	< 1 YEAR	1–5 YEARS	> 5 YEARS
Commodity price risk	0	95,545,408	0

AMOUNTS IN EUR HEDGING INSTRUMENT	NOMINAL AMOUNT OF HEDGING INSTRUMENT	CARRYING AMOUNT OF HEDGING INSTRUMENT		LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION WHERE HEDGING INSTRUMENT IS INCLUDED	CHANGES IN FAIR VALUE USED TO CALCULATE HEDGING INEFFECTIVENESS FOR 2021
		ASSETS	LIABILITIES		
Commodity price risk	95,545,408	n/a*	n/a*	n/a*	46,820,536

*A financial instrument is a standardized forward contract that is cash-settled daily.

Hedged item

AMOUNTS IN EUR HEDGED ITEM	CARRYING AMOUNT OF HEDGED ITEM		CUMULATIVE CHANGE IN FAIR VALUE OF FIRM COMMITMENT		LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION WHERE FIRM COMMITMENT IS INCLUDED	CHANGES IN FAIR VALUE USED TO CALCULATE HEDGING INEFFECTIVENESS FOR 2021
	ASSETS	LIABILITIES	ASSETS	LIABILITIES		
Commodity price risk	n/a*	n/a*		-46,483,600	Derivatives*	46,820,536

*A hedged item is an unrecognized firm commitment.

Hedge ineffectiveness

AMOUNTS IN EUR FAIR VALUE HEDGING	HEDGE INEFFECTIVENESS RECOGNIZED IN PROFIT OR LOSS	LINE ITEM IN STATEMENT OF COMPREHENSIVE INCOME THAT INCLUDES HEDGE INEFFECTIVENESS
Commodity price risk	344,959	Other recurring operating revenues or expenses

10. EVENTS AFTER THE REPORTING PERIOD

War in Ukraine

We assess that the GEN-I Group is directly exposed to the war and the resulting EU sanctions in the following areas:

- the supply of natural gas to end-customers. Comparatively speaking, the latter represents less than one-tenth of revenues from the supply of electricity to end-customers and approximately one percent of the GEN-I Group's total revenues. Another reason that direct exposure is low lies in the fact that most of GEN-I's natural gas purchases are made directly on exchanges; and
- participation on the Ukrainian wholesale electricity market. The GEN-I Group is not present on the Russian or Belarusian energy markets. It is, however, present in Ukraine via the subsidiary GEN-I Kiev. Exposure is assessed as low, as activities on the Ukrainian market generate less than one percent of the GEN-I Group's revenues. All activities on the Ukrainian market have been halted until further notice and refocused on nearby energy markets.

The direct threat to the GEN-I Group is low, according to analyses and taking into account implemented measures, and is assessed not to have a material impact on GEN-I's performance.

The GEN-I Group is also assessing its indirect exposure to the war, where risks derive primarily from the impact of the conflict on the energy crisis. In terms of the latter, the most significant risks derive from extremely volatile energy prices and the resulting pressure to ensure sufficient cash margins on energy exchanges. The GEN-I Group has a sound capital structure, generates a robust cash flow from operating activities and has a low level of debt. It is therefore prepared for any new undesirable effects of the current energy crisis. We also regularly study potential indirect risks that are the result of negative effects on business partners and customers. We have not identified increased credit risk or have appropriately minimized that risk with the necessary collateral.

The direct and indirect threats to the GEN-I Group are low, according to analyses and taking into account implemented measures, and are assessed not to have a material impact on GEN-I's performance. There is currently no information or signs to indicate that the achievement of the 2022 plan is not feasible.

The Group is aware of increased cyber risks in the current conditions, and is managing those risks appropriately in the scope of its comprehensive risk management system.

Appointment of GEN-I, d.o.o.'s Management Board

The five-year term of office of GEN-I's Management Board, comprising President of the Management Board Robert Golob, Ph.D., and members Igor Koprivnikar, Ph.D., MBA, Danijel Levičar, and Andrej Šajn, MSc, expired on November 18, 2021. Because the Company's owners did not reach consent on the appointment of the Management Board to a new five-year term of office when the previous term expired, GEN-I, d.o.o. and its owners, GEN energija d.o.o. and GEN-EL naložbe d.o.o., submitted proposals for the court appointment of a Management Board. On February 16, 2022, the District Court of Krško issued a decision under which the following persons were temporarily appointed members of the Management Board: Igor Koprivnikar, Ph.D., MBA as President of the Management Board, and Primož Stropnik, Dejan Paravan, Ph.D., and Andrej Šajn, MSc, as members. The court-appointed Management Board represents the Company in pairs based on the rules on joint representation. Following the waiving of appeals by all parties to the proceedings, the decision on the court appointment became final on March 18, 2022, when the Management Board assumed full powers to manage the Company's operations from that date until the appointment of a new Management Board in accordance with GEN-I's Memorandum of Association, for a maximum period of one year. During the period from the expiry of the term of office of the Management Board headed by Robert Golob, Ph.D., until the finalization of the decision on the court appointment of the Management Board headed by Igor Koprivnikar, Ph.D., MBA, GEN-I, d.o.o. conducted its business and signed documents according to the relevant powers, which enabled it to conduct its day-to-day operations without interruption.

11. STATEMENT BY THE MANAGEMENT BOARD

The Management Board hereby approves the financial statements of the GEN-I Group for the business year that ended on December 31, 2021, including the notes to the financial statements from page 100 of the financial report onwards.

The Management Board hereby certifies that all relevant accounting principles were consistently used in drafting the consolidated financial statements of the GEN-I Group. Accounting estimates were prepared according to the principles of prudence and due diligence. The Management Board also certifies that this annual report provides a true and fair picture of the assets of the GEN-I Group and its performance in 2021.

The consolidated financial statements and accompanying notes were prepared under the assumption of the GEN-I Group as a going concern and in line with the relevant legislation and International Financial Reporting Standards as adopted by the EU.

Primož Stropnik,
Member of the Management Board

Igor Koprivnikar, Ph.D., MBA,
President of the Management Board

Andrej Šajn, MSc,
Member of the Management Board

Dejan Paravan, Ph.D.,
Member of the Management Board

Krško, April 26, 2022

12. INDEPENDENT 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 Financial Statements

Opinion

We have audited the consolidated financial statements of the company GEN-I d.o.o. and its subsidiaries (hereinafter the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and consolidated 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 (ISAs) 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. Our responsibilities under those rules are further described in *the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the 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 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.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year ended 31 December 2021. These matters were addressed in the context of our audit of the 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 Hedge Accounting

As at 31 December 2021, the company discloses the fair value of EUR 3,105 thousand of derivative financial instruments, which are used primarily for the management and hedging of market and currency risks.

Key audit matter	How our audit addressed the key audit matter
As disclosed in Note 9.3 (c) (v) derivatives are measured at fair value, and changes in fair value are generally recognized in profit or 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 Section 9.7. 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. Derivative financial instruments are treated as a key audit matter due to the importance for the financial statements, the importance of assumptions in the calculation of fair value and the complexity of hedge accounting.	As part of our audit procedures, we assessed the adequacy of the Company's accounting policies relating to the recognition of derivative financial instruments and their compliance with IFRSs, and performed the following 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.

Deloitte.

Revenues from sales

As can be seen from the financial statements, revenues from contracts with customers amounted to EUR 3,263,671 thousand in the year ended 31 December 2021.

Revenues from the sale of services, which mainly include revenues from cross-border transmission capacities and other services related to trade in electricity and natural gas, amounted to EUR 92,629 thousand in the year ended 31 December 2021.

Key audit matter	How our audit addressed the key audit matter
As disclosed in Note 9.3 (L) (i) of the accounting policies, 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. 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 9.3 (L) (ii) of the accounting policies. 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 checked 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 checked 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 checked 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 contracts with customers are appropriate.

Emphasis of matter

We draw attention to *Note 10. Events after the reporting period* in the financial statements describing management's evaluation of the actual or potential impact of the effects of the military conflict between Ukraine and Russia on the entity. Our opinion is not modified in respect of this matter.

Deloitte.

Other information

Management is responsible for the other information. The other information comprises the information, included in Annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we express no assurance thereon.

In connection with our audit of the 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 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 are, in all material respects, consistent with the audited consolidated financial statements;
- other information are prepared in compliance with applicable law or regulation; and
- based on our knowledge and understanding of the Group and its 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements of the Group, management is responsible for assessing its 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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process and for approving audited annual report.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 auditing rules will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing rules, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal 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 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 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 organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

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)

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Appointment of the Auditor and the Period of Engagement

Deloitte revizija d.o.o. was appointed as the statutory auditor of the Company on General Shareholders' Meeting held on 17 June, 2019. Our total uninterrupted engagement has lasted 8 years.

Confirmation to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 26 April, 2022 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided. There are no services, in addition to the statutory audit, which we provided to the Company and its controlled undertakings, and which have not been disclosed in the Annual Report.

Engagement partner responsible for the audit on behalf of Deloitte revizija d.o.o. is Katarina Kadunc.

DELOITTE REVIZIJA d.o.o.

Katarina Kadunc
Certified auditor

For signature please refer to the original Slovenian version.

Deloitte.
DELOITTE REVIZIJA D.O.O.
Ljubljana, Slovenija 3

Ljubljana, 26 April, 2022

TRANSLATION ONLY, SLOVENE ORIGINAL PREVAILS

13. LIST OF DISCLOSURES

GEN-I COMPANY

FINANCIAL REPORT OF GEN-I, D.O.O.

14. SEPARATE FINANCIAL STATEMENTS OF GEN-I, D.O.O. FOR 2021

14.1. Separate statement of financial position of GEN-I, d.o.o.

AMOUNTS IN EUR ITEMS	NOTES	12/31/2021	12/31/2020
Property, plant and equipment	1	8,615,303	8,733,987
Right-of-use assets	2	3,839,942	3,050,252
Intangible assets	3	8,587,127	7,001,026
Participating interests in subsidiaries	4	15,314,311	15,314,311
Shares and participating interests in associates	5	22,551,310	11,276,310
Financial assets	6	304,531	253,183
Operating receivables	7	81,863	86,631
Deferred tax assets	21	338,354	323,940
Non-current assets		59,632,741	46,039,640
Inventories	8	10,861,587	993,972
Trade and other receivables	9	173,678,784	96,523,375
Advances paid, contract assets and other assets	10	65,083,341	37,320,528
Financial assets	11	22,760,633	13,138,713
Derivatives	12	7,576,892	18,675,386
Cash and cash equivalents	13	129,762,456	43,212,990
Current assets		409,723,693	209,864,964
Assets		469,356,434	255,904,604
Share capital	14	19,877,610	19,877,610
Legal reserves	14	1,987,761	1,987,761
Fair value reserves	14	-331,741	-419,811
Net profit for the period	14	73,508,964	14,660,230
Retained earnings	14	77,950,345	67,276,437
Equity		172,992,938	103,382,227
Financial liabilities	15	0	25,000,000
Lease liabilities	16	2,596,788	2,207,597
Trade and other payables	17	82,754	133,282
Provisions	18	1,703,724	1,532,127
Deferred revenues	19	144,887	126,875
Non-current liabilities		4,528,153	28,999,881
Financial liabilities	15	75,137,512	28,160,331
Lease liabilities	16	1,296,699	880,136
Trade and other payables	21	189,739,436	84,516,823
Advances received, contract liabilities and other liabilities	22	12,136,745	8,931,887
Liabilities for corporate income tax	23	13,524,951	1,033,319
Current liabilities		291,835,343	123,522,496
Liabilities		296,363,496	152,522,377
Total equity and liabilities		**469,356,434**	**255,904,604**

The notes are a constituent part of the financial statements and must be read in connection with them.

14.2. Separate income statement of GEN-I, d.o.o.

AMOUNTS IN EUR ITEMS	NOTES	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Revenues	25	3,432,865,483	2,111,350,627
Historical cost of goods sold	26	-3,400,144,147	-2,083,917,327
Other recurring operating revenues or expenses	25	114,896,410	28,686,670
Gross operating profit		147,617,746	56,119,970
Cost of materials	26	-629,724	-664,407
Cost of services	26	-12,135,399	-11,550,211
Labor costs	27	-43,476,323	-23,862,288
Deferred labor costs	27	0	522,712
Other operating revenues or expenses	28	-415,274	1,520,807
Earnings before interest, taxes, depreciation and amortization (EBITDA)		90,961,026	22,086,583
Amortization and depreciation	29	-3,322,091	-2,882,971
Impairment losses on trade receivables and contract assets	30	-1,312,867	-2,679,446
Operating profit or loss		86,326,068	16,524,166
Financial income	31	5,656,075	4,013,115
Financial costs	31	-2,193,703	-2,869,797
Profit from financing		3,462,372	1,143,318
Profit before tax		89,788,440	17,667,484
Taxes	32	-16,279,476	-3,007,254
Profit from continuing operations		**73,508,964**	**14,660,230**

The notes are a constituent part of the financial statements and must be read in connection with them.

14.3. Separate statement of other comprehensive income of GEN-I, d.o.o.

AMOUNTS IN EUR COMPREHENSIVE INCOME	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Net profit for the period	**73,508,964**	**14,660,230**
Items that are or may be classified to the income statement	**0**	**0**
Changes in fair value of cash flow hedges transferred to the income statement	0	0
Deferred tax from comprehensive income	0	0
Actuarial gains (losses) that will not be transferred subsequently to profit or loss	**101,747**	**-279,549**
Other comprehensive income for the period, net of tax	**101,747**	**-279,549**
Total comprehensive income for the period	**73,610,711**	**14,380,681**

The notes are a constituent part of the financial statements and must be read in connection with them.

14.4. Separate cash flow statement of GEN-I, d.o.o.

AMOUNTS IN EUR ITEMS	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Cash flows from operating activities		
Net profit for the period	89,788,440	17,667,484
Adjustments for		
Amortization and depreciation	3,322,091	2,882,971
Write-downs of property, plant and equipment	2,534	4,187
Impairment losses, loss allowances and write-offs of trade receivables and contract assets	1,312,867	2,679,446
Gains on the sale of property, plant and equipment, intangible assets and investment property	-72,807	-20,417
Other recurring operating revenues or expenses	-11,295,551	-28,936,231
Financial income	-5,656,075	-4,013,115
Financial costs	1,532,871	1,581,815
Operating profit before changes in net current assets and taxes	78,934,370	-8,153,860
Changes in net current assets and provisions		
Change in receivables	-89,920,496	22,577,192
Change in inventories	-11,855,559	245,482
Change in prepayments and other assets	-27,762,813	1,895,329
Change in operating liabilities	117,662,174	13,555,844
Change in advances received and other current liabilities	3,204,859	8,529,844
Change in provisions	171,597	608,892
Change in deferred revenues	18,012	28,867
Income tax paid	-3,586,165	-1,990,738
Net cash flow from operating activities	66,865,980	37,296,852
Cash flows from investing activities		
Interest received	258,047	142,837
Dividends received	5,394,982	3,870,384
Proceeds from the sale of property, plant and equipment and intangible assets	0	95,255
Proceeds from the sale of associates	0	11,275,000
Proceeds from the sale of other financial assets	0	2,776
Proceeds from settlement of derivatives	151,417,933	43,655,500
Proceeds from decrease in loans granted	23,628,282	12,994,000
Acquisitions of property, plant and equipment and intangible assets	-3,771,189	-6,378,417
Acquisitions of subsidiaries	0	0
Acquisitions of associates	-11,275,000	-11,275,000
Outflows for increase in loans granted	-33,285,782	-15,475,500
Outflows for settlement of derivatives	-128,899,528	-52,564,527
Net cash flow from investing activities	3,467,745	-13,657,692
Cash flows from financing activities		
Interest paid	-1,561,640	-1,573,834
Acquisitions of right-of-use assets	-54,965	-54,965
Repayment of long-term loans	-2,692	-7,201
Repayment of short-term loans	-519,538,849	-86,405,661
Proceeds from long-term loans received	0	0
Proceeds from short-term loans received	541,373,887	83,171,691
Dividends (shares) paid out	-4,000,000	-4,000,000
Net cash flow from financing activities	16,215,741	-8,869,970
Opening balance of cash and cash equivalents	**43,212,990**	**28,443,800**
Net increase in cash and cash equivalents	**86,549,466**	**14,769,190**
Closing balance of cash and cash equivalents	**129,762,456**	**43,212,990**

The notes are a constituent part of the financial statements and must be read in connection with them.

14.5. Separate statement of changes in equity of GEN-I, d.o.o.

2021

AMOUNTS IN EUR CHANGES IN EQUITY	SHARE CAPITAL	LEGAL RESERVES	FAIR VALUE RESERVES	NET PROFIT OR LOSS	RETAINED EARNINGS	TOTAL EQUITY
Balance at 12/31/2020	19,877,610	1,987,761	-419,811	14,660,230	67,276,437	103,382,227
Total comprehensive income for the period						
Net profit for the period	0	0	0	73,508,964	0	73,508,964
Other comprehensive income						
Changes in fair value of cash flow hedges transferred to the income statement	0	0	0	0	0	0
Actuarial gains (losses)	0	0	88,069	0	13,678	101,747
Total other comprehensive income	0	0	88,069	0	13,678	101,747
Total comprehensive income for the period	0	0	88,069	73,508,964	13,678	73,610,711
Transactions with owners recorded directly in equity						
Allocation of remaining portion of net profit to other equity components	**0**	**0**	**0**	**-14,660,230**	**14,660,230**	**0**
Dividends (shares) paid out	0	0	0	0	-4,000,000	-4,000,000
Balance at 12/31/2021	**19,877,610**	**1,987,761**	**-331,742**	**73,508,964**	**77,950,345**	**172,992,938**

The notes are a constituent part of the financial statements and must be read in connection with them.

2020

AMOUNTS IN EUR CHANGES IN EQUITY	SHARE CAPITAL	LEGAL RESERVES	FAIR VALUE RESERVES	NET PROFIT OR LOSS	RETAINED EARNINGS	TOTAL EQUITY
Balance at 12/31/2019	19,877,610	1,987,761	-140,262	15,527,599	55,714,273	92,966,981
Total comprehensive income for the period						
Net profit for the period	0	0	0	14,660,230	0	14,660,230
Other comprehensive income						
Changes in fair value of cash flow hedges transferred to the income statement	0	0	0	0	0	0
Actuarial gains (losses)	0	0	-279,550	0	0	-279,550
Total other comprehensive income	0	0	-279,550	0	0	-279,550
Total comprehensive income for the period	0	0	-279,550	14,660,230	0	14,380,680
Transactions with owners recorded directly in equity						
Allocation of remaining portion of net profit to other equity components	**0**	**0**	**0**	**-15,527,599**	**15,527,599**	**0**
Dividends (shares) paid out	0	0	0	0	-4,000,000	-4,000,000
Other reversals of equity components	0	0	0	0	34,565	34,565
Balance at 12/31/2020	**19,877,610**	**1,987,761**	**-419,811**	**14,660,230**	**67,276,437**	**103,382,227**

The notes are a constituent part of the financial statements and must be read in connection with them.

15. NOTES TO THE SEPARATE FINANCIAL STATEMENTS OF GEN-I, D.O.O. FOR 2021

15.1. Reporting entity

The reporting company GEN-I, trgovanje in prodaja električne energije, d.o.o. (hereinafter: the Company) is domiciled in Slovenia. Its registered office is at Vrbina 17, 8270 Krško, Slovenia.

The Company's core activities include the supply of electricity and natural gas to end-customers, the purchase of electricity from major producers and from producers who use renewable energy sources and high-efficiency cogeneration plants, the provision of advanced services to business partners, and electricity and natural gas trading.

The financial statements of GEN-I, d.o.o. were prepared for the business year that ended on December 31, 2021. GEN-I, d.o.o. is the parent company of the GEN-I Group, for which consolidated financial statements are compiled. The consolidated annual report in the broadest terms for the Group is compiled by the parent company GEN energija d.o.o., Vrbina 17, and is published on the website http://www.gen-energija.si/.

15.2. Basis for compilation

(A) STATEMENT OF COMPLIANCE

The financial statements were approved by the Company's Management Board on April 26, 2022.

These financial statements were compiled in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, the interpretations adopted by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU, and the provisions of the Companies Act (ZGD).

The financial statements were compiled in accordance with the assumption of a going concern.

(B) MEASUREMENT BASIS

The financial statements were compiled on a historical cost basis, except in the case of derivatives and financial instruments at fair value through profit or loss, where fair value was used.

(C) FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are compiled in euros, the Company's functional currency. All accounting data presented in euros are rounded to the nearest integer. Immaterial differences may arise in the totals presented in tables due to the rounding of data. The financial statements present comparative information for the previous period.

(D) USE OF ESTIMATES AND JUDGMENTS

When preparing these financial statements, the Company's senior management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, revenues and expenses in accordance with the IFRS. Actual results may vary from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Estimates and assumptions are mainly associated with:

- the estimated useful lives of amortizable assets (point 15.3F);
- asset impairment (point 15.3I);
- the identification of lease contracts, the definition of the lease term and the definition of the associated discount rate (point 15.3G);
- the measurement of ECL allowances for trade receivables and contract assets (point 15.3I);
- employee earnings (point 15.3K);
- provisions (point 15.3L);
- deferred tax assets (point 15.3P);
- contingent liabilities; and
- derivatives (point 15.3D (v)).

Actual undesirable events at the Company due to the COVID-19 epidemic were negligible. The Company achieved above-average operating results in 2021.

Verification of the assumption of a going concern

The going concern consumption serves as the basis for the compilation of the Company's financial statements. The Company functioned smoothly. There is thus no intention or need to reduce the scope of or suspend operations in the future. Because there is no risk to the organization as a going concern, the Company applies the provisions of all accounting standards to measure assets and liabilities. Items of property, plant and equipment and intangible assets are presented in the financial statement at their carrying amounts, as the Company will use those assets over their useful lives and has no intention to sell them.

Liquidity risk

The COVID-19 epidemic had no effect on the liquidity risk to which the Company is exposed. The Company manages its sources and investments in such a way that it is capable of settling its maturing liabilities at any given moment. The Company plans cash flows on a daily basis and thus implements a policy of regularly managing liquidity, which is approved by senior management. It also has measures in place to prevent and/or eliminate potential causes of illiquidity.

Lease concessions

There were no lease concessions at the Company due to the COVID-19 epidemic. There was thus no reason for the Company to implement amendments to IFRS 16.

Impairment of non-financial and financial assets

The Company verified the need for additional impairments of assets at the end of the 2021 business year. Additional impairments of receivables and contract assets were recognized relative to the previous year. We did not feel any major effects from the reduction in the collection of receivables, but certain customers did request the deferral of payments. We did not identify any material changes in risks. The reasons lie in the well-diversified portfolio of customers with sound credit ratings and, of course, in anti-corona legislation, which through measures to mitigate the consequences of the epidemic helped companies overcome financial challenges. Due to the latter, we believe that 2021 is unrepresentative in terms of defaults and that the real effect of the crisis on the dynamics of payments will not be felt until government aid is withdrawn.

Net realizable value of inventories

The Company carries inventories at fair value, which is equal to their market value on the balance-sheet date less costs to sell. The Company has no reason to impair inventories.

Maturity of liabilities due to failure to fulfil financial commitments set out in loan agreements

The Company regularly monitors the financial commitments set out in loan agreements. Failure to achieve agreed indicators on the balance-sheet date could result in changes to contractual provisions, such as a change in repayment or a change in interest rate. The COVID-19 epidemic did not prevent the Company from fulfilling its financial commitments in 2021. For this reason, no agreements were reached to amend or waive financial commitments, and there was no impact on the Company's financial position, effectiveness or cash flow.

Repayment of state aid and the recognition of revenues in connection with state aid

The Company did not take advantage of state aid. There is thus no risk in connection with the repayment of state aid.

15.3. SIGNIFICANT ACCOUNTING POLICIES

GEN-I, d.o.o. consistently applied the accounting policies described below to all periods presented in its financial statements.

(A) TRANSLATION OF FOREIGN CURRENCIES

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates valid on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate valid on the reporting date. Non-monetary assets and liabilities denominated in foreign currencies and measured at fair value are translated into the functional currency at the exchange rate valid on the day their fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate valid on the transaction date. Foreign currency differences are recognized in the income statement and disclosed in financial costs.

(B) INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are accounted for at historical cost in the financial statements. The Company recognizes financial income from investments in the amount that it receives from the allocation of a company's distributable profit that arose following the date the investment in question was acquired.

If an investment must be impaired due to internal or external signs of impairment, impairment losses are measured as the difference between the carrying amount of the investment and its recoverable amount. In accordance with IAS 36, the recoverable amount is the higher of value in use or fair value less costs of disposal. Value is assessed using the techniques set out in IAS 36 in connection with IFRS 13.

(C) INVESTMENTS IN ASSOCIATES

Investments in associates are recognized at historical cost. If an investment must be impaired due to internal or external signs of impairment, impairment losses are measured as the difference between the carrying amount of the investment and its recoverable amount. In accordance with IAS 36, the recoverable amount is the higher of value in use or fair value less costs of disposal. Value is assessed using the techniques set out in IAS 36 in connection with IFRS 13.

(D) FINANCIAL INSTRUMENTS

(i) Recognition and initial measurement

Trade receivables, loans and deposits are initially recognized on the day they arise. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets (except trade receivables without a significant financing component) and financial liabilities are initially measured at fair value, plus transaction costs that are directly attributable to their acquisition or issue for items not measured at FVTPL. Trade receivables without a significant financing component are initially measured at the transaction price.

(ii) Classification and subsequent measurement of financial assets (policy)

On initial recognition, financial instruments are classified to one of the following categories: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (hereinafter: FVOCI) – investments in debt securities, FVOCI – investments in equity instruments, or financial assets measured at fair value through profit or loss (hereinafter: FVTPL).

Financial assets are not reclassified following initial recognition, unless the Company changes its business model for managing financial assets. In this case, all financial investments affected by the change are reclassified on the first day of the first reporting period after the change.

A financial asset is measured at amortized cost if it is not designated as a financial asset at FVTPL and if the following two conditions are met:

- the financial asset is held under a business model aimed at the possession of financial assets for the purpose of receiving contractual cash flows, and
- in accordance with the contractual terms of a financial asset, cash flows occur on specified dates, which are solely the repayment of the principal and the interest on the outstanding principal amount.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This decision is taken individually for each investment.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see Note 15.6). On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements for measurement at amortized 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 (policy)

The Company makes an assessment of the objective of the business model in which a financial asset is held at the portfolio level, as this best reflects the way transactions are managed and information is provided to management. That information includes the following:

- defined policies and objectives of the portfolio and the implementation of these policies in practice, including whether the management strategy focuses on generating revenues from contractual interest, maintaining a specific interest rate profile, matching the duration of financial assets with the duration of related liabilities or expected cash outflows, or creating 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 in accordance with it) and the way in which these risks are managed;
- how business managers are remunerated, i.e. whether remuneration is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, value and time of sales of financial assets in previous periods, the reasons for the sale and the expectations for future sales activities.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not treated as sales for this purpose, and the Company continues to recognize them.

Financial assets that are held for trading or are managed and whose yield is assessed based on fair value are measured at FVTPL.

Financial assets – assessment whether contractual cash flows are solely payments of principal and interest (policy)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. Interest consists of compensation for the time value of money, credit risk associated with the outstanding principal amount in a given period, and for other basic and lending-related costs (e.g. liquidity risk and administrative costs) and profit margin.

In assessing whether the contractual cash flows exclusively repay the principal and interest, the Company complies with the contractual provisions of the instrument. This includes assessing whether the financial asset contains a contractual provision that could change the timing or amount of the contractual cash flows so as not to meet that condition. In making this assessment, the Company considers:

- contingent events that would change the amount and time of cash flows;
- provisions for which the contractual coupon interest rate may be changed, including elements of variable interest rates;
- advance payment and terms of the renewal; and
- provisions restricting the Company's cash flows from certain assets (i.e. the provision that a financial asset may only be repaid in the event of default by the assets it is secured with).

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 outstanding principal amount, which may include reasonable additional compensation for the early termination of a contract. Additionally, for a financial asset acquired at a discount or premium on its nominal contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the nominal contractual amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is deemed to meet this criterion if the fair value of the prepayment feature is negligible at initial recognition.

Financial assets – subsequent measurement, and gains and losses (policy)

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest of dividend income, are recognized in profit and loss. However, see point (v) in Note b) for derivatives designated as hedging instruments.

Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced for impairment losses. Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit of loss. Any gain or loss on derecognition is recognized in profit or loss.

Investments in debt securities measured at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. Gains and losses recognized in OCI are reclassified to profit or loss on derecognition.

Equity investments measured at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss, unless the dividend clearly represents a return on part of the cost of the investment. Other net gains and losses are recognized in OCI and are never transferred to profit or loss.

Financial liabilities – classification, subsequent measurement, and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at fair value if it is classified as held-for-trading, if it is a derivative or if it is designated as such on initial recognition. Financial liabilities measured at FVTPL are measured at fair value, and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

See point (v) in Note b) for financial liabilities designated as hedging instruments.

(iii) Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions in which it transfers assets recognized in its statement of financial position, but retains all or substantially all of the risks and rewards associated with a financial asset. In such cases, transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value based on those modified terms.

On derecognition of a financial liability, the difference between the carrying amount of an extinguished financial liability and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) Offsetting

Financial assets and liabilities are offset, and the net amount is disclosed in the statement of financial position if, and only if, the Company has the legally enforceable right to offset recognized amounts and intends to either settle the net amount or liquidate the asset and settle its liability.

(v) Derivatives and hedge accounting

The Company uses derivatives to hedge against market and currency risks.

The Company uses forward contracts and various financial trading instruments to hedge against market risks caused by electricity natural gas price fluctuations. It primarily uses forward currency contracts to hedge against currency risks.

The Company uses non-standardized forward contracts to hedge against market risks arising from electricity and natural gas prices and currency risks. These are agreements on the sale or purchase of an underlying instrument whose price is determined at the time of the agreement's execution, but with a future effective date. The prices of forward transactions are determined based on the underlying financial instrument. At the time of execution, the value of the contract equals zero because the strike price (the agreed settlement price) is equal to the forward price. Not taking into account the costs of supply, the value of a non-standardized forward contract at maturity is equal to the difference between the current price of an underlying instrument at maturity and the contractual forward price or the agreed settlement price. The forward price changes during the validity of the contract depending on changes in current market prices and the residual maturity of the forward contract.

Standardized forward contracts (futures) are binding agreements on the purchase or sale of a standardized quantity of well-defined standard quality instruments on a standardized day in the future (standard specification) at a price determined in the present. Standardized products are a prerequisite for exchange trading. The main advantage of standardized products is the minimization of transaction costs associated with trading. When such products are used, there is no need for buyers and sellers to define the contractual elements of each transaction; they only need to agree on the price of individual forward contracts. Transactions are concluded without the physical presence of goods. A standardized forward contract comes into effect only when registered with a clearing (settlement) house. This type of contract is transferable to enable exchange trading and its liquidity is determined by exchange trading volumes. Non-standardized forward contracts, on the other hand, are not liquid because the exchange of these contracts is almost impossible. When trading forward contracts, a security deposit must be placed with the clearing house for both sales and purchases. This deposit includes an initial margin and a variation margin.

Derivatives also include option contracts that the Company classifies on initial recognition to financial assets or financial liabilities at fair value through profit or loss. Fair value is defined as the price that would be received for the sale of the asset or paid for the transfer of the obligation in a regular transaction between market participants on the measurement date. If the transaction price is not equal to fair value at the measurement date, the difference is recognized in profit or loss.

Contracts to buy or sell a non-financial asset (such as a commodity) that can be settled net (either in cash or by exchanging financial instruments) are covered by IFRS 9 and are accounted for at fair value, unless they were entered into and continue to be held for the purpose of receiving or delivering the non-financial asset in question in accordance with the Company's expected purchase, sale or usage requirements – the so called 'own-use' exemption. (IFRS 9.2.4). Contracts covered by IFRS 9 are accounted for as derivatives and are marked to market through the income statement, unless management can and does opt to apply hedge accounting.

Contracts that result in the physical delivery of a commodity and for which the Company does not have a net settlement practice and that are not entered into for trading, speculative or hedging purposes are accounted for as a normal purchase or sales contract – i.e. an unrecognized executory contract. Contracts that result in the physical delivery of a commodity and for which the Company has a net settlement practice and that have other purposes than just the delivery or purchase of electricity or natural gas are accounted for as derivatives and are measured at fair value through profit and loss.

Derivatives are initially measured at fair value. Following initial recognition, derivatives are measured at fair value, and changes to fair value are generally recognized in profit or loss.

At least once a year, during the compilation of the annual financial statements, financial assets or financial liabilities at fair value through profit or loss are remeasured at fair value. Gains and losses as the result of changes in fair value are recognized in profit or loss.

Hedge accounting

The Company meets hedge accounting requirements in order to hedge against market risks associated with changes in electricity and natural gas prices in accordance with IFRS 9.

At the inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows from the hedged item and hedging instrument are expected to offset each other.

At the inception of the hedging relationship, and then on an ongoing basis, the Company assesses whether a hedging relationship meets hedge accounting requirements. That assessment relates to expectations and is therefore only forward-looking. To qualify for hedge accounting, a hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk is not predominant in changes in value that result from that economic relationship; and
- 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 entity actually uses to hedge the quantity of the hedged item.

At each reporting date, the Company measures hedge ineffectiveness, i.e. the extent to which changes in the fair value of the hedging instrument are greater or less than changes in the hedged item.

Ineffectiveness is measured as the difference between a change in the published price (exchange) with respect to the hedging instrument and hedged item. In accordance with the hedging policy of GEN-I, d.o.o., the ineffective portion is represented by a deviation between a change in the price of a hedged item and hedging instrument.

Fair value hedging

The Company calculates fair value hedges against the risk of fluctuating prices for standardized and non-standardized forward contracts by recognizing changes in the fair value of derivatives immediately in profit or loss. Gains or losses from hedged items that can be attributed to hedged risks must be adjusted to the book value of the hedged items and recognized in profit or loss. If an unrecognized firm commitment is defined as a hedge item, the subsequent cumulative change in the fair value of the firm commitment that can be attributed to a hedge is recognized as an asset or liability, with the relevant gain or loss recognized in profit or loss. The initial book value of an asset or liability arising from the fulfillment of a firm commitment by the Company is adjusted by including the cumulative change in the fair value of the commitment that can be attributed to a hedge previously recognized in the statement of financial position.

(E) SHARE CAPITAL

Share capital is the called-up capital contributed by shareholders. The Company's total equity comprises called-up capital, legal reserves, fair value reserves, the translation reserve and retained earnings.

(F) PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

Items of property, plant and equipment are disclosed at historical cost, less depreciation costs and impairment losses.

The historical cost includes the costs that can be directly attributed to the procurement of an individual asset. The costs of an internally produced asset comprise the costs of materials, direct costs of labor, other costs that can be directly attributed to enabling the use of the asset for its intended purpose, costs of disposal and removal, costs of restoring the location of an asset to its original state and capitalized borrowing costs. Any computer software that contributes significantly to an asset's functionality must be capitalized as part of that asset.

Components of items of property, plant and equipment that have different useful lives are accounted for as separate items.

(ii) Subsequent costs

Costs arising from the replacement of parts of fixed assets are recognized at the carrying amount of those assets if the future economic benefits associated with a part are likely to increase and if its historical cost can be measured reliably. All other costs (such as daily maintenance) are recognized as expenses in profit or loss immediately after they arise.

(iii) Spare parts

Spare parts and maintenance equipment of lower value with useful lives of up to one year are treated as inventory and recognized as costs in profit or loss. Spare parts and equipment of significant value with estimated useful lives exceeding one year are recognized as items of property, plant and equipment.

(iv) Depreciation

Depreciation is calculated using the straight-line method based on the useful life of each component of an item of property, plant and equipment. This is the most accurate method for predicting asset usage patterns. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

Estimated useful lives for the current and comparative period are as follows:

- buildings 33 years
- parts of buildings 16 years
- plant and equipment 2 to 5 years

Investments in fixed assets owned by third parties are depreciated for the duration of the lease period (1 to 10 years).

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted if necessary. Estimates of the useful lives of plant and equipment were not revised during the business year.

(G) RIGHT-OF-USE ASSETS

In accordance with IFRS 16, a lessee recognizes a right-of-use assets and a lease liability. A right-of-use asset is treated similarly to other non-financial assets and is thus depreciated accordingly. A lease liability is initially measured at the present value of lease payments over the lease term, discounted using the interest rate implicit in the lease, if that rate can be determined. If that rate cannot be determined, the lessee must apply the incremental borrowing rate. The lessor defines a lease as an operating or finance lease depending on the nature of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. Otherwise, it is classified as an operating lease. A lessor recognizes financial income over the term of a finance lease, based on a pattern reflecting a constant periodic rate of return on the net investment. A lessor recognizes operating lease payments as income on a straight-line basis or, if more representative of the pattern in which benefit from use of the underlying asset is diminished, another systematic basis.

The Company reviews and analyses previously concluded lease contracts with a term exceeding one year. Based on lease costs and lease terms, the Company estimates the value of right-of-use assets and lease liabilities, and recognizes them in the statement of financial position. The values of right-of-use assets and lease liabilities are estimated based on the discounting of future cash flows for the lease term. Cash flows are discounted using the interest rates that the Company achieves in the financing of long-term loans. Those rates range from 1.7% to 2.8%. Depreciation costs are calculated using depreciation rates estimated based on the remainder of the lease term.

The Company applies a uniform recognition and measurement model to all leases, except for short-term leases and leases with a value of less than EUR 10,000. The Company discloses lease payments in connection with short-term leases and low-value leases as a cost in the period to which the lease relates.

(H) INTANGIBLE ASSETS

(i) Capitalized development costs

Capitalized development costs arise as the result of the transfer of findings from research or expertise to a plan or project to produce new or significantly improved products or services, before the production or sale of those products or services begin.

The Company capitalizes development costs if they meet the following criteria:

- the technical feasibility of the completion of the project has been established, such that the project will be available for sale or use;
- the entity intends to complete the project, and use or sell it;
- the entity is capable of using or selling the project;
- economic benefits in connection with the project are likely, including the existence of a market for the effects of the project or for the project itself, or if the project will be used by the entity to its own benefit;
- technical, financial and other factors for the completion of development, and for the use or sale of the project are available; and
- the entity is capable of reliably measuring the costs that can be attributed to an intangible asset during the development thereof.

Capitalized development costs comprise the direct costs of labor and other costs that can be directly attributed to enabling assets for their intended use

The Company must estimate the useful life of a new product and allocate development costs accordingly over the same period to match the economic benefits that arise in connection with that product.

(ii) Other intangible assets

Other intangible assets with limited useful lives acquired by the Company are disclosed at historical cost, less amortization costs and accumulated impairment losses.

(iii) Subsequent costs

Subsequent costs associated with intangible assets are only capitalized if they increase future economic benefits arising from the asset to which the cost relates. All other costs are recognized as expenses in profit or loss immediately after they arise.

(iv) Amortization

Amortization is calculated based on an asset's historical cost or another amount that is used in its place.

Amortization is recognized in the income statement using the straight-line method and is based on the useful life of intangible assets (with the exception of goodwill), starting from the date the asset is available for use. This is the most accurate method for predicting the patterns of future economic benefits associated with the asset. The estimated useful life for the current and comparative year for software is 5 to 10 years.

Other intangible assets such as trading and selling licenses are amortized according to the validity of the issued license in question.

Amortization methods, useful lives and other values are reviewed at the end of each business year and adjusted if necessary.

(I) IMPAIRMENT OF ASSETS

(i) Non-derivative financial assets

Financial instruments and contract assets

The Company recognizes loss allowances for expected credit losses (hereinafter: ECL) for:

- financial assets measured at amortized cost, and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, i.e. ECLs that arise 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 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 Company in accordance with the relevant 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 ECLs on trade receivables and contract assets based on a loss allowance matrix.

Loss rates are calculated taking into account rates of transitions between credit rating categories based on the probability that a receivable will pass through successive phases from default to write-off. Rates of transitions between credit rating categories are calculated separately for exposures in various segments based on common credit risk characteristics, e.g. customer types (B2B or wholesale, B2C or retail and trading).

Exposure to credit risk is assessed based on the collateralization of receivables, and on data and information that point to the risk of loss (financial information regarding customers and their financial statements, information available in the media, previous business relations with customers, and forward-looking information).

ECLs are calculated for all trade receivables and contract assets up to 90 days past due based on the appropriate loss rates for different time intervals.

Impairment losses are recognized in the amount of 90% of the value of trade receivables and contract assets more than 90 days past due.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets disclosed at amortized 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 information regarding the following circumstances:

- significant financial difficulties of the borrower or issuer;
- breach of contract such as default or payment delays of more than 90 days;
- the restructuring of a loan or advance by the Company under conditions that the Company would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; and
- the disappearance of an active market for a security because of financial difficulties.

Disclosure of allowances for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of those assets.

Write-offs

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering that financial asset in its entirely or a portion thereof, i.e. in the event of a final court decision regarding completed bankruptcy proceedings, completed compulsory settlement or completed enforcement proceedings, and for financial assets where the Company expects no recovery. However, financial assets that are written off could still be subject to enforcement activities in accordance with the Company's procedures for recovering receivables.

(ii) Cash, cash equivalents and other financial assets
ECLs on other financial assets are measured based on 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 carrying amount of non-financial assets (except deferred tax assets) to determine if there are any indications of impairment. If there are such indications, the asset's recoverable value is assessed. Impairment of goodwill and intangible assets with an indefinite useful life not yet available for use is reviewed at each reporting date.

The recoverable amount of an asset or cash-generating unit is the higher of its value in use or fair value less selling costs. In determining an asset's value in use, estimated future cash flows are 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. In order to test them for impairment, assets are consolidated into the smallest asset groups that generate cash inflows.

The impairment of an asset or cash-generating unit is recognized whenever its carrying amount exceeds its recoverable value. Impairment is disclosed in the income statement.

With respect to other assets, the Company evaluates impairment losses from previous periods on the balance-sheet date to determine whether or not there has been a reduction in losses and whether or not losses still exist. The Company derecognizes impairment losses if the estimates that were used to determine the recoverable value of assets have changed. An impairment loss is derecognized to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined in the net amortized amount if no impairment loss had been recognized for the asset in previous years.

(J) INVENTORIES

Inventories of merchandise and materials are valued at the lower of historical cost and net realizable value. There is, however, an exception for the valuation of inventories for brokers and traders, where fair value less costs to sell represents a more appropriate valuation. Senior management assesses that the conditions for the aforementioned exemptions have been met.

The market price on the day a transfer is made to inventories represents fair value. Inventories are revalued to the current market value less costs to sell on the day the Company's statement of financial position is compiled. All differences (positive or negative) between the fair value calculated as such on the balance-sheet date and the carrying amount of inventories are recorded in the income statement.

(K) EMPLOYEE EARNINGS

Short-term employee benefits are disclosed in expenses when the related service is provided. A liability is recognized in 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 an employee and the obligation can be estimated reliably.

(L) PROVISIONS

Provisions are recognized if the Company has a present legal or constructive obligation as a result of a past event that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions for severance payments and long-service bonuses

Pursuant to the law, the collective agreement and internal rules, the Company is obliged to pay long-service bonuses and severance payments to employees, and has created non-current provisions for this purpose. The Company has no other pension-related obligations. Provisions are created in the amount of estimated future severance payments and long-service bonuses, discounted at the end of the reporting period.

The Company created non-current provisions in 2021 for long-service bonuses and severance payments at retirement as the present value of future payments required to settle liabilities arising from employees' service in the current and future periods, taking into account the costs of severance payments at retirement and the costs of all expected long-service bonuses until retirement. A discount rate of 0.9% was set for the calculation at 30 November 2021, based on the published yields on high-quality corporate bonds denominated in euros at 30 November 2021.

Labor costs and interest expenses are recognized in the income statement, while recalculated post-employment benefits and unrealized actuarial gains or losses from severance pay are recognized as an equity item in other comprehensive income.

(M) REVENUE

(i) Revenue from contracts with customers

The Company recognizes revenues from its core activities over time. With respect to contracts on the supply of electricity or natural gas, the seller transfers control over time, while the buyer receives and uses benefits deriving from the seller's performance obligation as the latter is satisfied. The seller thus fulfils its performance obligation and recognizes revenues over time by measuring its progress towards complete satisfaction of the performance obligation to supply electricity or natural gas according to the output method, i.e. according to charged amounts that are based on supplied quantities of electricity or natural gas. The same method is applied in sales of small solar power plants and services.

The Company generates by far the most revenues from trading, and a smaller (but significant) amount from the sale of electricity and natural gas to end-customers. The Company also generates revenues from certain other sources, which are negligible in the overall structure of revenue.

The Company recognizes revenues when it fulfils its performance obligation through the transfer of promised goods or services, i.e. when it supplies electricity or natural gas, or when a customer takes control of such assets. The Company takes into account contractual conditions when setting the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for the transfer of electricity and natural gas to a customer, except amounts collected on behalf of third parties. The consideration promised in a contract with a customer includes the fixed amounts of supplied quantities of electricity and natural gas, both in the area of trading and in supply to end customers.

For energy supplied to a customer during the current period that will be invoiced at the beginning of the next period, the Company recognizes a contract asset in the amount of the estimated value of supplied energy (electricity or natural gas). That amount is estimated based on concluded agreements and data regarding energy supplied to an individual customer.

Amounts that are charged on invoices to end-customers and that represent amounts collected on behalf of third parties are not recognized in revenues.

(ii) Revenues from services rendered

Revenues from services rendered are recognized in the income statement according to the stage of completion of individual transactions at the end of the reporting period. The stage of completion is assessed based on inspections of the work performed.

(iii) Commissions

If the Company acts as an intermediary in a transaction and not as the main party, the resulting net commission is disclosed as revenues.

(iv) Revenues from rents

Revenues from rents are recognized on a straight-line basis over the term of the lease.

(N) GOVERNMENT GRANTS

Government grants relating to assets are initially recognized as deferred revenues if there is reasonable assurance that the Company will receive a grant and comply with the conditions associated with that grant. They are subsequently recognized in profit or loss as other income on a systematic basis over the useful life of the asset.

Government grants that the Company receives to cover costs are systematically recognized in profit or loss in the period in which the costs arise.

The Company's policy for recognizing and measuring state aid in connection with additional measures to mitigate the consequences of the COVID-19 epidemic is to record the net effects, which means the reduction of labor costs.

(O) FINANCIAL INCOME AND FINANCIAL COSTS

Financial income includes dividend income from participating interests in subsidiaries and associates, interest income, net gains on financial assets measured at fair value through profit or loss and positive exchange rate differences. Interest income is recognized when it arises at a contractually agreed interest rate.

Dividend income is recognized in profit and loss on the date on which the Company's right to receive payment is established.

Financial costs include interest expense, net losses on financial assets measured at fair value through profit or loss and negative exchange rate differences. Interest expense is recognized in the income statement at a contractually agreed interest rate.

(P) INCOME TAX

Income tax includes current and deferred tax. Income tax is disclosed in the income statement, except where it relates to business combinations or items disclosed directly in equity, in which case it is disclosed in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable profit for the business year, applying the tax rates in force at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is disclosed by taking into account the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the relevant amounts for tax reporting purposes. Deferred tax is disclosed in the amount that is expected to be paid when temporary differences are reversed based on laws that are in force at the end of the reporting period.

The Company nets deferred tax assets and liabilities if it has a legally enforceable right to do so and if these assets and liabilities relate to income tax for the same tax authority and the same taxable unit, or if the tax relates to different taxable units that intend to pay or receive the resulting net amount or settle their liabilities and reverse the assets.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced by the amount of tax benefits that are not expected to be realized.

(R) SEGMENT REPORTING

An operating segment is a part of the Company that carries out business activities from which it generates revenues and incurs costs that relate to transactions with other Group companies.

Because the financial report comprises the financial statements and accompanying notes of both the Group and the Company, only the Group's operating segments are disclosed.

(S) INITIAL APPLICATION OF NEW AMENDMENTS TO EXISTING STANDARDS THAT ARE IN FORCE DURING THE CURRENT REPORTING PERIOD

The following amendments to existing standards and new interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective in the current accounting period:

- **Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases –** Interest Rate Benchmark Reform – Phase 2, as adopted by the EU on January 13, 2021 (apply to annual periods beginning on or after January 1, 2021);

- **Amendments to IFRS 16 Leases –** COVID-19-Related Rent Concessions beyond June 30, 2021, adopted by the EU on August 30, 2021 (effective April 1, 2021 for business years beginning on or after January 1, 2021); and

- **Amendments to IFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9,** as adopted by the EU on December 16, 2020 (the expiry date for the temporary exemption was extended from January 1, 2021 to annual periods beginning on or after January 1, 2023).

The adoption of these amendments to existing standards did not lead to any significant changes in the Company's financial statements.

(T)) NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS ISSUED BY THE IASB AND ADOPTED BY THE EU BUT NOT YET EFFECTIVE

On the day these financial statements were approved, the following new standards had been issued by the IASB and adopted by the EU but were not yet effective:

- **Amendments to IAS 16 Property, Plant and Equipment –** Proceeds Before Intended Use, as adopted by the EU on June 28, 2021 (apply to annual periods beginning on or after January 1, 2022);

- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts —** Cost of Fulfilling a Contract, as adopted by the EU on June 28, 2021 (apply to annual periods beginning on or after January 1, 2022);

- **Amendments to IFRS 3 Business Combinations –** Reference to the Conceptual Framework with amendments to IFRS 3, as adopted by the EU on June 28, 2021 (apply to annual periods beginning on or after January 1, 2022);

- **IFRS 17 Insurance Contracts,** including amendments to IFRS 17, as adopted by the EU on November 19, 2021 (applies to annual periods beginning on or after January 1, 2023); and

- **Amendments to various standards (Improvements to IFRS, 2018–2020 cycle)** proceeding from the project of annual improvements to the IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41), primarily to eliminate discrepancies and to provide interpretations, as adopted by the EU on June 28, 2021 (the amendments to IFRS 1, IFRS 9 and IAS 41 apply to annual periods beginning on or after January 1, 2022. The amendment to IFRS 16 relates solely to an illustrative example. The date of application is thus not stated).

(U) NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS ISSUED BY THE IASB BUT NOT YET ADOPTED BY THE EU

The IFRS as adopted by the EU do not currently differ significantly from the regulations adopted by the IASB, with the exception of the following new standards and amendments to existing standards, which at April 26, 2021 had not yet been adopted by the EU (the dates of application stated below apply to the IFRS as issued by the IASB):

- **IFRS 14 Regulatory Deferral Accounts** (applies to annual periods beginning on or after January 1, 2016). The European Commission opted not to begin procedures to adopt this interim standard, but will wait for the issue of the final version;

- **Amendment to IAS 1 Presentation of Financial Statements –** Classification of Liabilities as Current or Non-current (applies to annual periods beginning on or after January 1, 2023);

- **Amendment to IAS 1 Presentation of Financial Statements –** Disclosure of Accounting Policies (applies to annual periods beginning on or after January 1, 2023);

- **Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors –** Definition of accounting estimates (apply to annual periods beginning on or after January 1, 2023); and

- **Amendments to IAS 12 Income Taxes –** Deferred Tax related to Assets and Liabilities arising from a Single Transaction (apply to annual periods beginning on or after January 1, 2023);

- **Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures –** Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and Subsequent Amendments (date of application postponed indefinitely until the completion of a research project in connection with the equity method);

- **IFRS 17 Insurance Contracts –** Initial Application of IFRS 17 and IFRS 9 — Comparative Information (applies to annual periods beginning on or after January 1, 2023).

The Company does not expect the introduction of these new standards and amendments to existing standards to have a significant impact on its financial statements during initial application.

Hedge accounting in connection with the portfolio of financial assets and liabilities is not yet regulated, as the EU has not adopted the relevant principles.

The Company assesses that the application of hedge accounting in connection with financial assets and liabilities under IAS 39 Financial Instruments: Recognition and Measurement would not have had a significant impact on its financial statements if it had been applied on the balance-sheet date because it applies IFRS 9 for hedge accounting.

15.4. Cash flow statement

The Company compiles the cash flow statement according to the indirect method.

15.5. Notes to the financial statements

Note 1: **Property, plant and equipment**

AMOUNTS IN EUR PROPERTY, PLANT AND EQUIPMENT	12/ 31/2021	12/ 31/2020
Land	2,445,049	2,445,049
Buildings	2,726,471	2,839,180
Other plant and equipment	2,880,713	3,019,564
Property, plant and equipment under construction, and advances	563,070	430,193
Total property, plant and equipment	**8,615,303**	**8,733,987**

The buildings and associated land in Kromberk and Brdo account for the majority of property, plant and equipment. Vehicles, computer equipment, furniture and other equipment account for the majority of other plant and equipment.

Total investments in property, plant and equipment in 2021 amounted to EUR 1,376,038, and relate to computer equipment, the renovation of business premises, the purchase of vehicles, furniture and other equipment, and investments in fixed assets owned by third parties. Property, plant and equipment are not pledged as collateral.

Changes in 2021

AMOUNTS IN EUR PROPERTY, PLANT AND EQUIPMENT	LAND	BUILDINGS	OTHER PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION, AND ADVANCES	TOTAL
HISTORICAL COST					
Balance at 1/1/2021	**2,445,049**	**5,145,565**	**7,890,671**	**430,193**	**15,911,478**
Other acquisitions	0	0	0	1,376,038	1,376,038
Write-downs	0	0	-31,606	0	-31,606
Disposals	0	0	-307,972	0	-307,972
Transfers within property plant and equipment	0	99,809	1,143,352	-1,243,161	0
Other transfers	0	0	0	0	0
Balance at 12/31/2021	**2,445,049**	**5,245,374**	**8,694,445**	**563,070**	**16,947,938**
IMPAIRMENT LOSSES					
Balance at 1/1/2020	**0**	**2,306,385**	**4,871,107**	**0**	**7,177,492**
Write-downs	0	0	-31,606	0	-31,606
Disposals	0	0	-294,879	0	-294,879
Depreciation expense	0	212,519	1,269,109	0	1,481,628
Balance at 12/31/2021	**0**	**2,518,904**	**5,813,731**	**0**	**8,332,635**
Carrying amount at 1/1/2021	**2,445,049**	**2,839,180**	**3,019,564**	**430,193**	**8,733,986**
Carrying amount at 12/31/2021	**2,445,049**	**2,726,471**	**2,880,713**	**563,070**	**8,615,303**

Changes in 2020

AMOUNTS IN EUR PROPERTY, PLANT AND EQUIPMENT	LAND	BUILDINGS	OTHER PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION, AND ADVANCES	TOTAL
HISTORICAL COST					
Balance at 1/1/2020	**2,445,049**	**4,590,428**	**6,463,294**	**98,292**	**13,597,063**
Other acquisitions	0	0	0	2,391,336	2,391,336
Write-downs	0	0	-224,003	0	-224,003
Disposals	0	0	-45,943	0	-45,943
Transfers within property plant and equipment	0	555,137	1,697,322	-2,059,435	193,025
Other transfers	0	0	0	0	0
Balance at 12/31/2020	**2,445,049**	**5,145,565**	**7,890,671**	**430,193**	**15,911,478**
IMPAIRMENT LOSSES					
Balance at 1/1/2020	**0**	**2,097,837**	**3,762,765**	**0**	**5,860,602**
Write-downs	0	0	-220,760	0	-220,760
Disposals	0	0	-31,188	0	-31,188
Depreciation expense	0	208,547	1,167,265	0	1,375,812
Balance at 12/31/2020	**0**	**2,306,385**	**4,871,107**	**0**	**7,177,491**
Carrying amount at 1/1/2020	**2,445,049**	**2,492,591**	**2,700,529**	**98,292**	**7,736,461**
Carrying amount at 12/31/2020	**2,445,049**	**2,839,180**	**3,019,564**	**430,193**	**8,733,987**

Note 2: **Right-of-use assets**

Changes in 2021

AMOUNTS IN EUR RIGHT-OF-USE ASSETS	BUILDINGS	OTHER	VEHICLES	TOTAL
HISTORICAL COST				
Balance at 1/1/2021	**4,510,304**	**0**	**760,720**	**5,271,024**
New acquisitions	1,656,200	194,839	0	1,851,039
Disposals	0	0	-251,097	-251,097
Lease termination	0	0	0	0
Balance at 12/31/2021	**6,166,504**	**194,839**	**509,623**	**6,870,966**
IMPAIRMENT LOSSES				
Balance at 1/1/2021	**1,490,872**	**0**	**729,899**	**2,220,772**
Depreciation expense	1,019,705	10,824	30,821	1,061,349
Disposals	0	0	-251,097	-251,097
Lease termination	0	0	0	0
Balance at 12/31/2021	**2,510,577**	**10,824**	**509,623**	**3,031,024**
Carrying amount 1/1/2021	**3,019,432**	**0**	**30,821**	**3,050,253**
Carrying amount at 12/31/2021	**3,655,927**	**184,015**	**0**	**3,839,942**

Changes in 2020

AMOUNTS IN EUR RIGHT-OF-USE ASSETS	BUILDINGS	VEHICLES	TOTAL
HISTORICAL COST			
Balance at 1/1/2020	**3,949,350**	**824,788**	**4,774,138**
New acquisitions	595,058	0	595,058
Disposals	0	-64,068	-64,068
Lease termination	-34,104	0	-34,104
Balance at 12/31/2020	**4,510,304**	**760,720**	**5,271,024**
IMPAIRMENT LOSSES			
Balance at 1/1/2020	**635,175**	**708,745**	**1,343,920**
Depreciation expense	875,450	85,222	960,672
Disposals	0	-64,068	-64,068
Lease termination	-19,753	0	-19,753
Balance at 12/31/2020	**1,490,872**	**729,899**	**2,220,772**
Carrying amount at 1/1/2020	**3,314,175**	**116,043**	**3,430,217**
Carrying amount at 12/31/2020	**3,019,432**	**30,821**	**3,050,252**

The Company has business premises under lease in Ljubljana, Krško and Maribor, which it has capitalized in accordance with IFRS 16. The lease terms vary from 2 to 10 years.

Payments of the lessee's obligations under the lease of assets are not secured. The Company applies the exemption provided for by the aforementioned standard to short-term leases and leases where the value of the underlying asset is less than EUR 10,000. Lease payments are contractually defined and fixed.

Note 3: **Intangible assets**

AMOUNTS IN EUR INTANGIBLE ASSETS	12/ 31/2021	12/ 31/2020
Other intangible assets	2,303,098	2,045,648
Intangible assets in acquisition and development, and advances	5,485,536	4,036,649
Capitalized development costs	798,493	918,729
Total intangible assets	**8,587,127**	**7,001,026**

The Company's other intangible assets primarily comprises property rights in the form of software in the amount of EUR 2,282,166.

Total investments in intangible assets in 2021 in the amount of EUR 2,395,151 comprise software for information support for shared services and trading, support for the sale of electricity to end-customers and server support.

The development of a trading system will facilitate a significant increase in the volume of trading, which is planned on the ETRM (energy trading and risk management) system. In the retail sector, MECOMS facilitates the high-quality charging of services to customers and, of course, ensures all of the data required for analytics. These are two key systems, for today and the future, that cover the core activity of GEN-I, d.o.o. in terms of digitalization.

Changes in 2021

AMOUNTS IN EUR INTANGIBLE ASSETS	OTHER INTANGIBLE ASSETS	INTANGIBLE ASSETS IN ACQUISITION AND DEVELOPMENT, AND ADVANCES	TOTAL
HISTORICAL COST			
Balance at 1/1/2021	**8,690,901**	**4,955,378**	**13,646,279**
Other acquisitions	0	2,395,150	2,395,150
Capitalized development costs	0	0	0
Write-downs	-29,935	0	-29,935
Transfers within intangible assets	1,066,499	-1,066,499	0
Other transfers	0	0	0
Balance at 12/31/2021	**9,727,465**	**6,284,029**	**16,011,494**
IMPAIRMENT LOSSES			
Balance at 1/1/2021	**6,645,253**	**0**	**6,645,253**
Write-downs	0	0	0
Depreciation expense	779,114	0	779,114
Balance at 12/31/2021	**7,424,367**	**0**	**7,424,367**
Carrying amount at 1/1/2021	**2,045,648**	**4,955,378**	**7,001,026**
Carrying amount at 12/31/2021	**2,303,098**	**6,284,029**	**8,587,127**

Changes in 2020

AMOUNTS IN EUR INTANGIBLE ASSETS	OTHER INTANGIBLE ASSETS	INTANGIBLE ASSETS IN ACQUISITION AND DEVELOPMENT, AND ADVANCES	TOTAL
HISTORICAL COST			
Balance at 1/1/2020	**7,505,194**	**1,631,845**	**9,137,038**
Other acquisitions	0	3,987,081	3,987,082
Capitalized development costs	0	522,712	522,712
Write-downs	-553	0	-553
Transfers within intangible assets	1,186,260	-1,186,260	0
Other transfers	0	0	0
Balance at 12/31/2020	**8,690,901**	**4,955,378**	**13,646,279**
IMPAIRMENT LOSSES			
Balance at 1/1/2020	**6,099,319**	**0**	**6,099,319**
Write-downs	-553	0	-553
Depreciation expense	546,487	0	546,487
Balance at 12/31/2020	**6,645,253**	**0**	**6,645,253**
Carrying amount at 1/1/2020	**1,405,874**	**4,955,378**	**3,037,719**
Carrying amount at 12/31/2020	**2,045,648**	**4,955,378**	**7,001,026**

Note 4: **Participating interests in subsidiaries**

GROUP COMPANIES	% OF OWNERSHIP		CARRYING AMOUNT OF INVESTMENT		EQUITY OF SUBSIDIARY		SHARE CAPITAL OF MAJORITY SHAREHOLDER	
	31/12/ 2021	31/12/ 2020	31/12/ 2021	31/12/ 2020	31/12/ 2021	31/12/ 2020	31/12/ 2021	31/12/ 2020
GEN-I Athens SMLLC	100.00%	100.00%	600,000	600,000	1,077,452	1,266,157	600,000	600,000
GEN-I, d.o.o. Beograd	100.00%	100.00%	150,000	150,000	1,045,902	858,793	655,166	654,051
GEN-I Sonce, d.o.o.	100.00%	100.00%	1,000,000	1,000,000	4,963,681	3,115,937	1,000,000	1,000,000
GEN-I Istanbul Ltd.	99.00%	99.00%	844,566	844,566	541,382	766,307	131,290	219,464
GEN-I Energia S.r.l.	100.00%	100.00%	380,000	380,000	527,031	307,118	100,000	100,000
GEN-I Prodažba na energija DOOEL Skopje	100.00%	100.00%	39,951	39,951	471,855	603,858	9,947	9,922
GEN-I, d.o.o., Sarajevo	100.00%	100.00%	512,847	512,847	653,304	836,601	511,292	511,292
GEN-I Sofia SpLLC	100.00%	100.00%	100,830	100,830	-2,883,166	-3,358,231	100,005	100,004
GEN-I Tirana Sh.p.k.	100.00%	100.00%	46,452	46,452	524,219	837,022	50,153	48,720
GEN-I Vienna GmbH	100.00%	100.00%	50,000	50,000	812,929	987,391	50,000	50,000
GEN-I Hrvatska d.o.o.	100.00%	100.00%	991,692	991,692	1,197,567	1,454,368	997,924	993,128
GEN-I Kiev LLC	100.00%	100.00%	248,224	248,224	843,445	469,495	236,302	210,015
GEN-I Tbilisi LLC	100.00%	100.00%	50,000	50,000	23,881	27,312	35,923	31,121
Elektro energija, d.o.o.	100.00%	100.00%	10,149,750	10,149,750	10,014,641	11,316,240	3,000,000	3,000,000
GEN-I Sonce DOOEL Skopje	100.00%	100.00%	100,000	100,000	9,654	69,642	99,960	99,699
GEN-I ESCO d.o.o.	100.00%	100.00%	50,000	50,000	-3,608	21,129	50,000	50,000
Total			**15,314,311**	**15,314,311**	**19,820,169**	**19,579,139**	**7,627,962**	**7,677,416**

GEN-I Sofia SpLLC discloses negative capital. However, in assessing the value of its investment in the aforementioned subsidiary, GEN-I, d.o.o. decided not to impair its investment because that company has assets, land and real estate that it can use to repay all liabilities. The carrying amount of the investment disclosed by GEN-I, d.o.o. is immaterial.

The value of investments in subsidiaries was unchanged. Investments in subsidiaries amounted to EUR 15,314,311 at December 31, 2021.

Note 5: **Investments in associates**

AMOUNTS IN EUR INVESTMENTS IN ASSOCIATES	12/ 31/2021	12/ 31/2020
Shares and participating interests in associates	22,551,310	11,276,310
Total investments in associates	**22,551,310**	**11,276,310**

In 2021, GEN-I, d.o.o. repurchased a 25% participating interest from Gorenjska banka and now holds a 50% participating interest in GEN-EL naložbe, d.o.o., with its registered office at Vrbina 17 in Krško. That investment is temporary for GEN-I, d.o.o. until it is sold to an appropriate long-term private owner.

ASSETS OF SUBSIDIARY		LIABILITIES OF SUBSIDIARY		REVENUE OF SUBSIDIARY		NET PROFIT OR LOSS OF SUBSIDIARY		NUMBER OF EMPLOYEES AT SUBSIDIARY	
31/12/ 2021	31/12/ 2020	31/12/ 2021	31/12/ 2020	31/12/ 2021	31/12/ 2020	31/12/ 2021	31/12/ 2020	31/12/ 2021	31/12/ 2020
12,382,681	8,396,031	11,305,229	7,129,874	129,546,551	71,257,690	361,717	579,408	2	2
37,994,769	14,279,839	36,948,867	13,421,046	402,931,699	175,775,352	390,166	515,966	4	4
27,542,596	20,670,730	22,578,915	17,554,793	18,594,291	12,456,723	1,846,380	1,589,962	79	52
3,843,539	3,943,675	3,302,158	3,177,367	19,958,872	28,206,675	336,592	355,559	3	3
971,784	2,240,869	444,754	1,933,752	0	745,116	229,554	15,785	0	0
36,780,428	12,120,708	36,308,573	11,516,850	194,499,335	73,664,147	362,875	495,701	5	2
35,069,953	14,375,648	34,416,649	13,539,047	220,585,936	89,896,664	142,012	325,309	1	1
3,982,365	2,214,143	6,865,531	5,572,374	9,136,752	41,222	475,518	-205,777	2	2
19,634,108	9,780,777	19,109,889	8,943,755	57,488,443	22,653,069	323,923	711,930	2	2
10,088,901	5,544,018	9,275,972	4,556,627	29,263,789	13,043,516	53,968	228,431	1	1
35,490,593	19,380,810	34,293,025	17,926,441	225,028,298	91,936,825	199,303	462,068	16	12
3,384,518	2,308,792	2,541,073	1,839,296	11,956,268	20,931,223	302,039	-202,143	2	2
24,209	27,916	328	604	0	0	-7,031	2,283	0	0
20,631,208	23,146,642	10,616,566	11,830,402	48,073,536	48,114,112	467,603	1,769,201	0	1
2,813,326	2,088,106	2,803,672	2,018,463	0	0	-60,085	-28,445	0	0
828,706	679,479	832,314	658,350	56,022	42,496	-24,718	-20,572	0	0
251,463,684	**141,198,183**	**231,643,515**	**121,619,041**	**1,367,119,792**	**648,764,830**	**5,399,816**	**6,594,666**	**117**	**84**

Note 6: **Financial assets**

AMOUNTS IN EUR FINANCIAL ASSETS	12/ 31/2021	12/ 31/2020
Financial assets	304,531	253,183
Total financial assets	**304,531**	**253,183**

The Company's financial assets in the amount of EUR 304,531 comprise unit-linked life insurance policies.

Note 7: **Non-current operating receivables**

AMOUNTS IN EUR NON-CURRENT OPERATING RECEIVABLES	12/ 31/2021	12/ 31/2020
Non-current operating receivables	81,863	86,631
Total non-current operating receivables	**81,863**	**86,631**

Note 8: **Inventories**

AMOUNTS IN EUR INVENTORIES	12/ 31/2021	12/ 31/2020
Inventories	10,861,587	993,972
Total inventories	**10,861,587**	**993,972**

The Company made the decision in 2020 to store physical quantities of natural gas intended for resale. Natural gas is valued at the current market price less costs to sell on the day it is transferred to inventories. The Company's inventories are not pledged as collateral for liabilities.

Note 9: **Trade and other receivables**

AMOUNTS IN EUR TRADE AND OTHER RECEIVABLES	12/ 31/2021	12/ 31/2020
Trade receivables – subsidiaries	89,879,488	45,516,544
Trade receivables – other	60,797,435	36,422,335
Trade receivables	**150,676,923**	**81,938,879**
Default interest receivable	24,163	21,117
Other receivables	22,977,697	14,563,379
Total operating receivables	**173,678,784**	**96,523,375**

Other receivables in the amount of EUR 22,977,697 (in 2020: EUR 14,563,379) primarily relate to receivables from the state for value-added tax in the amount of EUR 21,175,069 and accrued receivables for taxes on electricity and natural gas in the amount of EUR 1,802,628.

Certain trade receivables on the wholesale electricity market in Southeast Europe are secured via specialized credit insurers.

Note 10: **Advances paid, contract assets and other assets**

AMOUNTS IN EUR ADVANCES PAID, CONTRACT ASSETS AND OTHER ASSETS	12/ 31/2021	12/ 31/2020
Advances paid and security deposits	10,064,451	2,903,396
Current deferred costs and expenses	6,247,598	3,228,070
Contract assets	48,771,292	31,189,062
Total advances paid, contract assets and other assets	**65,083,341**	**37,320,528**

Advances and security deposits paid by the Company in the amount of EUR 10,064,451 primarily comprise advances for the purchase of electricity and natural gas.

The majority of current deferred costs and expenses in the amount of EUR 6,247,598 comprise deferred expenses for capacities in the amount of EUR 3,546,020 and deferred expenses for the purchase of electricity and natural gas in the amount of EUR 996,841 relating to the first quarter of 2022.

Contract assets in the amount of EUR 48,771,292 primarily comprise accrued revenues from customers whose electricity and natural gas purchases for 2021 will be invoiced in 2022 in accordance with contractual provisions.

Note 11: **Current financial assets**

AMOUNTS IN EUR CURRENT FINANCIAL ASSETS	12/ 31/2021	12/ 31/2020
Loans to subsidiaries	22,749,000	13,091,500
Current interest receivable	11,633	47,213
Total current financial assets	**22,760,631**	**13,138,713**

Loans to subsidiaries, all of which fall due for payment in 2022, earn interest at rates that are recognized for tax purposes, in accordance with the Rules on recognized interest rates. They are classified to financial assets measured at amortized cost.

Note 12: **Current derivatives**

AMOUNTS IN EUR CURRENT DERIVATIVES	12/ 31/2021	12/ 31/2020
Equity options	0	697,993
Options, swaps and other business-related derivatives	0	-249,222
Derivatives used as hedges against currency risks	-637,610	235,008
Firm commitments recognized for fair value hedging	-46,483,600	-2,219,891
Fair value of commodity contracts under IFRS 9	54,698,102	20,211,498
Total current derivatives	**7,576,892**	**18,675,386**

The fair value of commodity contracts under IFRS 9 in the amount of EUR 54,698,102 relates to the following periods:

- the 2022 business year in the amount of EUR 54,157,552;
- the 2023 business year in the negative amount of EUR 2,930,325; and
- the 2024 business year in the amount of EUR 3,470,875.

Firm commitments recognized for fair value hedges primarily comprise changes in the fair value of physical contracts for purchases and sales of electricity that are hedged using derivatives (standardized forward contracts) and relate to the 2023 business year in the negative amount of EUR 46,483,600.

Note 13: **Cash and cash equivalents**

AMOUNTS IN EUR CASH AND CASH EQUIVALENTS	12/ 31/2021	12/ 31/2020
Cash on account	122,861,219	40,007,202
Call deposits	3,940,427	9
Deposits with a maturity of up to 3 months	2,960,810	3,205,779
Total cash and cash equivalents	**129,762,456**	**43,212,990**

Note 14: **Equity and reserves**

In 2021, share capital comprised the owners' cash contributions in the amount of EUR 19,877,610.

Reserves

AMOUNTS IN EUR RESERVES	12/ 31/2021	12/ 31/2020
Legal reserves	1,987,761	1,987,761
Fair value reserves	-331,742	-419,811
Total reserves	**1,656,019**	**1,567,950**

Legal reserves amounted to EUR 1,987,761, representing 10% of share capital.

In December 2021, fair value reserves from actuarial calculations were negative in the amount of EUR 331,742.

Retained earnings

AMOUNTS IN EUR RETAINED EARNINGS	12/31/2021	12/31/2020
Net profit for the period	73,508,964	14,660,230
Retained earnings	77,950,345	67,276,437
Total retained earnings	**151,459,309**	**81,936,667**

Allocation of retained earnings from previous years

In accordance with a decision of the general meeting of shareholders held in June 2021, the Company paid EUR 4,000,000 in dividends to its two shareholders from its retained earnings from previous years, which totaled EUR 81,936,667. The remaining profit was not distributed. The balance of retained earnings was increased by EUR 13,678 in 2021 due to the transfer of provisions and the correction of tax on retained earnings.

Distributable profit

GEN-I, d.o.o.'s distributable profit amounted to EUR 150,660,816 at December 31, 2021, and comprised net profit from the 2021 business year in the amount of EUR 73,508,964, retained earnings from previous years in the amount of EUR 77,950,345 and the amount of non-current deferred development costs, which reduced distributable profit by EUR 798,493.

AMOUNTS IN EUR DISTRIBUTABLE PROFIT	12/31/2021	12/31/2020
Net profit for the period	73,508,964	14,660,230
Retained earnings	77,950,345	67,276,437
Long-term deferred costs of development	-798,493	-918,729
Total distributable profit	**150,660,816**	**81,017,938**

The GEN-I Group's 2022 business plan envisages the payment of dividends for the previous financial year in the amount of EUR 12,000,000. In accordance with the aforementioned business plan, and pursuant to Article 20 of the Memorandum of Association and the provisions of Article 494 of the ZGD-1, the Company's Management Board will propose that the general meeting allocate distributable profit for the 2021 business year in the amount of EUR 12,000,000, where the amount to which the Company's owners are entitled is as follows according to the provision of Article 554 of the ZGD-1:

- 50% or EUR 6,000,000 to GEN energija, d.o.o.; and
- 25% or EUR 3,000,000 to GEN-EL, d.o.o.*

The remaining distributable profit in the amount of EUR 141,660,816 remains undistributed.

*Given the mutual capital link between GEN-I, d.o.o. and GEN-EL naložbe d.o.o., there is a limit, in accordance with Article 554 of the ZGD-1, on the exercising of rights attached to shares in another company to a maximum of one quarter of all shares in that other company. Thus, if at the time of the decision on the allocation of distributable profit the mutual capital link between GEN-I, d.o.o. and GEN-EL naložbe, d.o.o. still exists, the owner GEN-EL naložbe, d.o.o. will only receive 25% of distributable profit ear-marked for allocation to owners, while the excess portion of distributable profit will remain undistributed.

Note 15: **Financial liabilities**

AMOUNTS IN EUR NON-CURRENT FINANCIAL LIABILITIES	12/31/2021	12/31/2020
Bank loans	0	5,000,000
Loans and borrowings from others	0	0
Non-current liabilities for bonds	0	20,000,000
Total non-current financial liabilities	**0**	**25,000,000**

AMOUNTS IN EUR CURRENT FINANCIAL LIABILITIES	12/31/2021	12/31/2020
Short-term loans and borrowings from subsidiaries	0	2,835,000
Bank loans	25,000,000	0
Current liabilities for bonds	20,000,000	0
Loans and borrowings from others	0	129,147
Current interest payable	257,442	341,176
Other current financial liabilities	29,880,070	24,855,009
Total short-term loans and borrowings	**75,137,512**	**28,160,331**

The Company had two bank loans at December 31, 2021 in the total amount of EUR 25,000,000, as well as bonds issued in 2018 in the amount of EUR 20,000,000.

Other current financial liabilities comprise commercial paper that matures in June 2022.

Loans and borrowings are recognized at fair value less acquisition costs. At the reporting date, they were measured at amortized cost less principal payments, taking into account acquisition costs, discounts and premiums.

Costs and maturity of financial liabilities

All financial liabilities are of a short-term nature. Loans and borrowings bear fixed interest rates ranging from 0.85% to 2.4%. Interest expenses for short-term and revolving loans from commercial banks and others, commercial paper, bonds, equity option contracts, finance leases and default interest amounted to EUR 1,463,839 during the 2021 business year. The Company's current interest payable amounted to EUR 257,442 on December 31, 2021. Of that amount, EUR 11,108 relates to interest on short-term bank loans and EUR 246,333 to interest on bonds.

A new loan in the amount of EUR 20,000,000 was raised at a Slovenian commercial bank during the business year. Commercial paper was also issued in the amount of EUR 5,000,000. A loan to a subsidiary in the amount of EUR 2,835,000 was repaid.

Note 16: **Lease liabilities**

AMOUNTS IN EUR LEASE LIABILITIES	12/31/2021	12/31/2020
Non-current lease liabilities	2,596,788	2,207,597
Current lease liabilities	1,296,699	880,136
Total lease liabilities	**3,893,487**	**3,087,733**

The Company's lease liabilities comprise liabilities based on contracts for assets under lease whose value was calculated in accordance with IFRS 16.

Changes in lease liabilities in 2021

Changes in non-current lease liabilities

AMOUNTS IN EUR CHANGES IN NON-CURRENT LEASE LIABILITIES	BUILDINGS	OTHER	VEHICLES	TOTAL
Balance at 12/31/2020	**2,207,597**	**0**	**0**	**2,207,597**
Increases	1,561,868	194,839	0	1,756,707
Lease termination	0	0	0	0
Transfer to current portion	-1,293,013	-74,503	0	-1,367,516
Balance at 12/31/2021	**2,476,452**	**120,336**	**0**	**2,596,788**

Changes in current lease liabilities

AMOUNTS IN EUR CHANGES IN CURRENT LEASE LIABILITIES	BUILDINGS	OTHER	VEHICLES	TOTAL
Balance at 12/31/2020	**861,515**	**0**	**18,621**	**880,136**
Transfer from non-current portion	1,293,013	74,503	0	1,367,516
Interest	58,136	545	101	58,782
Lease payments	-979,902	-11,111	-18,722	-1,009,735
Balance at 12/31/2021	**1,232,762**	**63,937**	**0**	**1,296,699**

Changes in lease liabilities in 2020

Changes in non-current lease liabilities

AMOUNTS IN EUR CHANGES IN NON-CURRENT LEASE LIABILITIES	BUILDINGS	VEHICLES	TOTAL
Balance at 12/31/2019	**2,499,836**	**19,791**	**2,519,627**
Increases	595,058	0	595,058
Lease termination	-7,201	0	-7,201
Transfer to current portion	-880,096	-19,791	-899,887
Balance at 12/31/2020	**2,207,597**	**0**	**2,207,597**

Changes in current lease liabilities

AMOUNTS IN EUR CHANGES IN CURRENT LEASE LIABILITIES	BUILDINGS	VEHICLES	TOTAL
Balance at 12/31/2019	**840,366**	**69,947**	**910,313**
Transfer from non-current portion	880,096	19,791	899,887
Interest	63,873	1,588	65,461
Lease payments	-922,820	-72,706	-995,525
Balance at 12/31/2020	**861,515**	**18,621**	**880,136**

Note 17: **Non-current trade and other payables**

AMOUNTS IN EUR ITEMS	12/ 31/2021	12/31/2020
Non-current trade and other payables	0	45,782
Consortium fund assets	82,754	87,500
Total payables	**82,754**	**133,282**

The Company also has other liabilities from funds received from members of a consortium fund in the amount of EUR 82,754.

Note 18: **Provisions**

The Company created provisions for long-service bonuses and for severance payments at retirement and in the event of employment termination based on the current value of its liabilities to employees. The Company created additional provisions in the amount of EUR 358,606 in 2021.

Provisions are created in the amount of estimated future severance payments and long-service bonuses, discounted at the end of the reporting period. A calculation is made for each employee, taking into account the costs of severance payments and the costs of all the expected long-service bonuses until retirement.

The calculation of provisions for post-employment and other non-current employee benefits is based on an actuarial calculation prepared by a certified actuary that applied the following financial assumptions (defined in nominal terms):

Rates of growth in average wages and amounts set out in relevant Slovenian regulation:
- The rates of growth in average wages in Slovenia for 2022 and 2023 set out in the autumn forecast of economic trends 2021 (IMAD) are taken into account. From 2024 on, average wages in Slovenia are expected to rise by 2.0% in line with inflation and by 1.0% in real terms. It is assumed that the amounts set out in the aforementioned regulation will not rise until 2023, while subsequent growth in those amounts is expected to be in line with inflation.

Rates of growth in wages at the Company:
- It is assumed that growth in basic gross wages and the variable component of wages will be in line with annual inflation.
- It is assumed that growth in wages at EGS will be in line with annual inflation, increased by 0.5% annually.
- • Annual wage growth on account of advancement is taken into account in the amount of 0.5% of wages.
- A bonus for total years of service in the amount of 0.5% of basic wages is taken into account for every year of service completed.
- A discount rate of 0.5% was set for the calculation at December 31, 2021, based on the yields on high-quality (AA-rated) corporate bonds denominated in euros at December 31, 2021, taking into account the average weighted duration of the Company's debt (based on the calculated amount of debt prior to discounting) from the balance-sheet date until repayment according to an individual type of benefit (21.9 years).

AMOUNTS IN EUR PROVISIONS	PROVISIONS FOR SEVERANCE PAYMENTS AND LONG-SERVICE BONUSES 2021	PROVISIONS FOR SEVERANCE PAYMENTS AND LONG-SERVICE BONUSES 2020
Opening balance at 1/1	**1,532,127**	**923,235**
Provisions created	358,606	718,976
Use of provisions	-35,287	-11,356
Reversal of provisions	-151,720	-98,728
Closing balance at 12/31	**1,703,724**	**1,532,127**

Note 19: **Deferred revenues**

The Company recognizes deferred revenues for subsidies received for electric vehicles, which it transfers to revenues on a monthly basis.

AMOUNTS IN EUR ITEMS	12/31/2021	12/31/2020
Deferred revenues	144,887	126,875
Total deferred revenues	**144,887**	**126,875**

Note 20: **Deferred tax assets**

AMOUNTS IN EUR DEFERRED TAXES	12/31/2021	12/31/2020
Intangible assets	176,500	178,388
Provisions for severance payments and long-service bonuses	161,854	145,552
Deferred tax assets (liabilities)	**338,354**	**323,940**

The Company has created deferred tax assets for provisions created for long-service bonuses and severance payments, and for differences in the amortization of intangible assets for reporting and tax purposes.

Deferred tax assets that effect operating results are recognized in the income statement.

Changes in temporary differences

AMOUNTS IN EUR CHANGES IN TEMPORARY DIFFERENCES IN THE PERIOD	**1/ 1/2020**	RECOGNIZED IN PROFIT OR LOSS	RECOGNIZED IN OTHER COMPRE-HENSIVE INCOME	**12/31/2020**	RECOGNIZED IN PROFIT OR LOSS	RECOGNIZED IN OTHER COMPRE-HENSIVE INCOME	**12/31/2021**
Intangible assets	**172,991**	5,397	0	**178,388**	-1,888	0	**176,500**
Provisions for severance payments and long-service bonuses	**88,128**	57,424	0	**145,552**	16,302	0	**161,854**
Total	**261,119**	**62,821**	**0**	**323,940**	**14,414**	**0**	**338,354**

Deferred tax assets are calculated at a rate of 19%.

Note 21: **Current trade and other payables**

AMOUNTS IN EUR CURRENT TRADE AND OTHER PAYABLES	12/ 31/2021	12/ 31/2020
Trade payables	114,654,762	61,081,184
Liabilities to subsidiaries	49,728,196	16,276,658
Trade payables	**164,382,958**	**77,357,842**
Current liabilities from third-party transactions	229,870	229,870
Current liabilities to employees	20,552,884	4,988,541
Current liabilities to others	4,573,724	1,940,570
Other operating liabilities	**25,356,478**	**7,158,981**
Total current trade and other payables	**189,739,436**	**84,516,823**

Trade receivables amounted to EUR 114,654,762 (in 2020: EUR 61,081,184). That increase is the result of rising electricity prices.

Current liabilities to employees amounted to EUR 20,552,884 (in 2020: EUR 4,988,541) and comprise the December payroll, bonuses and other employment earnings. The increase in current liabilities to employees is the result of new hires and accrued bonuses on account of the extraordinary performance of the GEN-I Group in 2021.

Other current liabilities primarily comprise other tax liabilities to the state and other institutions that are largely made up of liabilities for excise tax and CO_2 emissions, and liabilities for taxes and contributions for December salaries and other employment earnings payable by the employer.

Note 22: **Advances received, contract liabilities and other current liabilities**

AMOUNTS IN EUR ADVANCES RECEIVED, CONTRACT LIABILITIES AND OTHER CURRENT LIABILITIES	12/ 31/2021	12/ 31/2020
Current liabilities based on advances	**5,531,506**	**4,692,909**
Accrued costs and expenses	6,114,453	4,086,439
Deferred revenues	490,786	152,540
Accrued costs and deferred revenues	**6,605,239**	**4,238,978**
Total advances received, contract liabilities and other current liabilities	**12,136,745**	**8,931,887**

Accrued costs and expenses in the amount of EUR 6,114,453 primarily relate to purchases of electricity and natural gas that were taken into account in the compilation of the financial statements based on contracts signed with business partners in 2021, but for which the Company had not received invoices by the time the annual report was prepared.

Note 23: **Current liabilities for corporate income tax**

AMOUNTS IN EUR LIABILITIES FOR CORPORATE INCOME TAX	12/31/2021	12/31/2020
Liabilities for corporate income tax	13,524,951	1,033,319
Total current liabilities for corporate income tax	**13,524,951**	**1,033,319**

Note 24: **Contingent liabilities and assets**

AMOUNTS IN EUR CONTINGENT LIABILITIES	12/ 31/2021	12/ 31/2020
Guarantees and sureties – other	136,414,606	120,556,502
Guarantees and sureties – foreign subsidiaries	39,144,041	34,810,501
Other contingent liabilities	73,082,182	56,643,506
Total contingent liabilities	**248,640,829**	**212,010,509**

Bank guarantees and sureties comprise performance bonds, bid guarantees and guarantees for timely payment. The sureties of subsidiaries and other contingent liabilities relate to guarantees for timely payment and undrawn framework loans available from banks.

Note 25: **Revenues**

AMOUNTS IN EUR REVENUES	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Revenue from the sale of goods and materials	3,353,363,741	2,067,177,976
Revenue from the sale of services	79,492,893	44,159,795
Rental income	8,849	12,856
Total revenues	**3,432,865,483**	**2,111,350,627**

Revenues from the sale of goods and materials in the amount of EUR 3,353,363,741 comprise revenues from the sale of electricity in the amount of EUR 3,241,749,571 and revenues from the sale of natural gas in the amount of EUR 111,614,170.

Revenues from the sale of services primarily comprise revenues from cross-border transfer capacities and other services in connection with electricity and natural gas trading.

The Company recognizes revenues from its core activities over time. With respect to contracts on the supply of electricity or natural gas, the seller transfers control over time, while the buyer receives and uses benefits deriving from the seller's performance obligation as the latter is satisfied. The seller thus fulfils its performance obligation and recognizes revenues over time by measuring its progress towards complete satisfaction of the performance obligation to supply electricity or natural gas according to the output method, i.e. according to charged amounts that are based on supplied quantities of electricity or natural gas. The same method is used for sales of small solar power plants and services. Rental income is recognized on a straight-line basis over the term of lease.

Breakdown of revenues in 2021 by market

AMOUNTS IN EUR REVENUE GENERATED IN SLOVENIA AND ABROAD	SLOVENIA	ABROAD	TOTAL
	GENERATED FROM 1/1 TO 12/31/2021		
Revenue from the sale of goods and materials	524,988,233	2,828,375,508	3,353,363,741
Revenue from the sale of services	11,216,191	68,276,702	79,492,893
Rental income	8,849	0	8,849
Total revenues	**536,213,273**	**2,896,652,210**	**3,432,865,483**

In 2021, revenues from goods and services sold in Slovenia accounted for 15.62% of total revenues, while revenues from goods and services sold on foreign markets accounted for 84.38% of all revenues.

Breakdown of revenues in 2020 by market

AMOUNTS IN EUR REVENUE GENERATED IN SLOVENIA AND ABROAD	SLOVENIA	ABROAD	TOTAL
	GENERATED FROM 1/1 TO 12/31/2020		
Revenue from the sale of goods and materials	413,309,561	1,653,868,415	2,067,177,976
Revenue from the sale of services	9,035,226	35,124,569	44,159,795
Rental income	12,856	0	12,856
Total	**422,357,643**	**1,688,992,984**	**2,111,350,627**

AMOUNTS IN EUR OTHER RECURRING OPERATING REVENUES OR EXPENSES	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Fair value from commodity contracts	178,165,764	21,164,942
Fair value from financial contracts	-62,903,661	8,596,403
Ineffective portion of fair value hedging	146,168	-252,016
Fair value of FOREX contracts	-507,811	-1,766,340
Other recurring operating revenues	-4,050	943,681
Total other recurring operating revenues or expenses	**114,896,410**	**28,686,670**

Note 26: **Cost of goods, materials and services**

AMOUNTS IN EUR HISTORICAL COST OF GOODS SOLD	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Historical cost of goods sold	3,400,144,147	2,083,917,327
Total historical cost of goods sold	**3,400,144,147**	**2,083,917,327**

The historical cost of goods sold amounted to EUR 3,400,144,147 in 2021, and comprised the purchase price of electricity and natural gas, and associated costs.

AMOUNTS IN EUR COST OF MATERIALS	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Energy costs	234,312	217,829
Materials and spare parts	156,186	168,513
Office supplies	202,521	232,193
Other costs of materials	36,705	45,872
Total cost of materials	**629,724**	**664,407**

AMOUNTS IN EUR COST OF SERVICES	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Maintenance	1,298,291	1,617,634
Rents	933,171	409,590
Bank charges and other fees	2,118,993	1,954,295
Intellectual services	1,962,700	1,398,277
Contracted labor, session fees and student work	598,777	518,849
Advertising, sales promotions and public relations	701,465	874,679
Sponsorship	442,390	388,527
Insurance	314,549	254,221
Entertainment	42,885	33,896
Costs of employees’ business travels	31,768	27,885
Telecommunication	1,115,953	1,517,771
Transportation	84,182	68,936
Public utility services	15,997	15,339
Security	28,405	18,366
Cleaning	364,743	339,757
Training	228,246	220,888
Other services	1,721,424	1,691,598
Cost of IT services	131,460	199,703
Total cost of services	**12,135,399**	**11,550,211**

The cost of services was up in 2021 relative to the previous year.

The cost of other services primarily includes the costs of accessing databases for electricity and natural gas trading purposes.

The Company has a signed agreement on the auditing of its financial statements for the 2021 business year with the auditors of Deloitte revizija, d.o.o. in the amount of EUR 45,900.

Lease costs comprise the costs of short-term leases and low-value leases that meet the criteria for the exceptions set out in IFRS 16.

Note 27: **Labor costs**

AMOUNTS IN EUR LABOR COSTS	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Wages and salaries	34,915,494	18,185,727
Social security costs	5,666,366	2,817,445
Other labor costs	2,894,463	2,859,116
Deferred labor costs	0	-522,712
Total labor costs	**43,476,323**	**23,339,576**

In 2021, the Company calculated labor costs in accordance with the collective agreement for the Slovenian electricity sector, GEN-I, d.o.o.'s current job classification and individual employment contracts.

Labor costs include wages and salaries, social security contributions, additional pension insurance and other labor costs. The increase in labor costs is the result of new hires and accrued bonuses on account of the extraordinary performance of the GEN-I Group in 2021.

Other labor costs include allowances for transportation to and from work and meal allowances, annual leave pay, contributions for additional pension insurance, long-service bonuses, and fringe benefits.

Note 28: **Other operating revenues or expenses**

AMOUNTS IN EUR OTHER OPERATING REVENUES OR EXPENSES	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Revenue from the use and reversal of non-current provisions	0	12,726
Proceeds from the sale of property, plant and equipment and intangible assets	72,807	20,417
Other operating revenues	193,514	1,925,731
Revenue from subsidies, grants and compensation	533,451	591,430
Other operating revenues	799,772	2,550,304
Taxes and levies	-281,157	-349,708
Donations	-62,193	-29,570
Write-downs and impairments of fixed assets	-2,534	-4,187
Other operating expenses	-869,162	-646,033
Other operating expenses	-1,215,046	-1,029,497
Total other operating revenues or expenses	**-415,274**	**1,520,807**

The majority of other operating revenues comprises damages received, charged reminders, the reversal of over-accrued expenses from the previous year, subsidies for electric vehicles, etc.

Other operating expenses in the amount of EUR 869,162 primarily comprise membership fees, non-deductible expenses for tax purposes, and taxes.

AMOUNTS IN EUR DONATIONS	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Humanitarian purposes	39,545	17,070
Charitable purposes	3,200	2,700
Healthcare purposes	1,000	500
Educational purposes	9,060	1,000
Sports purposes	2,500	8,300
Cultural purposes	2,000	0
Religious purposes	2,000	0
General donations	2,888	0
Total	**62,193**	**29,570**

Note 29: **Amortization and depreciation**

AMOUNTS IN EUR AMORTIZATION AND DEPRECIATION	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Amortization of intangible assets	779,114	546,487
Depreciation of property, plant and equipment	1,481,698	1,375,812
Depreciation of lease assets	1,061,349	960,672
Total	**3,322,091**	**2,882,971**

Note 30: **Impairment losses on trade receivables and contract assets**

AMOUNTS IN EUR IMPAIRMENT LOSSES ON TRADE RECEIVABLES AND CONTRACT ASSETS	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Impairment losses, loss allowances and write-downs of trade receivables and contract assets	1,312,867	2,679,446
Total impairment losses on trade receivables and contract assets	**1,312,867**	**2,679,446**

The Company created additional impairments and expected credit losses in the total amount of EUR 1,300,999 in 2021 (in 2020: EUR 2,637,828), and wrote down receivables of EUR 11,868 (in 2020: EUR 41,618). The Company applied a higher expected default rate at the end of 2020.

Note 31: **Profit from financing**

AMOUNTS IN EUR PROFIT FROM FINANCING	GENERATED FROM 1/1 TO 12/31/2021	GENERATED FROM 1/1 TO 12/31/2020
Dividend income from participating interests in subsidiaries	4,939,949	3,387,885
Dividend income from participating interests in associates	455,033	482,499
Interest income	184,041	142,561
Other financial income	77,052	170
Financial income	5,656,075	4,013,115
Interest expense	-1,466,790	-1,420,665
Net foreign exchange losses	-660,831	-1,287,982
Other financial costs	-66,082	-161,150
Financial costs	-2,193,703	-2,869,797
Profit from financing	**3,462,372**	**1,143,318**

The following subsidiaries paid dividends in 2021: Elektro Energija, d.o.o. in the amount of EUR 1,766,471, GEN-I Tirana Sh.p.k. in the amount of EUR 699,008, GEN-I Athens SMLLC in the amount of EUR 550,724, GEN-I Prodažba na energija DOOEL Skopje in the amount of EUR 496,463, GEN-I Hrvatska in the amount of EUR 464,526, GEN-I d.o.o. Sarajevo in the amount of EUR 323,322, GEN-I Vienna in the amount of EUR 228,431, GEN-I Istanbul in the amount of EUR 206,158 and GEN-I, d.o.o. Beograd in the amount of EUR 204,846.

The Company also received dividends from the associate GEN EL, d.o.o. in the amount of EUR 455,033 in 2021.

Interest income comprised default interest, interest from loans granted, and interest from deposits and positive bank balances.

The net effect of exchange rate differences were expenses in the amount of EUR 660,831.

Interest expenses included interest on commercial paper, bonds, loans received from banks and other institutions, equity options, finance leases, default interest and interest from negative account balances.

Note 32: **Income tax expense**

INCOME TAX EXPENSE AMOUNTS IN EUR	2021	2020
Current tax	16,302,600	3,025,255
Deferred tax	-23,125	-18,001
Total	**16,279,476**	**3,007,254**

Effective tax rate

AMOUNTS IN EUR	2021	2020
Gross profit before tax	**89,788,440**	**17,667,484**
Statutory tax rate	19%	19%
Income tax at statutory tax rate, prior to changes in tax base	17,059,804	3,356,822
Tax-exempt income	-1,465,143	-737,482
Non-deductible expenses	928,983	596,626
Tax relief	-244,168	-208,712
Effective tax rate	**18.13%**	**17.02%**
Current and deferred tax	**16,279,476**	**3,007,254**

The effective tax rate in 2021 was up relative to 2020, primarily on account of non-deductible expenses. Non-deductible expenses were higher in 2021 relative to 2020 mainly due to expenses from the revaluation of receivables that are not recognized for tax purposes in accordance with the Corporate Income Tax Act.

Note 33: **Data on related parties**

Gross earnings in 2021 (until November 17, 2021)

AMOUNTS IN EUR DATA REGARDING GROUPS OF PERSONS	MANAGEMENT
Gross wages and salaries	447,587
Fringe benefits and other remuneration	599,494
Total	**1,047,081**

Gross earnings in 2020

AMOUNTS IN EUR DATA REGARDING GROUPS OF PERSONS	MANAGEMENT
Gross wages and salaries	457,958
Fringe benefits and other remuneration	643,689
Total	**1,101,647**

Net remuneration of members of the Management Board in 2021 (until November 17, 2021)

1/ 1 TO 11/17/2021 AMOUNTS IN EUR REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD	NET					
	FIXED PORTION OF REMUNERATION	VARIABLE PORTION OF REMUNERATION	REFUND OF EXPENSES	PERFORMANCE BONUS	OTHER REMUNERATION*	TOTAL
Robert Golob, Ph.D.	72,927	11,016	1,377	105,679	9,692	200,692
Igor Koprivnikar, Ph.D.,MBA	65,884	9,950	893	80,289	5,199	162,215
Andrej Šajn, MSc	58,190	8,779	1,200	55,094	7,679	130,941
Danijel Levičar	0	0	249	0	24,062	24,311
Total	**197,001**	**29,745**	**3,719**	**241,062**	**46,633**	**518,159**

* Other remuneration comprises annual leave pay, long-service bonuses, fringe benefits in the form of a company car and health insurance, a supplement for work from home and voluntary supplementary pension insurance premiums (as well as payment under Mr. Levičar's management contract).

Net remuneration of members of the Management Board in 2020

1/1 TO 12/31/2020 AMOUNTS IN EUR REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD	NET					
	FIXED PORTION OF REMUNERATION	VARIABLE PORTION OF REMUNERATION	REFUND OF EXPENSES	PERFORMANCE BONUS	OTHER REMUNERATION*	TOTAL
Robert Golob, Ph.D.	75,399	10,359	1,163	114,986	12,127	214,034
Igor Koprivnikar, Ph.D.,MBA	68,224	9,375	1,040	87,427	6,538	172,604
Andrej Šajn, MSc	60,509	8,316	1,322	28,569	6,125	104,841
Danijel Levičar	0	0	431	27,250	24,733	52,414
Total	**204,132**	**28,050**	**3,956**	**258,232**	**49,523**	**543,893**

* Other remuneration comprises annual leave pay, long-service bonuses, fringe benefits in the form of a company car and health insurance, a supplement for work from home and voluntary supplementary pension insurance premiums (as well as payment under Mr. Levičar's management contract).

Related party transactions

The data presented below represent disclosures according to IAS 24 Related Party Disclosures as the result of the financial consolidation of the GEN-I Group with the owner GEN energija d.o.o., taking into account the criteria of IFRS 10.

All transactions that are deemed related party transactions based on financial consolidation by GEN energija d.o.o. as a company under 100% state ownership, taking into account the criteria of IAS 24, represent business relationships that are entered into under market conditions in the scope of everyday operations. Accordingly, we assess that more detailed disclosures are not required, despite the value of individual transactions, as the latter are immaterial, as regards quality, for disclosure in accordance with the requirements of IAS 24.

	2021	2020
REVENUES		
Subsidiaries	631,534,459	300,274,052
Associates	0	0
Parent companies	34,495,605	9,194,509
Other related companies	56,259	51,296
HISTORICAL COST OF GOODS SOLD		
Subsidiaries	437,374,194	225,714,675
Associates	0	0
Parent companies	197,289,269	168,152,781
Other related companies	385,895	320,149
COST OF SERVICES		
Subsidiaries	12,195	12,195
Associates	0	0
Parent companies	167,238	167,665
Other related companies	0	0
FINANCIAL INCOME FROM PARTICIPATING INTERESTS IN COMPANIES		
Subsidiaries	4,939,949	3,387,885
Associates	455,033	482,499
Parent companies	0	0
Other related companies	0	0
FINANCIAL INCOME FOR INTEREST		
Subsidiaries	83,823	79,375
Associates	0	0
Parent companies	0	0
Other related companies	0	0
FINANCIAL COSTS FOR INTEREST		
Subsidiaries	2,952	146
Associates	0	0
Parent companies	0	98,667
Other related companies	0	0

	2021	2020
INVESTMENTS IN COMPANIES		
Subsidiaries	15,314,311	15,314,311
Associates	22,480,000	11,276,310
Parent companies	0	0
Other related companies	0	0
CURRENT OPERATING RECEIVABLES		
Subsidiaries	45,984,003	45,984,003
Associates	0	0
Parent companies	1,468,523	2,867,997
Other related companies	8,729	10,232
CURRENT FINANCIAL RECEIVABLES		
Subsidiaries	22,760,631	13,138,713
Associates	0	0
Parent companies	0	0
Other related companies	0	0
CURRENT ADVANCES PAID		
Subsidiaries	3,603,779	0
Associates	0	0
Parent companies	0	0
CURRENT OPERATING LIABILITIES		
Subsidiaries	49,728,196	16,276,658
Associates	0	0
Parent companies	28,116,453	18,266,634
Other related companies	33,108	44,530
CURRENT FINANCIAL LIABILITIES		
Subsidiaries	0	2,835,146
Associates	0	0
Parent companies	0	0
Other related companies	0	0
ACCRUED EXPENSES		
Subsidiaries	0	0
Associates	0	0
Parent companies	0	668,948
Other related companies	0	0

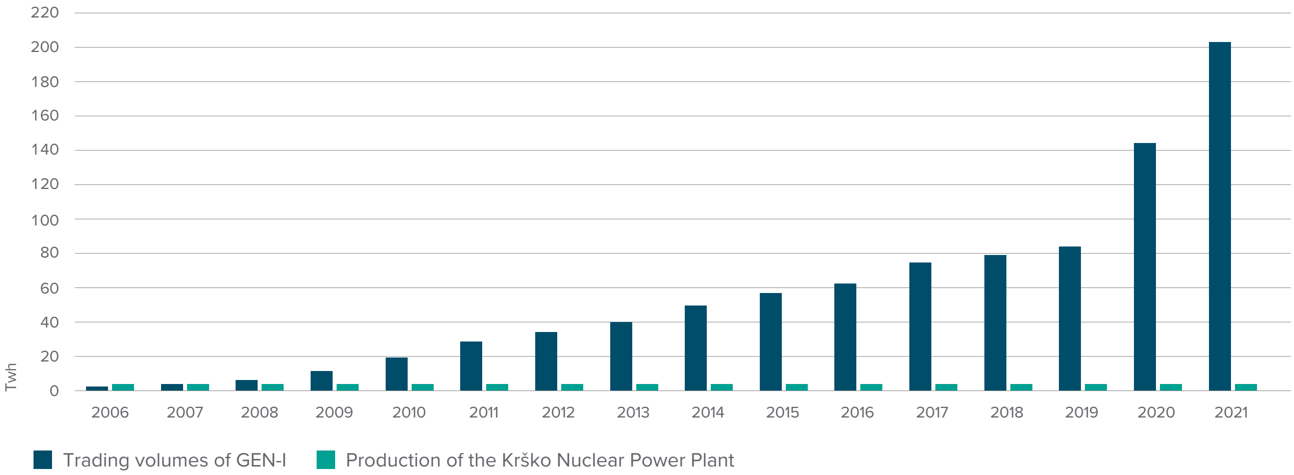
GEN-I, d.o.o. has a network of local subsidiaries for the optimal sale and purchase of energy products on the international markets. Revenues and expenses arise in relation to subsidiaries because we manage the single global portfolio centrally.

The majority of expenses in relation to a subsidiary arise from the execution of transactions under the umbrella agreement, while only a small portion of expenses arise from participation in public tenders for the sale of electricity issued by GEN energija.

GEN-I, d.o.o concluded an **umbrella agreement** with GEN energija d.o.o. on the sale and purchase of electricity in accordance with GEN-I's Memorandum of Association. The purpose of that agreement is to ensure the efficient sale and trading of electricity, and to facilitate the more effective medium- and long-term price hedging of the GEN Group's production portfolio. Based on the aforementioned umbrella agreement, GEN-I uses its highly diversified trading infrastructure in accordance with market conditions to provide so-called market access services that allow GEN energija to trade electricity (sales and purchase) at prices tied to benchmark international energy markets. GEN energija is thus able to manage and hedge the GEN-I Group's production portfolio effectively.

The umbrella agreement is a service agreement by nature, under which GEN energija d.o.o. only pays GEN-I, d.o.o., as service provider, the amount of transaction costs. The latter only include external costs charged by trading platforms for the execution of transactions, and a portion of the costs that arise in connection with the availability of the trading and financial structure in Slovenia and outside its borders. Thus, in terms of the purchase of electricity from GEN energija d.o.o., trading conditions (high or low prices) do not impact the operating results of GEN-I, d.o.o. For this reason, the umbrella agreement has a neutral effect on GEN-I d.o.o.'s operations.

In 2021, the GEN-I Group sold more than 200 TWh of electricity on the international markets, where purchases (at market prices set based on transparent liquid markets) from GEN energija d.o.o. accounted for slightly more than 2% of volumes sold by GEN-I.



15.6. Financial instruments – fair value and risk management

(A) DETERMINING FAIR VALUE

In accordance with the Company's accounting policies, the measurement of the fair value of both financial and non-financial assets and liabilities is necessary in several instances. The Company defined the fair values of individual groups of assets for measurement and accounting purposes based on the methods described below. Where additional clarifications regarding the assumptions used to determine fair value are necessary, they are given in the breakdown of the Company's individual assets or liabilities.

(i) Property, plant and equipment

The fair value of property, plant and equipment from business combinations is equal to their market value. The market value of property is equal to the estimated value for which property, having been appropriately advertised, could be exchanged on the valuation date between knowledgeable and willing parties in an arm's length transaction. The market value of plant, equipment and small inventory is based on the quoted market price of similar objects.

(ii) Intangible assets

The fair value of patents and trademarks acquired through business combinations is based on the discounted estimated future value of royalties whose payment will not be necessary thanks to the ownership of the patent or trademark. The fair value of customer relationships obtained through business combinations is determined based on a special multi-period excess earnings method, while the value of individual assets is determined after the fair return from all assets that contribute to the cash flow is deducted.

(iii) Operating and other receivables

The fair value of operating and other receivables is calculated as the present value of future cash flows, discounted using the market interest rate at the end of the reporting period.

(iv) Derivatives

The fair value of forward contracts is equal to their quoted market price at the end of the reporting period if the market price is available. If the market price is not available, fair value is determined as the difference between the contractual value of the forward contract and its current bid value, taking into account the remaining maturity of the transaction in question and using a risk-free interest rate (based on government bonds).

(v) Non-derivative financial liabilities

Fair value for reporting purposes is calculated based on the present value of future principal and interest payments, discounted at the market interest rate at the end of the reporting period. The market interest rate for finance leases is determined by comparing such leases with similar lease contracts.

Note 34: **Classification and fair value of financial instruments**

AMOUNTS IN EUR FAIR VALUE	NOTES	12/31/2021		12/31/2020	
		CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
ASSETS MEASURED AT FAIR VALUE					
Derivatives	12	7,576,892	7,576,892	18,675,386	18,675,386
Financial assets measured at fair value through profit or loss	6	0	0	0	0
Total assets measured at fair value		**7,576,892**	**7,576,892**	**18,675,386**	**18,675,386**
FINANCIAL ASSETS MEASURED AT AMORTIZED COST					
Non-current financial receivables	6	304,531	304,531	253,183	253,183
Non-current operating receivables	7	81,863	81,863	86,631	86,631
Short-term loans	11	22,760,633	22,760,633	13,138,713	13,138,713
Trade and other receivables	9, 13	173,678,784	173,678,784	96,523,375	96,523,375
Cash and cash equivalents	13	129,762,456	129,762,456	43,212,990	43,212,990
Total financial assets measured at amortized cost		**326,588,266**	**326,588,266**	**153,214,891**	**153,214,891**
LIABILITIES MEASURED AT FAIR VALUE					
Derivatives	12	0	0	0	0
Total liabilities measured at fair value		**0**	**0**	**0**	**0**
LIABILITIES MEASURED AT AMORTIZED COST					
Bank loans	15	-25,000,000	-25,000,000	-5,000,000	-5,000,000
Other financial liabilities	15	-30,137,512	-30,137,512	-25,196,184	-25,196,184
Bonds	15	-20,000,000	-20,000,000	-20,000,000	-20,000,000
Loans and borrowings from subsidiaries	15	0	0	-2,835,000	-2,835,000
Loans and borrowings from others	15	0	0	-129,147	-129,147
Total liabilities measured at amortized cost		**-75,137,512**	**-75,137,512**	**-53,160,331**	**-53,160,331**

In 2021, GEN-I, d.o.o. derecognized a derivative from a call option for a participating interest in GEN-EL in the amount of EUR 697,993 that was classified to Level 2 of the fair value hierarchy.

The value of the derivatives relates to financially and physically settled forward transactions, FOREX transactions and other derivatives connected with trading.

Financially and physically settled exchange transactions that do not meet own-use exemption conditions are valued based on the relevant quoted exchange prices. Settlement prices from the relevant exchanges for related products are used for valuation. FOREX transactions are valued based on the relevant FX rate (official middle exchange rate or forward exchange rate). Official middle exchange rates or forward exchange rates are used for valuation. Data regarding official middle exchange rates are obtained from the relevant central banks, while forward exchange rates are determined based on market data. These assets and liabilities are classified to Level 1 of the fair value hierarchy.

Other physically settled forward transactions that do not meet own-use exemption conditions are valued based on the relevant forward price curves. Cross-border transfer capacities are valued based on the relevant differences between forward price curves. These assets and liabilities are classified to Level 2 of the fair value hierarchy.

Financial assets at FVTPL comprise equity investments that are not quoted on an exchange and that the Company intends to hold for the long term.

The fair value of other current assets and liabilities is roughly equal to their carrying amount. The fair value of non-current assets and liabilities is roughly equal to their amortized cost. These assets and liabilities are classified to Level 3 of the fair value hierarchy.

Fair value of assets

AMOUNTS IN EUR	12/ 31/2021				12/ 31/2020			
FAIR VALUE LEVELS	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
ASSETS AT FAIR VALUE								
Derivatives	-22,011,761	29,588,654	0	7,576,892	15,666,443	3,008,943	0	18,675,386
Total assets measured at fair value	**-22,011,761**	**29,588,654**	**0**	**7,576,892**	**15,666,443**	**3,008,943**	**0**	**18,675,386**
ASSETS FOR WHICH FAIR VALUE IS DISCLOSED								
Non-current financial assets	0	0	304,531	304,531	0	0	253,183	253,183
Non-current operating receivables	0	0	81,863	81,863	0	0	86,631	86,631
Current operating receivables (excluding receivables from the state)	0	0	152,503,715	152,503,715	0	0	83,753,518	83,753,518
Cash and cash equivalents	0	0	129,762,456	129,762,456	0	0	43,212,990	43,212,990
Total assets for which fair value is disclosed	**0**	**0**	**282,652,565**	**282,652,565**	**0**	**0**	**127,306,322**	**127,306,322**
Total	**-22,011,761**	**29,588,654**	**282,652,565**	**290,229,457**	**15,666,443**	**3,008,943**	**127,306,332**	**145,981,708**

Fair value of liabilities

AMOUNTS IN EUR	12/31/2021				12/31/2020			
FAIR VALUE LEVELS	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
LIABILITIES MEASURED AT FAIR VALUE								
Derivatives	0	0	0	0	0	0	0	0
Total liabilities measured at fair value	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
LIABILITIES FOR WHICH FAIR VALUE IS DISCLOSED								
Non-current financial liabilities	0	0	0	0	0	0	25,000,000	25,000,000
Current financial liabilities	0	0	75,137,512	75,137,512	0	0	28,160,331	28,160,331
Non-current operating liabilities (excluding other liabilities)	0	0	82,754	82,754	0	0	133,282	133,282
Current operating liabilities (excluding liabilities to the state and employees, and liabilities from advances)	0	0	164,633,163	164,633,163	0	0	77,620,450	77,620,450
Total liabilities for which fair value is disclosed	**0**	**0**	**239,853,429**	**239,853,429**	**0**	**0**	**130,914,064**	**130,914,064**
Total	**0**	**0**	**239,853,429**	**239,853,429**	**0**	**0**	**130,914,064**	**130,914,064**

(B) RISK MANAGEMENT FRAMEWORK

The Company's Management Board is fully responsible for the establishment and oversight of a risk management framework. The Management Board has established a risk management committee that is responsible for developing and monitoring the Company's risk management policies. That committee reports regularly to the Management Board on its activities.

The Company's risk management policies ensure the identification and analyses of the risks to which the Company is exposed, the definition of appropriate risk limits, the control and monitoring of risks, and compliance with limits. Risk management policies and systems are adapted regularly to reflect changes in market conditions and the Company's activities. Through its training and management standards and procedures, the Company strives to maintain a disciplined and constructive control environment in which all employees understand their roles and duties.

The Company is exposed to the following risks arising from financial instruments:

- credit risk,
- liquidity risk, and
- market risk (currency risk, interest-rate risk and commodity price risk).

Note 35: **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises primarily from trade receivables for electricity and natural gas, and small power plants.

Trade receivables and contract assets

AMOUNTS IN EUR TRADE RECEIVABLES	CARRYING AMOUNT	
	12/31/2021	12/31/2020
Domestic customers	24,969,081	18,464,552
Euro area countries	23,749,122	4,885,405
Other European countries	23,130,582	15,454,973
Countries of the former Yugoslavia	51,930,203	266,866
Other regions	26,897,935	42,867,083
Total	**150,676,923**	**81,938,879**

AMOUNTS IN EUR TRADE RECEIVABLES	CARRYING AMOUNT	
	12/31/2021	12/31/2020
Wholesale customers	133,782,717	72,348,810
Retail customers	16,894,206	9,590,069
Total	**150,676,923**	**81,938,879**

As explained in greater detail in the business report, GEN-I, d.o.o. has in place an active approach to managing credit risks and financial exposure to individual business partners that is based on the consistent application of internal bylaws and precisely defined procedures for identifying credit risks and assessing exposure to those risk, the setting of maximum risk exposure limits, and the constant monitoring of the Company's exposure to risks in its dealings with individual business partners. In accordance with the Company's credit risk management rules, the Risk Management Department analyses the creditworthiness of each new trading partner and major customer that wishes to purchase electricity and natural gas, and assesses associated risks. This risk assessment serves as the basis for future business cooperation, and for defining credit lines to hedge risks and offering the appropriate payment and delivery conditions with respect to an individual contractual relationship. When monitoring credit risk and daily credit line exposure, the Company divides individual partners into groups according to their credit characteristics (whether the partner is a company or a group of companies, trading partner, end-customer or retail customer), geographical position, sector, age structure and maturity of receivables, past financial difficulties, and the assessed level of risk of a breach of contractual obligations. In order to minimize risks associated with business partners' inability to settle outstanding receivables, the Company pays particular attention to the use of the appropriate financial and legal instruments when concluding daily transactions to ensure that contractual obligations are settled. These instruments are incorporated into contractual relationships with business partners based on analyses of their creditworthiness and the relevant risk assessments.

Impairment losses on financial assets and contract assets recognized in profit or loss are presented below.

Age structure and changes in impairment losses on trade and other receivables

AMOUNTS IN EUR MATURITY OF RECEIVABLES	GROSS AMOUNT	IMPAIRMENT LOSSES	GROSS AMOUNT	IMPAIRMENT LOSSES
	12/31/2021		12/31/2020	
Not past due	147,761,194	3,224,684	76,256,284	1,754,490
Past due up to 90 days	27,633,223	455,914	16,788,934	641,072
Past due from 91 to 180 days	549,384	0	3,939,264	0
Past due from 181 to 365 days	542,665	0	590,676	403,798
More than one year past due	2,178,802	1,305,886	2,775,472	1,027,896
Total receivables	**178,665,268**	**4,986,484**	**100,350,630**	**3,827,256**

AMOUNTS IN EUR	IMPAIRMENT LOSSES	
CHANGES IN LOSS ALLOWANCES ON RECEIVABLES	2021	2020
Opening balance at 1/1	3,827,256	1,543,026
Creation of impairment losses	1,300,999	2,637,827
Reversal of impairment losses	0	0
Write-downs of receivables charged to impairment losses	-141,771	-353,597
Closing balance at 12/31	**4,986,484**	**3,827,256**

Note 36: **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulties meeting its obligations associated with financial liabilities that are settled using cash or other financial means. The Company manages liquidity risk in order to ensure, to the greatest extent possible, that it will have sufficient liquidity to settle its liabilities when they are due, under both normal and stress conditions, without incurring unacceptable losses or damage to the Company's reputation.

Current year (2021)

AMOUNTS IN EUR FINANCIAL LIABILITIES	CARRYING AMOUNT	CONTRAC-TUAL CASH FLOWS	UP TO 6 MONTHS	6–12 MONTHS	1–2 YEARS	2–5 YEARS	MORE THAN 5 YEARS
				2021			
NON-DERIVATIVE FINANCIAL LIABILITIES							
Bank loans	25,000,000	25,086,403	25,086,403	0	0	0	0
Issued bonds	20,000,000	20,360,328	20,360,328	0	0	0	0
Other liabilities	30,220,265	30,340,196	30,340,196	0	0	0	0
Lease liabilities	3,893,486	4,069,324	683,317	682,671	1,183,703	1,324,523	195,110
Trade and other payables	203,264,387	203,264,387	203,264,387	0	0	0	0
DERIVATIVE FINANCIAL LIABILITIES							
Interest-rate swaps used for hedging	0	0	0	0	0	0	0
Forward exchange contracts used for hedging	0	0	0	0	0	0	0
Outflow				0	0	0	0
Inflow	-7,576,892	-7,576,892	-7,576,892	0	0	0	0
Total	**274,801,246**	**275,543,745**	**272,157,738**	**682,671**	**1,183,703**	**1,324,523**	**195,110**

Previous year (2020)

AMOUNTS IN EUR FINANCIAL LIABILITIES	CARRYING AMOUNT	CONTRAC-TUAL CASH FLOWS	UP TO 6 MONTHS	6–12 MONTHS	1–2 YEARS	2–5 YEARS	MORE THAN 5 YEARS
				2020			
ON-DERIVATIVE FINANCIAL LIABILITIES							
Bank loans	5,000,000	5,089,250	42,736	43,444	5,003,069	0	0
Bonds issued	20,000,000	20,840,328	480,000	0	20,360,328	0	0
Loans and borrowings received from associates	2,835,000	2,835,000	0	2,835,000	0	0	0
Other liabilities	25,458,467	25,486,840	25,158,895	152,250	175,695	0	0
Lease liabilities	3,087,733	3,249,847	457,134	458,331	915,252	1,782,442	530,940
Trade and other payable	85,550,142	85,550,142	85,293,469	256,673			
DERIVATIVE FINANCIAL LIABILITIES							
Interest-rate swaps used for hedging	0	0	0	0	0	0	0
Forward exchange contracts used for hedging	0	0	0	0	0	0	0
Forward exchange contracts used for hedging				0	0	0	0
Inflow	-18,675,386	-18,675,386	-18,675,386	0	0	0	0
Total	**123,256,103**	**125,289,044**	**130,126,392**	**3,745,698**	**26,454,344**	**1,782,442**	**530,940**

The liquidity of the entire Group is managed by the parent company, which carefully and conscientiously monitors and plans short-term solvency on a daily basis, and ensures it by coordinating and planning all cash flows within the Group. To that end, the Company takes into account, to the greatest extent possible, risks associated with possible late payments and poor payment discipline, which can hinder the planning of inflows and the Company's investment activities.

The Company also constantly monitors and optimizes short-term surpluses and shortages of monetary assets. A liquidity reserve in the form of credit lines approved by commercial banks, the diversification of financial liabilities, the constant adjustment of the maturities of receivables and liabilities, and the consistent collection of receivables are all factors that facilitate GEN-I, d.o.o.'s successful cash-flow management, which in turn ensures its purchasing power and mitigates risks associated with short-term solvency. Thanks to the Company's active approach to financial markets, its good performance in the past and a stable cash flow from operating activities, liquidity risks are within acceptable parameters and entirely manageable.

The Company ensures its long-term solvency by preserving and increasing its share capital, and by maintaining an appropriate financial balance. The Company achieves this by continuously ensuring an appropriate balance-sheet structure with regard to the maturity of financial liabilities. As part of liquidity risk management activities, the Management Board intends to further strengthen the Group's long-term and short-term solvency in the coming year and include new subsidiaries in the liquidity monitoring system.

Note 37: **Currency risk**

Current year (2021)

AMOUNTS IN EUR RECEIVABLES AND LIABILITIES	EUR	USD	GBP	HRK
	12/31/2021			
Trade receivables	137,143,184	0	0	0
Bank loans	-25,000,000	0	0	0
Trade payables	-151,589,173	16,231	-31,488	0
Gross on-balance-sheet exposure	**-39,445,989**	**16,231**	**-31,488**	**0**
Estimated forecast sales	0	0	0	0
Estimated forecast purchases	0	0	0	0
Gross exposure	**0**	**0**	**0**	**0**
Net exposure	**-39,445,989**	**16,231**	**-31,488**	**0**

Previous year (2020)

AMOUNTS IN EUR RECEIVABLES AND LIABILITIES	EUR	USD	GBP	HRK
	12/31/2020			
Trade receivables	73,466,643	0	0	0
Bank loans	-5,000,000	0	0	0
Trade payables	-71,309,591	37,025	-23,468	0
Gross on-balance-sheet exposure	**-2,842,948**	**37,025**	**-23,468**	**0**
Estimated forecast sales	0	0	0	0
Estimated forecast purchases	0	0	0	0
Gross exposure	**0**	**0**	**0**	**0**
Net exposure	**-2,842,948**	**37,025**	**-23,468**	**0**

GEN-I, d.o.o. is actively involved in establishing a suitable infrastructure for foreign currency transactions and implementing other currency-hedging mechanisms, including forward contracts and currency clauses, particularly on foreign markets outside of the euro area.

The Company is primarily exposed to currency risks when performing its core activities of trading and selling electricity and natural gas, and cross-border transfer capacities. Given the scope of its operations, the Company is most exposed to currency risks associated with the Romanian leu (RON) and Turkish lira (TRY).

The Company mitigates currency risks by linking the selling prices of goods to the currency used by the sources that finance the purchase of these goods. To a certain extent, currency risks between subsidiaries are 'naturally' hedged because a portion of expected inflows is covered by the expected outflows in the same currency. If necessary, the Company also uses derivatives and a number of forward currency contracts to hedge against these risks.

The Company regularly monitors its open position in all currencies to which it is exposed. It is most exposed to the Turkish lira (TRY), where exposure takes the form of receivables from a subsidiary, which reduces the sensitivity of results to changes in the exchange rate.

The Company consistently hedges all major positions in foreign currencies. On markets where it does not employ forward contracts for hedging, it uses a currency clause in contracts with partners and customers for that purpose. Consequently, changes in exchange rates do not have a material impact on the Company's results.

	HUF	TRY	BGN	RON	CZK	PLN
			31. 12. 2021			
	0	1,126,895	31,886	12,374,958	0	0
	0	0	0	0	0	0
	-208,250	-941,824	-2,932	-11,612,467	0	-13,052
	-208,250	**185,071**	**28,954**	**762,491**	**0**	**-13,052**
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	**0**	**0**	**0**	**0**	**0**
	-208,250	**185,071**	**28,954**	**762,491**	**0**	**-13,052**

	HUF	TRY	BGN	RON	CZK	PLN
			31. 12. 2020			
	0	2,181,713	105,041	6,185,484	0	0
	0	0	0	0	0	0
	-106,324	140,935	-14,923	-6,081,401	-95	0
	-106,324	**2,322,648**	**90,118**	**104,083**	**-95**	**0**
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	**0**	**0**	**0**	**0**	**0**
	-106,324	**2,322,648**	**90,118**	**104,083**	**-95**	**0**

Note 38: **Interest-rate risk**

AMOUNTS IN EUR FINANCIAL INSTRUMENTS	CARRYING AMOUNT	
	12/31/2021	12/31/2020
FIXED-RATE INSTRUMENTS		
Financial assets	22,749,000	13,091,500
Financial liabilities	-69,880,070	-47,690,009
VARIABLE-RATE INSTRUMENTS		
Financial liabilities	-5,000,000	-5,129,147

The Company manages interest-rate risks by constantly assessing exposure and the possible effects of changing reference interest rates (the variable part) on costs from financing activities. The Group also monitors its loan portfolio, which could be affected by a change in the relevant interest rates. As part of its risk management activities, the Company monitors interest rate fluctuations on the domestic and foreign markets, and on the derivative markets. The purpose of continuous monitoring and analyses is to propose timely protective measures by balancing assets and liabilities in the statement of financial position.

Exposure to interest-rate risk is low, as only one loan, in the amount of EUR 5,000,000, bears a variable interest rate. A change in that interest rate of +/-100 basis points would result in an increase/decrease in net profit or loss by +/- EUR 50,000.

Note 39: **Risk of changes in commodity prices and hedge accounting**

The GEN-I Group's core activities include trading electricity and natural gas internationally, selling electricity and natural gas to end-customers, and purchasing the necessary quantities from producers for both activities.

The nature of its business activity requires the Group to carry out continuous hedging activities to mitigate market risk. Hedging activities are carried out by the parent company GEN-I, d.o.o. which is responsible for the centralized management of the Group's portfolio. The parent company has the necessary infrastructure in place to carry out hedging activities on commodity exchanges.

Hedging activities to mitigate market risk are carried out according to the policy and procedures defined by the Risk Management Department.

Commodity price risk arises from changes in prices due to the market structure, demand/supply, import/export fees, and changes in the price of cross border capacities. Specifically, this entails the risk of financial losses due changing prices on the energy markets. These market risks are managed using predefined strategies based on sensitivity analysis of portfolios, price elasticities of sales portfolios, CVaR indicators and quantitative exposure analysis, as well as depth and liquidity check of markets in all portfolios in the GEN-I Group.

A hedged item is a firm commitment. A firm commitment is a binding agreement regarding the exchange of a precisely defined quantity of resources at a precisely defined price on a precisely defined future date or dates. The Company's hedged items (commodities) comprise physical electricity and natural gas transactions.

A hedging instrument is a standardized forward contract. The Group is active on several commodity exchanges and uses standardized forward contracts for electricity, natural gas and other commodities as hedging instruments.

A hedge ratio is defined as the relationship between the quantity of the hedging instrument and the quantity of the hedged item, taking into account their relative weightings. In general, a hedged item and hedging instrument may relate to the same or a different commodity, and are executed at same or different times and on same or different markets. However, the hedge must be effective, meaning that there should be a strong correlation between the hedged item and hedging instrument. The hedged item and hedging instrument typically relate to the same commodity and have the same or a similar deadline for execution.

Sources of ineffectiveness that are expected to affect hedging relationships during their term are as follows:

- profile differences,
- location differences,
- timing differences,
- differences in quantities and nominal amounts,
- proxy hedging,
- early terminations, and
- credit risk.

To demonstrate the existence of an economic relationship, it must be expected that the value of the hedging instrument and the value of the hedged item will move in the opposite direction as a result of the common underlying or hedged risk. For the purpose of assessment, we typically use a qualitative test, i.e. an assessment of whether material terms match. When a hedge relationship is not obvious, we also use a quantitative test, i.e. a simple scenario analysis method, to assess the economic relationship.

Hedging instruments

2021

AMOUNTS IN EUR PROFILE OF THE TIMING OF THE NOMINAL AMOUNT OF HEDGING INSTRUMENTS	NOMINAL AMOUNT		
	< 1 YEAR	1–5 YEARS	> 5 YEARS
Commodity price risk	0	95,545,408	0

AMOUNTS IN EUR HEDGING INSTRUMENT	NOMINAL AMOUNT OF HEDGING INSTRUMENT	CARRYING AMOUNT OF HEDGING INSTRUMENT		LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION WHERE HEDGING INSTRUMENT IS INCLUDED	CHANGES IN FAIR VALUE USED TO CALCULATE HEDGING INEFFECTIVENESS FOR 2021
		ASSETS	LIABILITIES		
Commodity price risk	95,545,408	n/a*	n/a*	n/a*	46,820,536

*A financial instrument is a standardized forward contract that is cash-settled daily.

2020

AMOUNTS IN EUR PROFILE OF THE TIMING OF THE NOMINAL AMOUNT OF HEDGING INSTRUMENTS	NOMINAL AMOUNT		
	< 1 YEAR	1–5 YEARS	> 5 YEARS
Commodity price risk	34,256,418	0	0

AMOUNTS IN EUR HEDGING INSTRUMENT	NOMINAL AMOUNT OF HEDGING INSTRUMENT	CARRYING AMOUNT OF HEDGING INSTRUMENT		LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION WHERE HEDGING INSTRUMENT IS INCLUDED	CHANGES IN FAIR VALUE USED TO CALCULATE HEDGING INEFFECTIVENESS FOR 2020
		ASSETS	LIABILITIES		
Commodity price risk	34,256,418	n/a*	n/a*	n/a*	2,384,144

Hedged item

AMOUNTS IN EUR HEDGED ITEM	CARRYING AMOUNT OF HEDGED ITEM		CUMULATIVE CHANGE IN FAIR VALUE OF FIRM COMMITMENT		LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION WHERE FIRM COMMITMENT IS INCLUDED	CHANGE IN FAIR VALUE USED FOR CALCULATING HEDGE INEFFECTIVENESS FOR 2020
	ASSETS	LIABILITIES	ASSETS	LIABILITIES		
Commodity price risk – items not due	n/a*	n/a*		-46,483,600	Derivatives*	46,820,536
Commodity price risk – due items	n/a*	n/a*	-45,169,705			41,525,383

*A hedged item is an unrecognized firm commitment.

Hedge ineffectiveness

AMOUNTS IN EUR FAIR VALUE HEDGING	HEDGE INEFFECTIVENESS RECOGNIZED IN PROFIT OR LOSS	LINE ITEM IN STATEMENT OF COMPREHENSIVE INCOME THAT INCLUDES HEDGE INEFFECTIVENESS
Commodity price risk	344,959	Other recurring operating revenues or expenses

16. EVENTS AFTER THE REPORTING PERIOD

War in Ukraine

We assess that GEN-I, d.o.o. is directly exposed to the war and the resulting EU sanctions in the following areas:

- the supply of natural gas to end-customers. Comparatively speaking, the latter represents less than one-tenth of revenues from the supply of electricity to end-customers and approximately one percent of the GEN-I Group's total revenues. Another reason that direct exposure is low lies in the fact that most of GEN-I's natural gas purchases are made directly on exchanges; and
- participation on the Ukrainian wholesale electricity market. The GEN-I Group is not present on the Russian or Belarusian energy markets. It is, however, present in Ukraine via the subsidiary GEN-I Kiev. Exposure is assessed as low, as activities on the Ukrainian market generate less than one percent of the GEN-I Group's revenues. All activities on the Ukrainian market have been halted until further notice and refocused on nearby energy markets.

The direct threat to GEN-I, d.o.o. is low, according to analyses and taking into account implemented measures, and is assessed not to have a material impact on the GEN-I Group's performance.

GEN-I, d.o.o. is also assessing its indirect exposure to the war, where risks derive primarily from the impact of the conflict on the energy crisis. In terms of the latter, the most significant risks derive from extremely volatile energy prices and the resulting pressure to ensure sufficient cash margins on energy exchanges. GEN-I, d.o.o. has a sound capital structure, generates a robust cash flow from operating activities and has a low level of debt. It is therefore prepared for any new undesirable effects of the current energy crisis. We also regularly study potential indirect risks that are the result of negative effects on business partners and customers. We have not identified increased credit risk or have appropriately minimized that risk with the necessary collateral.

The direct and indirect threats to GEN-I, d.o.o. are low, according to analyses and taking into account implemented measures, and are assessed not to have a material impact on the GEN-I Group's performance. There is currently no information or signs to indicate that the achievement of the 2022 plan is not feasible.

The Company is aware of increased cyber risks in the current conditions, and is managing those risks appropriately in the scope of its comprehensive risk management system.

Appointment of GEN-I, d.o.o.'s Management Board

The five-year term of office of GEN-I's Management Board, comprising President of the Management Board Robert Golob, Ph.D., and members Igor Koprivnikar, Ph.D., MBA, Danijel Levičar, and Andrej Šajn, MSc, expired on November 18, 2021. Because the Company's owners did not reach consent on the appointment of the Management Board to a new five-year term of office when the previous term expired, GEN-I, d.o.o. and its owners, GEN energija d.o.o. and GEN-EL naložbe d.o.o., submitted proposals for the court appointment of a Management Board. On February 16, 2022, the District Court of Krško issued a decision under which the following persons were temporarily appointed members of the Management Board: Igor Koprivnikar, Ph.D., MBA as President of the Management Board, and Primož Stropnik, Dejan Paravan, Ph.D., and Andrej Šajn, MSc, as members. The court-appointed Management Board represents the Company in pairs based on the rules on joint representation. Following the waiving of appeals by all parties to the proceedings, the decision on the court appointment became final on March 18, 2022, when the Management Board assumed full powers to manage the Company's operations from that date until the appointment of a new Management Board in accordance with GEN-I's Memorandum of Association, for a maximum period of one year. During the period from the expiry of the term of office of the Management Board until the finalization of the decision on the court appointment, GEN-I conducted its business and signed documents according to the relevant powers, which enabled it to conduct its day-to-day operations normally.

17. STATEMENT BY THE MANAGEMENT BOARD

The Management Board hereby approves the financial statements of GEN-I, d.o.o. for the business year that ended on December 31, 2021, including the notes to the financial statements from page 169 of the financial report onwards.

The Management Board hereby certifies that all relevant accounting principles were consistently used in drafting the Company's financial statements. Accounting estimates were prepared according to the principles of prudence and due diligence. The Management Board hereby certifies that this annual report provides a true and fair picture of GEN-I, d.o.o.'s assets and performance in 2021.

The financial statements and accompanying notes were prepared on a going concern basis and in line with the relevant legislation and International Financial Reporting Standards.

Primož Stropnik,
Member of the Management Board

Igor Koprivnikar, Ph.D., MBA,
President of the Management Board

Andrej Šajn, MSc,
Member of the Management Board

Dejan, Paravan, Ph.D.,
Member of the Management Board

Krško, April 26, 2022

18. INDEPENDENT AUDITOR'S REPORT

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
to the owners of GEN-I d.o.o.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the company GEN-I d.o.o. (hereinafter 'the Company'), which comprise the statement of financial position as at 31 December 2021, and the income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and 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 (ISAs) 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. Our responsibilities under those rules are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and other ethical requirements that are relevant to our audit of the 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.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the year ended 31 December 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Derivatives and Hedge Accounting

As at 31 December 2021, the company discloses the fair value of EUR 7,577 thousand of derivative financial instruments, which are used primarily for the management and hedging of market and currency risks.

Key audit matter	How our audit addressed the key audit matter
As disclosed in Note 15.3 (d) (v) derivatives are measured at fair value, and changes in fair value are generally recognized in profit or 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 Section 15.6. 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. Derivative financial instruments are treated as a key audit matter due to the importance for the financial statements, the importance of assumptions in the calculation of fair value and the complexity of hedge accounting.	As part of our audit procedures, we assessed the adequacy of the Company's accounting policies relating to the recognition of derivative financial instruments and their compliance with IFRSs, and performed the following 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

As can be seen from the financial statements, revenues from contracts with customers amounted to EUR 3,353,363 thousand in the year ended 31 December 2021.

Revenues from the sale of services, which mainly include revenues from cross-border transmission capacities and other services related to trade in electricity and natural gas, amounted to EUR 79,492 thousand in the year ended 31 December 2021.

Key audit matter	How our audit addressed the key audit matter
As disclosed in Note 15.3 (m) (i) of the accounting policies, 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. 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 15.3 (m) (ii) of the accounting policies. 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 checked 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 checked 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 checked 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.

Emphasis of matter

We draw attention to *Note 16. Events after the reporting period* in the financial statements describing management's evaluation of the actual or potential impact of the effects of the military conflict between Ukraine and Russia on the entity. Our opinion is not modified in respect of this matter.

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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 financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we express no assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the 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 are, in all material respects, consistent with the audited financial statements;
- other information are prepared in compliance with applicable law or regulation; and
- based on our knowledge and understanding of the Company and its 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, management is responsible for assessing its 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 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process and for approving audited annual report.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 auditing rules 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 financial statements.

As part of an audit in accordance with auditing rules, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

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evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal 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 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 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 organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

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)

Appointment of the Auditor and the Period of Engagement
Deloitte revizija d.o.o. was appointed as the statutory auditor of the Company on General Shareholders' Meeting held on 17 June, 2019. Our total uninterrupted engagement has lasted 8 years.

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Confirmation to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 26 April, 2022 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided. There are no services, in addition to the statutory audit, which we provided to the Company, and which have not been disclosed in the Annual Report.

Engagement partner responsible for the audit on behalf of Deloitte revizija d.o.o. is Katarina Kadunc.

DELOITTE REVIZIJA d.o.o.

Katarina Kadunc
Certified auditor

For signature please refer to the original Slovenian version.

Deloitte.
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Ljubljana, Slovenija 3

Ljubljana, 26 April, 2022

TRANSLATION ONLY, SLOVENE ORIGINAL PREVAILS

19. LIST OF DISCLOSURES

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