

THE NUCLEAR ENERGY SECTOR CREATES POSITIVE IMPACTS

Each gigawatt of installed nuclear capacity generates positive macroeconomic impacts totalling EUR 4.3 billion in the EU GDP. The JEK 2 project with an installed capacity of 1,100 MW, which is one of the three versions examined in the Prefeasibility Study, would yield an annual production of low-carbon electricity ranging from 8.8 to 12.8 TWh.

JEK 2 is a much-needed, feasible and economically sound project.

The GEN Management was expanded to two members in August 2019 and is now made up of the General Director, Martin Novšak (left), and Business Director, Danijel Levičar (right).



The GEN Group closed a highly successful business year in 2019; in fact, it was a record-high year in terms of operating and business results. We generated more than EUR 2.2 billion in revenue, which puts us in second place among Slovenia's largest business groups and ranks us among the country's strongest business groups in investment terms.

Our central development project JEK 2 is poised to bring numerous positive impacts – both in terms of the economy and the climate – and strengthen the reliability of self-sufficient electricity supply.

We generated 3,672 GWh of electricity in 2019, exceeding our projected targets. All our production units operated failure-free, which is a remarkable achievement.

NEK's operation was stable and safe and at full capacity for most of the year. It generated 5,533 GWh of electricity (half of which, 2,766 GWh, is the property of GEN, or effectively the Republic of Slovenia). In recognition of its performance, the nuclear power plant received the highest score in an international WANO review – this is only achieved by one-tenth of the world's top-performing power plants, and it sets NEK's good practices as examples for nuclear power organizations around the world to follow. The hydroelectric power plants on the river Sava operated reliably and successfully despite subnormal hydrology and generated a combined total of 876 GWh, of which 610 GWh went to the GEN Group. Brestanica Thermal Power Plant recorded 8 reliable start-ups for the purpose of balancing the national power grid and also operated to help satisfy market demand, which was possible thanks to favourable prices of natural gas.

As much as 99.1% of all the electricity generated by the GEN Group's power plants comes from low-carbon sustainable and renewable sources – nuclear and hydro. This is an energy mix which – according to economic, environmental, climate and social indicators – is proving to be the right combination for shaping a sustainable energy future for Slovenia.

In the trading and sales sphere, GEN-I was successful in adapting to dynamic market conditions and made an essential contribution to cost-effective risk management. Through its trading operations, the company provided effective safeguards against production and price fluctuations. With a well-thought-out approach to electricity sales in futures markets we have established a strong foothold also for 2020.

Our safe, reliable and environmentally friendly production is the result of ongoing investments in knowledge and equipment. Our outlay for R&D, capital expenditures and investments aimed at securing long-term stability was EUR 92 million this past year. Our core strategic development challenge is the JEK 2 project, which – on account of its benefits in terms of meeting the goals of reliability and competitiveness of supply and climate goals – is now already overdue. In this project, we are counting on wider international or regional cooperation, with which Slovenia – as a stable country in energy security terms – will further strengthen its reputation in the EU.

The GEN Group generated EUR 2.2 billion in revenue, with a net profit amounting to EUR 48.5 million, which is 28% over the target. Added value per employee was EUR 149 thousand. The parent company generated EUR 209 million in revenue, with a net profit of EUR 27.4 million. By achieving such strong results, we have lived up to the expectations of our owner.

We help create a sustainable future with our 1,418 employees, of which more than 64% have at least higher education qualifications. The expansion of the company's management to two members has further consolidated the strategic, forward-looking position of the GEN Group. With our experience, expertise, commitment, diligence and motivation, we are fulfilling our goals and building a sustainable future not only for the GEN Group but also for all the people of Slovenia, who benefit from our secure and reliable supply of low-carbon electricity at affordable prices.

Our production units – power plants

- Nuclear power plant
- Hydroelectric power plant
- Thermal power plant
- Solar power plant



Our companies' presence in electricity markets and power exchanges

- Regional power exchange
- Electricity and natural gas
- Electricity



Companies making up the GEN Group, by activity

GEN energija d.o.o.
The holding company of the GEN Group
www.gen-energija.si

PRODUCTION

Nuklearna elektrarna Krško d.o.o.
Electricity generation at a nuclear power plant
www.nek.si

Savske elektrarne Ljubljana d.o.o.
Electricity generation at hydroelectric power plants
www.sel.si

Termoelektrarna Brestanica d.o.o.
Electricity generation at a thermal power plant, a standby energy source for the power grid
www.teb.si

Hydroelektrarne na Spodnji Savi, d.o.o.
Electricity generation at hydroelectric power plants
www.he-ss.si

Srednjesavske elektrarne d.o.o.
Electricity generation at hydroelectric power plants

TRADING AND SALES

GEN-I, d.o.o.
Electricity trading, sales and purchasing
www.gen-i.si

ELEKTRO ENERGIJA d.o.o.
Sales of electricity and natural gas to consumers and purchasing of electricity
www.elektro-energija.si

DEVELOPMENT, RESEARCH, SERVICES, AND OTHER

ZEL-EN, razvojni center energetike d.o.o.
Research and development for the energy industry
www.zel-en.si

GEN-EL d.o.o.
Investment management

The GEN Group is becoming the region's leading provider of

RELIABLE, SAFE, COMPETITIVE AND LOW-CARBON

energy supply to consumers.

GEN SKUPINA OVERVIEW OF THE GEN GROUP AND ITS RESULTS IN 2019

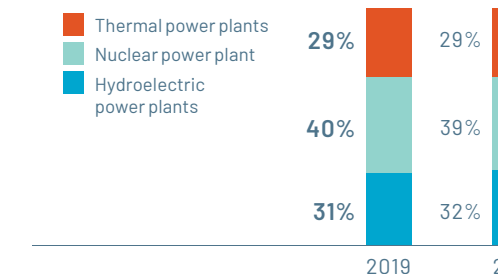
THE GEN GROUP AT A GLANCE

The GEN Group is one of the largest and strongest business groups in investment terms in Slovenia.

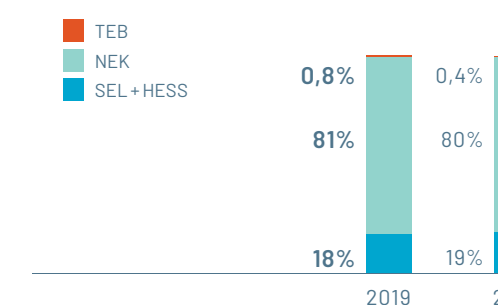
We run an integrated electricity supply chain:

- we generate electricity from low-carbon sources: nuclear and hydro,
- we engage in electricity trading and sales in the domestic market and more than 20 retail and wholesale markets across Europe,
- we channel our capital into development and investments, primarily ongoing thorough maintenance of existing as well as responsible planning and construction of new, low-carbon production capacities for supporting the electricity supply in Slovenia.

COMPOSITION OF ELECTRICITY GENERATION SOURCES IN SLOVENIA



COMPOSITION OF ELECTRICITY GENERATION SOURCES IN THE GEN GROUP COMPANIES



6,300–6,800 GWh
AVERAGE ANNUAL ELECTRICITY PRODUCTION OUTPUT OF OUR POWER PLANTS

30%
SHARE OF THE COUNTRY'S TOTAL ELECTRICITY PRODUCTION

more than 99%
OF THE ELECTRICITY WE GENERATE COMES FROM LOW-CARBON NUCLEAR AND HYDRO ENERGY

21
EUROPEAN MARKETS IN WHICH WE ARE PRESENT THROUGH TRADING AND SALES ACTIVITIES

Our results		GROUP		COMPANY	
		2019	2018	2019	2018
Revenue	in EUR thousand	2,246,180	2,376,085	208,726	203,815
EBIT	in EUR thousand	63,399	50,208	31,051	27,589
EBITDA	in EUR thousand	102,369	86,834	31,907	28,326
Net profit	in EUR thousand	48,488	40,661	27,383	24,505
Assets	in EUR thousand	1,158,886	1,157,012	589,639	561,879
Equity	in EUR thousand	859,836	818,695	486,731	466,408
Debt	in EUR thousand	179,658	166,710	13,069	13,075
Investments	in EUR thousand	57,381	60,424	901	1,741
Electricity generated	in GWh	3,672	3,699		
Electricity sold	in GWh	41,375	47,153	3,975	4,275
Number of employees at year-end		1,104	1,028	60	57

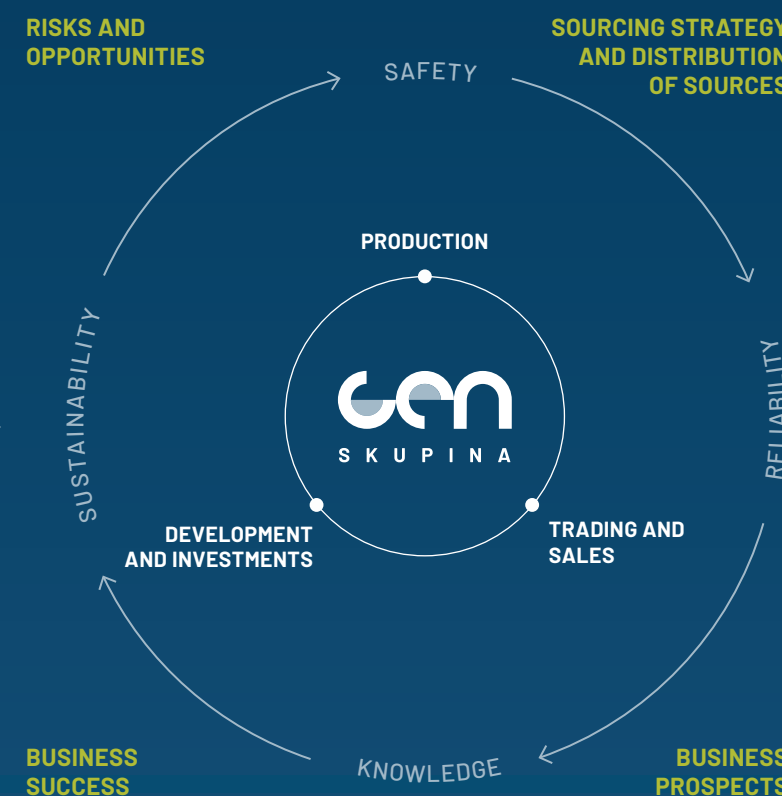


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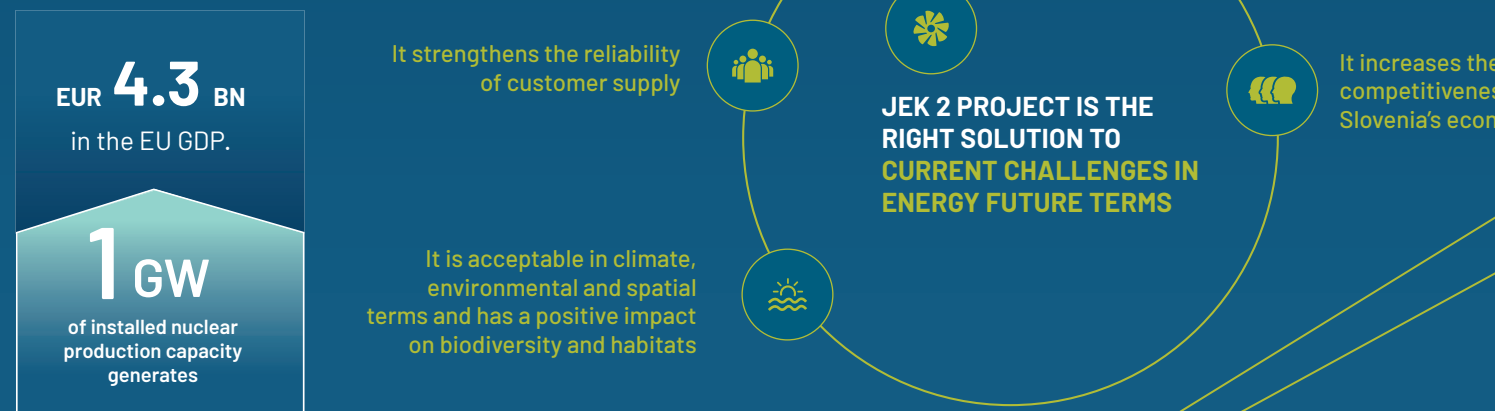
Capitals of the GEN Group

- Infrastructural capital**
Nuclear power plant, hydroelectric power plants on the river Sava, gas-fired thermal power plant (ancillary services), and distributed renewable sources (solar power plants).
Advanced software/IT infrastructure for facilitating effective energy trading and sales at home and abroad.
- Natural capital**
Low-carbon energy sources: primarily nuclear and hydro.
- Financial capital**
Financial resources (mainly through equity and borrowing) needed for providing comprehensive electricity supply services.
- Employees and intellectual capital**
The knowledge, skills and dedication of our employees for performing our principal activities.
- Social capital**
Relations with external stakeholders in providing comprehensive electricity supply services.
Promoting the understanding and appreciation of the importance of energy supply for our daily lives and enduring social prosperity.



JEK 2: the central strategic development project of the GEN Group

JEK 2 is a much-needed, feasible and economically sound project. It is the right solution for tackling the current challenges with regard to the energy future of Slovenia and the EU.



Source: FORATOM – Economic and Social Impact Report (Deloitte, 2019).

Results of the GEN Group in 2019

Total production output: **3,672 GWh** of electricity

TEB's important role in ensuring power grid stability

Turnover: **EUR 2.2 billion**

Number of employees: **1,418** factoring in entire NEK personnel

Safe, reliable and environmentally friendly supply of electricity to consumers

Production output of NEK: **5,533 GWh** (2,766 GWh for Slovenia)

Low-carbon portfolio of energy sources (nuclear and hydro): **99.1%**

Implementing the action plan for optimizing business operations

Employee qualifications: **64%** with at least higher education qualifications

Advanced services for consumers – moving towards green transformation

Production output of HPPs: **876 GWh** of electricity (of which 610 GWh for the GEN Group)

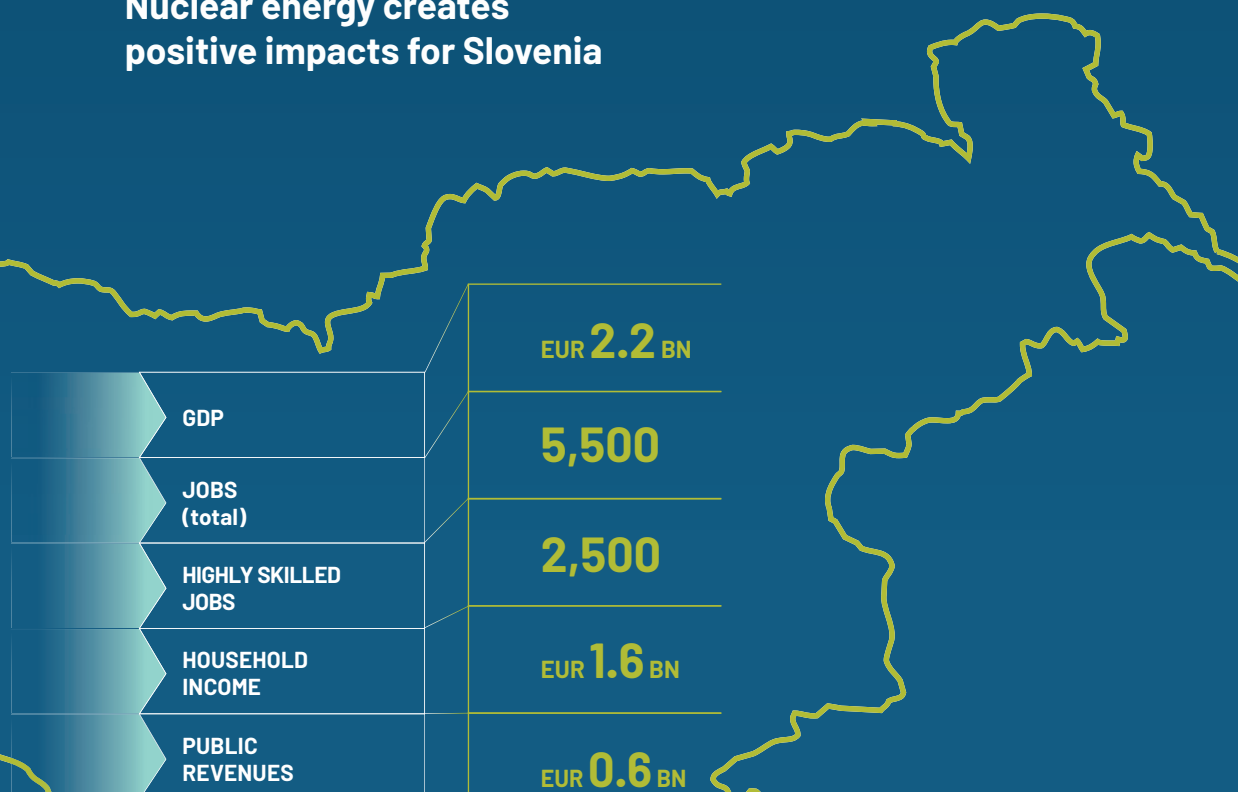
Net profit: **EUR 48.5 million**

Preparation of research studies for the JEK 2 project

Outlay for R&D, capital expenditures and investments for ensuring long-term stability: **EUR 91.97 million**

Strengthening the understanding and knowledge of energy and the energy sector among key stakeholders

Nuclear energy creates positive impacts for Slovenia



81%
SHARE OF NUCLEAR ENERGY IN THE GEN GROUP'S TOTAL ELECTRICITY PRODUCTION OUTPUT



NEK'S EXCELLENT RESULTS FORM THE FOUNDATION FOR THE LONG-TERM HARNESSING OF NUCLEAR ENERGY

2019 was again an outstanding year for Krško Nuclear Power Plant (NEK): remarkable operational stability, high level of nuclear and radiation safety, responsible attitude to the environment. We exceeded our production targets with 5,533 billion kilowatt-hours of low-carbon electricity and completed a complex scheduled overhaul in 28 days.

We also carried out an extensive safety upgrade and achieved the highest score in an international review conducted by the World Association of Nuclear Operators (WANO). Based on operational performance indicators, NEK ranks among the world's top 60 nuclear power plants in efficiency terms out of a total of 447 in operation worldwide today. This is a major accomplishment for our entire team.

Stane Rožman
President of the Management Board, Nuklearna elektrarna Krško d.o.o.



WE ARE INCREASING OPERATIONAL RELIABILITY AND AVAILABILITY BY INVESTING IN NEW GAS TURBINE UNITS

8
ACTIVATIONS FOR THE RELIABLE PROVISION OF ANCILLARY SERVICES

One of the main accomplishments of Brestanica Thermal Power Plant (TEB) in this past year was the start of the construction of an additional backup gas turbine unit PB 7. Once this project is completed, TEB will have wrapped up its development cycle of replacing its three old 23 MW gas turbine units and increased the power plant's operational reliability and availability, which are essential to providing ancillary services.

Tomislav Malgaj
Director, Termoelektrarna Brestanica d.o.o.



DIRECTING OUR KNOWLEDGE AND EXPERIENCE TOWARDS DEVELOPMENT PROJECTS IN HYDRO ENERGY AND OTHER RENEWABLE ENERGY SOURCES



Drago Poljak
Director, Savske elektrarne Ljubljana d.o.o.

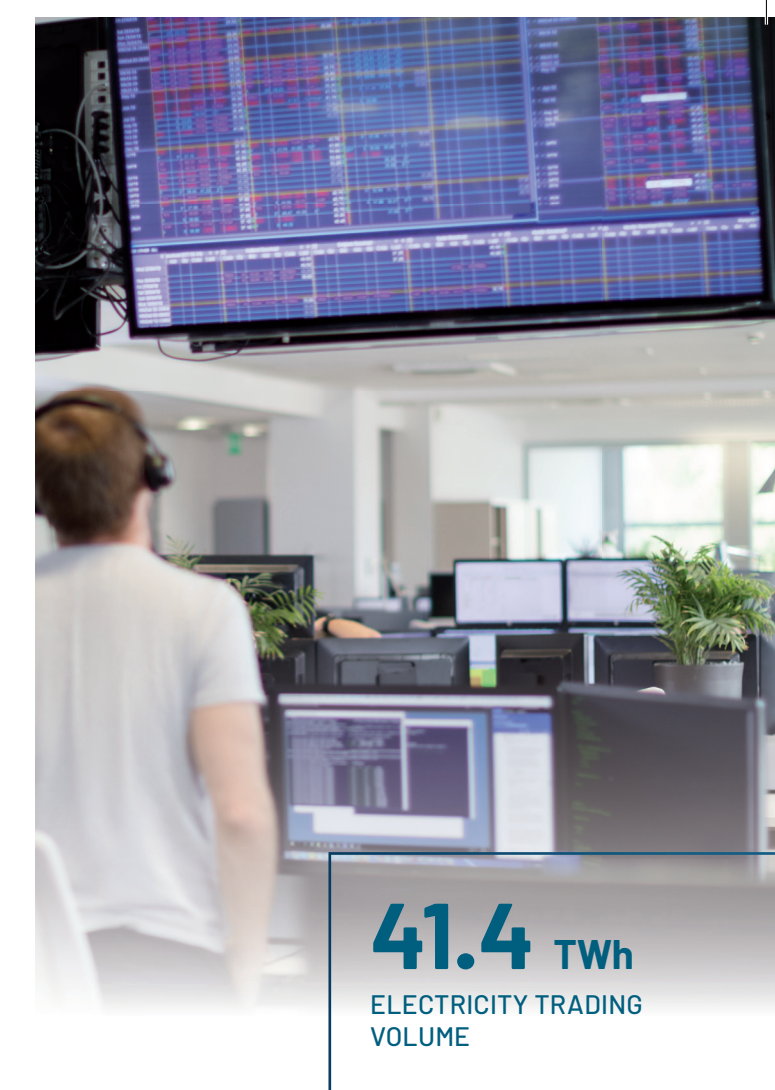
Optimization of the organizational structure and processes, timely investments in increasing the power plants' production output parameters, and the generating units' capability of providing ancillary services were manifested in 2019 in a production output that was above the target, the achieved maximum availability factor of the systems, and the net profit that exceeded projections. All this provides a sound footing for continuing with the planned investments in the years ahead – with an emphasis on building new large and small hydroelectric power plants on the river Sava and its tributaries.



Bogdan Barbic
Director, Hidroelektrarne na Spodnji Savi, d.o.o.

HESS closed the year 2019 within the targets from the business plan – and this despite less-than-favourable hydrology for electricity generation and the delayed start of the construction of Mokrice HPP. With EUR 20 million in operating revenue and EUR 2.4 million in net profit at year-end, we have exceeded our targets. While putting in repeated and additional efforts for obtaining an Environmental Protection Approval for Mokrice HPP, we are also focusing our expertise and experience on new development projects to facilitate the production of additional electricity from renewable sources.

876 GWh
ELECTRICITY GENERATED BY THE GEN GROUP'S LARGE HYDROELECTRIC POWER PLANTS



41.4 TWh
ELECTRICITY TRADING VOLUME



SUCCESSFULLY ON COURSE FOR A LOW-CARBON FUTURE FOR GENERATIONS TO COME

The GEN-I Group is among the fastest-growing and most go-ahead and innovative players in the European energy market. We generated more than EUR 2.2 billion in revenue for a third consecutive year, and net profit exceeded EUR 15 million for the first time ever.

With our successful operations, development of new products, strong investment potential and well-thought-out strategy, we have built for ourselves a sound footing for the decade of sweeping technological and social change, which will impact the development of society and habits like never before. By tapping renewables, we will make our contribution to the green transformation of society and its transition to a low-carbon reality.



Robert Golob, PhD
President of the Management Board, GEN-I, d.o.o.