SUMMARY OF THE CONSOLIDATED ANNUAL REPORT

geoplin
PETROL GROUP

SUMMARY OF THE CONSOLIDATED ANNUAL REPORT 2023

geoplin PETROL GROUP

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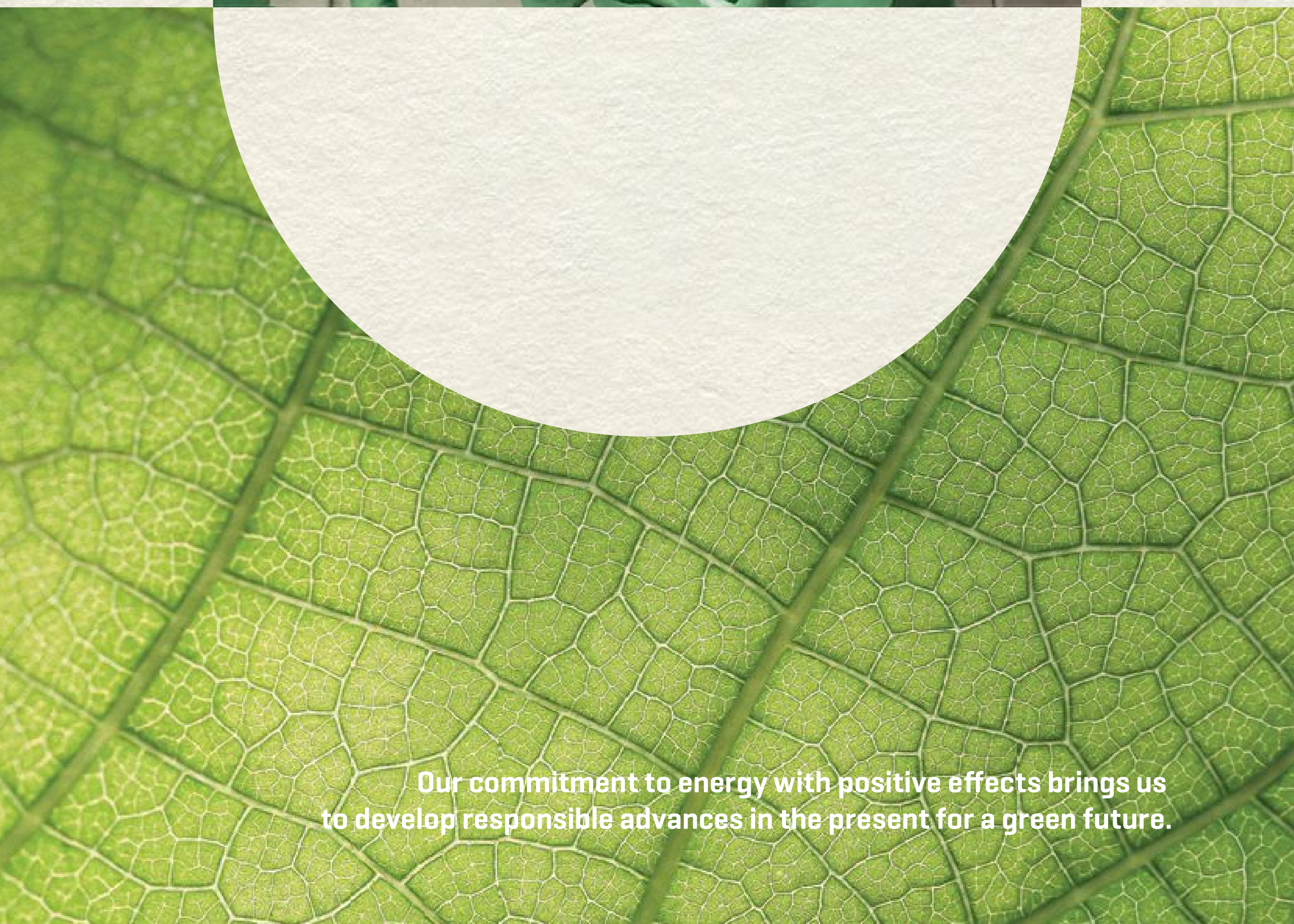
Every year, the Geoplin Group issues a publication summarising the most important highlights from the annual report. The annual report is published on the company website, www.geoplin.si. It is sent to our business partners (gas exchanges, banks, and similar) in electronic or paper form and is also used as promotional material to inform prospective partners and other interested stakeholders about Geoplin d. o. o. Ljubljana activities and its key results.

INTRODUCTION



Our commitment to energy with positive effects brings us to develop responsible advances in the present for a green future.

Keeping the advantages of
an orderly living environment
in the service of everyday
harmony is one of our
topmost concerns.

MANAGEMENT'S INTRODUCTION

Simon Urbancl
Manager

»On the Road to a Sustainable Future through Security of Supply«

2023 was marked by a gradual stabilisation of the energy market. The beginning of the year saw a rise of natural gas prices, which started to fall after the end of winter. Thus, the Geoplin Group ended 2023 on a very positive note. Despite legislative measures to regulate the market, it maintained its position as the leading gas supplier.

In response to the war in Ukraine, we signed a medium-term contract with Algeria's Sonatrach in 2022, which ensured our continuous supply in 2023. Together with the existing agreements with our European partners, we have successfully replaced Russian supplies, providing Slovenian customers with a reliable supply of natural gas from the West. In 2024, we are continuing activities to diversify our supply sources and natural gas routes.

In 2023, Geoplin Group initiated an arbitration procedure against Gazprom Export LLC for breach of a natural gas supply agreement. Due to the corporate guarantee being enforced by Gazprom Export LLC, the parent company Geoplin d. o. o. Ljubljana filed a request for arbitration together with the ultimate parent company, Petrol d. d., Ljubljana. We are actively continuing this process also in 2024.

In the natural gas segment, the Group sold a total of 14.8 TWh of natural gas, or 2.7 TWh less than the previous year. The decrease in volumes is mainly due to the contraction of the economy in foreign markets as a result of the war in Ukraine. In 2023, the Group generated EUR 1 billion in sales revenue. The amount was lower than the previous year due to lower natural gas price indices. The Group's earnings before interest and taxes (EBIT) totalled EUR 12.5 million, and its net profit totalled EUR 2.5 million.

The geopolitical instability in 2023 continued to affect the natural gas market, together with the slow recovery of the economic and financial environment in the EU. Therefore, customers remained at the centre of Geoplin Group's operations in 2023. We continued to carefully monitor the developments in gas exchanges and kept our customers up to date in order to support them in making informed decisions about the management of the natural gas purchasing portfolio. Given the developments on the global and European levels in 2023 that had a direct impact on the economy and on the energy sector in particular, the Geoplin Group had to increase its adaptability and responsiveness to the rapidly changing market situation in 2023. At the same time, the Group provided a secure supply to its customers through short- and long-term contracts concluded on the exchange and over-the-counter (OTC) markets for natural gas. Throughout the period, the Group took active steps towards risk management and optimising its purchasing portfolio, including by substantially expanding the list of its trading partners.

At Geoplin Group, we are aware how important it is to ensure sustainable energy use. In 2023, the Group continued its sales activities related primarily to finding new projects aimed at efficient energy use and renewable energy sources. In reaction to the trends of accelerating the green transition, the focus was on activities related to the development of green hydrogen projects geared towards the decarbonisation of natural gas.

Digitalisation was one of the Group's key focuses in 2023. We optimised several business processes, replaced the entire uninterruptible power supply (UPS) infrastructure and updated several systems. We promoted the use of the analytical reporting system and ensured additional baseline data for analysis (BI). We optimised certain business processes in the trading area. The use of our online customer portal, which provides a better and easier overview and analysis of natural gas consumption, considerably increased due to upgrades tailored to customer needs. An automatic system for reporting to external agencies was developed to meet legal obligations to regulators. A great emphasis was given to cybersecurity and the safety of the information and communication systems, particularly in terms of raising awareness and informing users.

In the light of fast-paced changes, we renewed our strategy and objectives for 2023-2027. Our key strategic areas that we already actively pursue, are the development of supply and sales activities with a focus on the **diversification of supply sources**, storage capacities and trade development, **green transformation** focused on hydrogen technologies and low-carbon gas projects, **organisational transformation** following a centralised or functional approach at Petrol Group level, and strengthening the role within the Petrol Group in terms of synergies and with the key objective of making Geoplin the **Petrol Group's competence centre for the development of natural gas products and services**.

In line with the strategy, the Group also plays an important strategic development role in the energy transition, in addition to supplying natural gas. As one of the leading players in the development of the biomethane and hydrogen technologies market, we believe that we have great potential for growth and development. We plan to make this a reality and thus make an important contribution to a more sustainable future.

Manager
Simon Urbancl

SUMMARY BUSINESS REPORT

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1.2 PRESENTATION OF THE GEOPLIN GROUP

1.2.1 Presentation of the parent company Geoplin d. o. o. Ljubljana

Geoplin d.o.o. Ljubljana was established in 1975 based on an agreement concluded in 1974 with future natural gas customers. Since mid-1978, the Company has been engaged in energy operations related to supplying, trading, and acting as an agent and intermediary in the natural gas market, the Company's principal activity. The Company also operates in foreign markets, where it supplies natural gas and provides services. To ensure reliable supply, the Company has secured appropriate and diversified procurement sources, as well as transportation and storage capacities. From 1 January 2023 to 2 August 2023, the Company was managed and represented by Matija Bitenc, MSc, and Jože Bajuk, MSc. From 2 August 2023 to 1 October 2023, the Company was managed and represented by Matija Bitenc, MSc, and from 1 October 2023, it was managed by Matija Bitenc, MSc, and Simon Urbancl. As at 29 March 2024, the Company is managed by Simon Urbancl.

COMPANY AT A GLANCE:

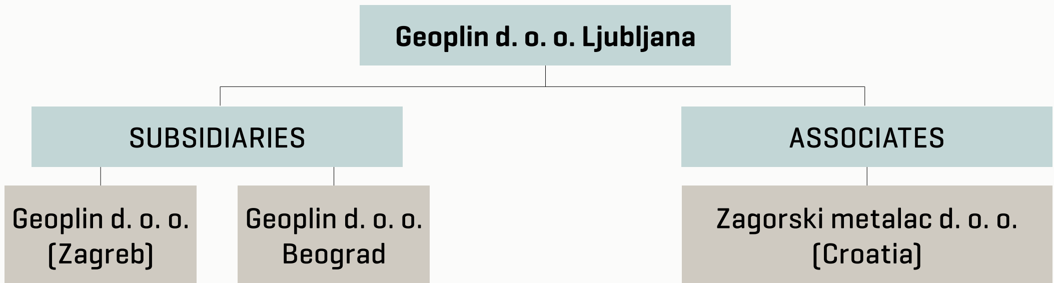
Company name:	Geoplin d. o. o. Ljubljana, družba za trgovanje z zemeljskim plinom
Abbreviated company name:	Geoplin d. o. o. Ljubljana
Registered office:	Cesta Ljubljanske brigade 11, Ljubljana
Registration number:	5025869000
VAT ID No.:	SI51503581
Activity code:	46.710 Wholesale of solid, liquid, and gaseous fuels and related products
Management:	General Manager Matija Bitenc, MSc Manager Simon Urbancl (as at 1 October 2023)
Procurator:	David Štoka (until 20 December 2023)
Email:	info@geoplin.si
LinkedIn:	https://www.linkedin.com/company/geoplin-d.o.o.-ljubljana/

1.2.2
Geoplin Group

The controlling company is Petrol, Slovenska energetska družba, d. d., Ljubljana, which has a 74.34% stake in Geoplin d. o. o. Ljubljana. The financial statements of Geoplin d. o. o. Ljubljana are included in the consolidated financial statements. The annual report of the Petrol Group is prepared by Petrol d. d., Ljubljana, and is available at www.petrol.si.

Due to the considerable impact of subsidiaries on the balance sheet and the profit and loss statement, Geoplin d. o. o. Ljubljana will prepare the consolidated financial statements of the Geoplin Group for the year ended on 31 December 2023 and comparatively for the year ended on 31 December 2022. The consolidated financial statements of the Geoplin Group will be available at the Company's registered office.

GEOPLIN GROUP



Geoplin društvo s ograničenom odgovornošću za trgovinu i opskrbu energentima d. o. o.	
Registered office:	Radnička cesta 177, 10000 Zagreb, Croatia
Director:	Zvonimir Jonjić
Procurator:	Emil Wein
Shareholding of Geoplin d. o. o. Ljubljana:	100%

The company Geoplin društvo s ograničenom odgovornošću za trgovinu i opskrbu energentima d. o. o. was established in 2014. It holds a valid energy permit to supply natural gas issued by the Croatian Energy Regulatory Agency (Hrvatska energetska regulatorna agencija – HERA) and is responsible for the balance group on the Croatian natural gas market via the Croatian energy market operator (Hrvatski operator tržišta energije – HROTE). The company is a natural gas trader and supplier in Croatia.

Geoplin d. o. o. Beograd	
Registered office:	Zelengorska 1g, 11070 Novi Beograd, Serbia
Director:	Emil Wein
Shareholding of Geoplin d. o. o. Ljubljana:	100%

The company Geoplin d. o. o. Beograd was established in 2015 and received a natural gas trading licence in the same year, but has not yet concluded its first transactions due to delays by the competent institutions regarding the announced change to system rules. Geoplin d. o. o. Beograd did not operate in 2023.

Zagorski metalac d. o. o.	
Registered office:	Ulica Josipa Broza Tita 2F, 49210 Zabok, Croatia
Director:	Zdravko Čulig
Shareholding of Geoplin d. o. o. Ljubljana:	25%

In 2018, the companies Geoplin d. o. o. Ljubljana and Petrol d. d. Ljubljana acquired a 25% and a 56% share, respectively, in Zagorski Metalac d. o. o. In 2020, Petrol d. d., Ljubljana, increased its share to 74.34%. Zagorski Metalac d. o. o. is a natural gas distributor and supplier in Croatia.

1.2.3
Audit

The external audit of financial statements and the annual report of the Geoplin Group for the financial year 2023 were conducted by the audit firm PricewaterhouseCoopers d. o. o.

High-quality accounting information serves as the foundation for responsible monitoring of business decision-making. Such information is ensured by taking due account of accounting standards and appropriate accounting policies, as well as through regular annual supervision of the accounting process in auditing procedures.

1.2.4
Mission, vision, values

MISSION	VALUES	VISION
The Group's mission is to provide a competitive and reliable supply of natural gas to customers, while maintaining a sustainable level of profitability.	Honesty,	To maintain our position as the best-known and leading provider of natural gas in Slovenia and the region, and to further expand our core business activity.
	Respect,	
	Straightforward and open communication within the Group and beyond,	
	Diligence,	To adapt the range of products and services and our activities to the needs of the market and to ensure the competitiveness and reliability of supply.
	Proactivity,	
	Innovation,	To seek new development and growth opportunities in the energy sector in Slovenia and beyond by offering other energy products and services.
	Integrity and responsibility.	

STRATEGY

Development of supply and sales activities
will include further **diversification** of supply sources through concluding contracts with natural gas manufacturers and leasing capacities at liquified natural gas (LNG) terminals in the region, maintaining the leading market share **in Slovenia**, developing **trade** and wholesale activities in key markets, deepening natural gas trading activities and diversifying the existing **storage capacities**.

Green transformation
will focus on **hydrogen technologies**, where the Geoplin Group will lead the development of activities in the field of hydrogen technology at Petrol Group level and participate in pilot projects with large industrial customers, as well as on the field of **biomethane**, where the Geoplin Group or Petrol Group will launch biomethane certificate trading on selected platforms and further explore the possibility for own methane production.

Organisational transformation
will include the digitalisation and reshaping of the organisational structure, which will follow a **centralised or functional approach** at Petrol Group level.

Activities within Petrol Group
will transform the Geoplin Group as its member into a competence centre for the development of products and services in the field of natural gas. We will also expand the scope of cooperation and realisation of potential synergies between the Geoplin Group and Petrol d. d., Ljubljana. Our goal is also to establish a comprehensive system for risk management at Petrol Group level aimed at a timely identification and management of key risks.

1.2.5 Key stakeholder groups

At the Geoplin Group, we strive to ensure the long-term viability of our operations and are aware that our responsibility and concern for our stakeholders' interests are the key to success. Geoplin has four key groups of stakeholders.

KEY STAKEHOLDER GROUPS

CONSUMERS	OWNERS	EMPLOYEES	WIDER ENVIRONMENT
Through its operations the Group generates benefits for **customers** through a range of products and services tailored to their needs, and by providing a competitive and reliable supply of natural gas to the corporate sector and households.	The Group generates benefits for **owners** through the continued development of the Group and by maintaining sustainable profitability of operations.	The Group generates benefits for **employees** by providing a suitable work environment and the opportunity for professional development.	The Group generates benefits for the **wider community** by ensuring environmentally acceptable supply and by acting responsibly toward the natural and social environments.

1.3 EXPECTED DEVELOPMENT

Following the reduction in Russian gas supplies at the beginning of 2022, the European Commission adopted proactive measures to improve the security of gas supply in the EU. In particular, this included a focus on diversifying supply sources through the development of infrastructure and identifying a set of actions to ensure the security of gas supply. Among other things, it presented a proposal for a Regulation on coordinated measures to reduce the demand for gas, the primary purpose of which was to prepare the EU for a potential total interruption of supply and a reduction in gas demand in the EU. Although the end of winter 2022/23 saw a historically high level of filled storage capacities, the European Council, following a proposal from the Commission, adopted an extension of measures for additional 12 months in March 2023. From its adoption in August 2022 to the end of December 2023, the measure lead to a significant reduction in total gas demand in EU by as much as 101 billion cubic meters, an 18% reduction compared to the five-year average demand over the same period. In 2023, the EU made four successful joint gas purchases under the AggregateEU common energy platform, which was set up last year as a tool to tackle the energy crisis. Based on this achievement, a permanent demand aggregation mechanism and joint gas tendering mechanism will be created, the use of which will be voluntary. In addition, the agreement also introduces a five-year pilot project for hydrogen demand and supply aggregation, which will ensure market transparency through the European Hydrogen Bank. These new rules will facilitate the introduction of renewable and low-carbon gases, including hydrogen. In this respect, the decarbonisation of the gas sector will be a key contribution to the EU efforts of achieving climate neutrality by 2050.

In 2024, a considerable focus will be on gas and electricity demand, where the market will monitor the signs of recovery that were absent in the previous year. A general consensus on the market is that industry's demand for gas and electricity will begin to recover in the second half of 2024, which will continue in 2025. However, this recovery will be slow, also due to the very limited growth possibilities of the biggest industry subsector, the chemical industry, which accounted for 22% of total energy demand in the EU in 2022. Similarly to many other sectors, this subsector has especially been affected in the last 18 months due to a combination of persistently low demand, rising global competition and higher costs, mainly caused by the higher prices of energy products. In this context, a long period of unsustainably low margins caused some petrochemical plants to close. Data show that manufacturing's added value in the euro area declined by 0.2% in 2023. Industry's outlooks for the upcoming year are more optimistic, as inflation rates are expected to gradually fall, which should in principle be followed by lowered interest rates. The newest Purchasing Managers' Index values also suggest that the bottom has been reached.

Macroeconomic factors will also have a significant impact on the behavioural patterns of smaller consumers and thus on household demand. Despite the significant drop in wholesale gas and electricity prices over the last 16 months, consumers are facing a highly inflationary environment and a cost of living crisis, which further limit demand growth. A possible increase in household purchasing power towards the end of 2024 could lead to a gradual recovery in demand for natural gas and residential electricity. However, with wholesale prices remaining close to double their pre-crisis levels, a stronger recovery cannot be expected. European gas demand is expected to reach 3,746 TWh in 2024, an 8% increase compared to 2023, but still 2% lower than the 2022 demand level.

In order to achieve 8% annual growth in gas demand in the coming years, Europe will rely heavily on the global LNG market, which will remain structurally deficient during this period. Western Europe will increase its regasification capacity by 226 TWh in 2024, an annual increase of 9%. Germany will provide for a lion's share of the increase amounting to 154 TWh, followed by Belgium with 72 TWh. Given the region's relatively high sensitivity to global LNG dynamics, a relatively high level of filled storage capacities will help alleviate the pressure on prices.

As the cleanest fossil fuel, natural gas maintains its key role in replacing coal in electricity production in the transitional period, when energy production from renewable sources will not be sufficient to meet Europe's energy requirements, and thus critically contributes to the gradual transition to a zero-carbon society. Despite fundamental changes in the EU's supply structure, natural gas remains an energy product that can be transported efficiently given the right infrastructure. Gas storage facilities are currently the most efficient and the largest possible energy reservoir available for immediate use. The Geoplin Group will dedicate more of its activities to diversifying supply sources and to natural gas trading, given that new supply channels are emerging in Southeast Europe, which is one of the Group's markets, and that the liquidity of the less-developed markets is gradually growing, in turn opening up new possibilities and opportunities for business expansion. The Geoplin Group's key tasks are the management of long-term contracts for natural gas supply and the optimisation of its leased long-term natural gas storage capacities, through which it will continue to provide reliable supply to its customers and tap into the opportunities arising in the natural gas market. The Group is also focusing on developing new low-carbon gas products.

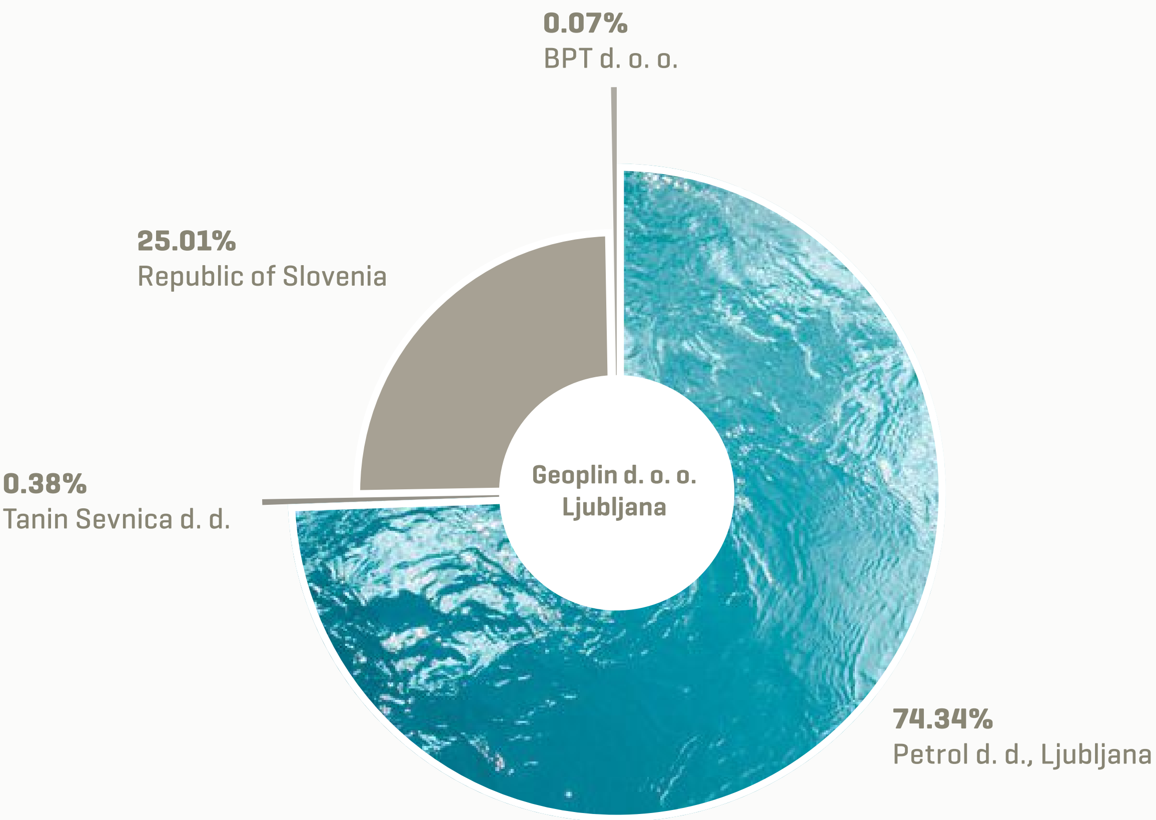
Due to the changed structure of supply sources, we expect to expand our trading activities in Austria's VTP, Dutch TTF and Italy's PSV markets. The liquidity of these trading points has increased over the past year. We highlight in particular Italy's PSV, which reflects that country's relatively good supply of both natural gas and LNG.

1.4 MANAGEMENT AND GOVERNANCE OF THE GEOPLIN GROUP

1.4.1 Ownership structure

In 2023, the subsidiary Geocom d. o. o. was absorbed by the parent company Geoplin d. o. o. Ljubljana, transferring Geocom d. o. o.'s share in Geoplin d. o. o. Ljubljana to Geoplin d. o. o. Ljubljana, which now has a direct own share of 0.1943%. Excluding its own share, Geoplin d. o. o. Ljubljana thus had four shareholders as at 31 December 2023.

OWNERSHIP STRUCTURE AS AT 31 DECEMBER 2023



1.4.2
Work of the General Meeting, Management and Supervisory Boards

1.4.2.1
General Meeting

The General Meeting is the highest governance body in the Group. Shareholders exercise their rights in accordance with the articles of association and relevant legislation at the General Meeting of the Group. In 2023, the General Meeting convened in five sessions.

At its 51st meeting, on 12 May 2023, the General Meeting:
- took note of the assessment of the Company's performance in the financial year 2022;
- approved the Company's business and borrowing plans for 2023 and took note of the potential impact of a one-off event on the realisation of the 2023 business plan;
- took note of the Management's clarifications of the actions taken to ensure the Company's liquidity;
- approved the Company's strategy for 2023-2027;
- took note of the possible scenarios in relation to the Gazprom arbitration procedure and gave consent to the execution of legal transactions and actions in this respect;
- approved the proposal for an Audit Services Agreement for 2022, 2023 and 2024 with PricewaterhouseCoopers d. o. o.;
- gave consent to reducing the share capital of its subsidiary, Geoplin d. o. o. (Zagreb), and to liquidating Geoplin d. o. o. Beograd;
- gave consent to the creation of an easement in favour of Plinovodi d. o. o.;
- established a Committee for monitoring the company's performance and appointed its members.

At its 52nd meeting, on 30 June 2023, the General Meeting:
- adopted the audited annual report of Geoplin d. o. o. Ljubljana for 2022 and the audited consolidated annual report of the Geoplin Group for 2022;
- took note of the remuneration of members of Geoplin d. o. o. Ljubljana and its subsidiaries' management and supervisory bodies;
- granted a discharge to the Management and approved its work in the financial year 2022;
- gave consent to the absorption of Geocom d. o. o. by Geoplin d. o. o. Ljubljana, and to the transfer of Geocom d. o. o.'s shareholding to the own share of Geoplin d. o. o. Ljubljana;
- took note of the internal audit report regarding price and volume risks within the Company;
- took note of the changes in membership of the Committee for monitoring the company's performance and gave consent to the appointment of a new Committee member.

At its 53rd meeting, on 29 September 2023, the General Meeting:
- noted the end of mandate of the Company's Managing Director, Jože Bajuk, MSc, as of 2 August 2023 and approved the proposal for an agreement with him;
- appointed Simon Urbancl as the Company's Managing Director as at 1 October 2023 for a three-year term and approved the proposal for a management agreement with the new Management member;
- took note of the changes in membership of the Committee for monitoring the company's performance and appointed or confirmed two new members;
- gave consent to legal transactions and actions in relation to the Gazprom Export LLC arbitration procedure;

At its 54th meeting, on 6 November 2023, the General Meeting:
- gave consent to legal transactions and actions concerning the natural gas supply from the West;

At its 55th (correspondence) meeting, from 18 to 20 December 2023, the General Meeting:
- dismissed Matija Bitenc, MSc, as at 4 January 2024 and reappointed him as General Manager with effect from 5 January 2024 for a five-year term, noted the termination of the management agreement as at 4 January 2024 and approved the proposal for an employment contract with Matija Bitenc, MSc, with effect from 5 January 2024;
- revoked the power of attorney of David Štoka with effect from 20 December 2023;
- gave consent to the amendment of loan agreements with the parent company pursuant to provision 10.c of the Articles of Association.

1.4.2.2 Management and supervisory bodies

The following changes were made to the management and supervisory bodies in 2023.

Geoplin d. o. o. Ljubljana is headed by Manager Simon Urbancl.

Company Management Board in the period from 1 January 2023 to 2 August 2023	
General Manager:	Matija Bitenc, MSc
Manager:	Jože Bajuk, MSc

Company Management Board in the period from 2 August 2023 to 1 October 2023	
General Manager:	Matija Bitenc, MSc

Company Management Board in the period from 1 October 2023 to 31 December 2023	
General Manager:	Matija Bitenc, MSc
Manager:	Simon Urbancl

In 2023, the Company also had a procurator, David Štoka, whose position was revoked by a decision of the General Meeting on 20 December 2023.

The Company does not have a Supervisory Board.

1.5 CORPORATE GOVERNANCE STATEMENT

The corporate governance statement of Geoplin is available on the company website at www.geoplin.si.

1.6 ANALYSIS OF OPERATIONS IN 2023

1.6.1 Energy products market

The global economy continues to recover after the pandemic and the Russian invasion of Ukraine and faces high costs of living. Although the economic activity slowed down in 2023 as a result of war, the energy market crisis and monetary tightening to fight high inflation, it did not stop. The IMF estimates that global economic growth declined from 3.5% in 2022 to 3.0% in 2023 and that the world economy will grow by 2.9% in 2024. The hikes in interest rates by central banks to fight inflationary pressures and geopolitical risks continue to burden the global economic activity. The global annual inflation rate is expected to drop from 9.2% in 2022 to 5.9% in 2023 and hover around 4.5% in 2024. The continuation of the Russian-Ukraine conflict, the escalation of geopolitical tensions in the Middle East, risks on key sea routes and a relatively high inflation rate give rise to additional concerns regarding future economic expectations.

The International Energy Agency (IEA) reported that world oil consumption at the end of last year totalled 101.7 million barrels per day and projected that the demand will increase by 2.3 million barrels per day this year, to a total of 103.2 million barrels per day. Production limitations for OPEC+ members were at the forefront of developments in 2023. At their meeting in June, the members reached a collective agreement to voluntarily cut production by 3.66 million barrels per day by the end of 2023, equivalent to about 5% of global oil demand. At their November meeting, they reached an agreement to continue to voluntarily cut oil production in 2024, this time by 2.22 million barrels per day. US strategic oil reserves, which are aimed at regulating supply and which played an important role in cushioning high oil prices in 2021, are still severely depleted. In 2023, a gradual replenishment could be observed from a record low of 347 million barrels by mid-year to 354 million barrels at the end of the year, which is still far below the 10-year average of 619 million barrels. Oil prices were between USD 70 and USD 95 per barrel in 2023, which is still significantly lower than the year before, when the prices ranged from USD 78 to USD 130 per barrel.

After the 2022 supply shocks, the European gas markets gradually stabilised in 2023. This was achieved through a combination of timely political measures, market forces and favourable weather conditions. The continuous shifts that began after the start of the Russian-Ukrainian conflict in 2022 continued in 2023. Alongside efforts to reduce dependence on Russian gas imports, the trend of declining Russian natural gas supplies through EU pipelines continued, with only 9% remaining at the end of last year.

The Russian invasion of Ukraine in February 2022 also significantly impacted global LNG markets. To replace the lost Russian supply, European customers shifted towards buying record volumes of LNG. The global gas crisis provided an additional impetus to the proposed LNG export terminals in the US. In 2023, the effects of structural changes started to show on European gas markets. Seven supply terminals started to operate in the EU, increasing the region's import capacity by almost a fifth. During this time, three American export projects were launched, together representing approximately half of the existing export capacity. Despite the gradual balancing of gas markets, supply disruptions, which were mainly geopolitical, continued, leading to continued high price volatility on European gas markets.

Asian LNG spot market prices and European reference market prices have more than halved since 2022. By the end of Q1 2023, natural gas prices in European hubs dropped below the 2021 summer levels, although they remained well above historical averages. Lower prices are mainly a result of the continuing downward trend of natural gas demand in the EU, which continued in 2023, leading to a 20% drop in demand compared to the period before the Russian invasion of Ukraine. EU gas consumption was thus around 330 billion cubic meters in 2023. The reasons for the reduced consumption include in particular the mild winter of 2022-23, gas-conservation measures and new installed production capacities for renewable sources, which curbed natural gas consumption, thereby positively impacting EU gas storage stocks at the end of Q1 2023. At the beginning of the summer season, 56% of all storage capacity was full, which is well above the five-year average; this in turn contributed to a reduction in gas demand for storage during the summer months and consequently had a positive impact on the gas price trend. In April 2023, the EU introduced a mechanism for the joint purchasing of natural gas. A total of 45 billion cubic meters, almost 15% of total natural gas demand in the EU, was matched with supply through the AggregateEU platform. EU gas stocks reached 99% capacity well before the start of the storage emptying season in early November, which, together with the use of Ukrainian storage facilities, is a remarkable achievement for European energy security, despite doubts about the sufficiency of the increase in storage capacity in the absence of Russian gas supplies through pipelines.

The above considerations were also reflected in the spot price trends of natural gas in the TTF hub, which stood at 68.03 EUR/MWh at the beginning of 2023 and dropped to 29.60 EUR/MWh by the end of the year. Northwest Europe was deprived of two historically key strategic supply sources in the 2023-24 winter season. The full interruption of Russian gas supply via Nord Stream and the phasing out of natural gas extraction at the Dutch Groningen gas field forced EU Members to diversify their supply sources, focusing mainly on LNG imports, which accounted for 40% of total European gas imports last year. While global LNG production increased significantly by 13 billion cubic meters, natural gas supply continued to be limited, as it was not sufficient to fully replace the continued drop in Russian pipeline supply to Europe of 38 billion cubic meters. Geopolitical risks and the continuous segmentation of global markets caused further gas supply uncertainties in the EU last year. The accelerated escalations in the Middle East in the last quarter led to interruptions in LNG supply on the EU's important transit route via the Red Sea, which resulted in longer and consequently more expensive sea routes.

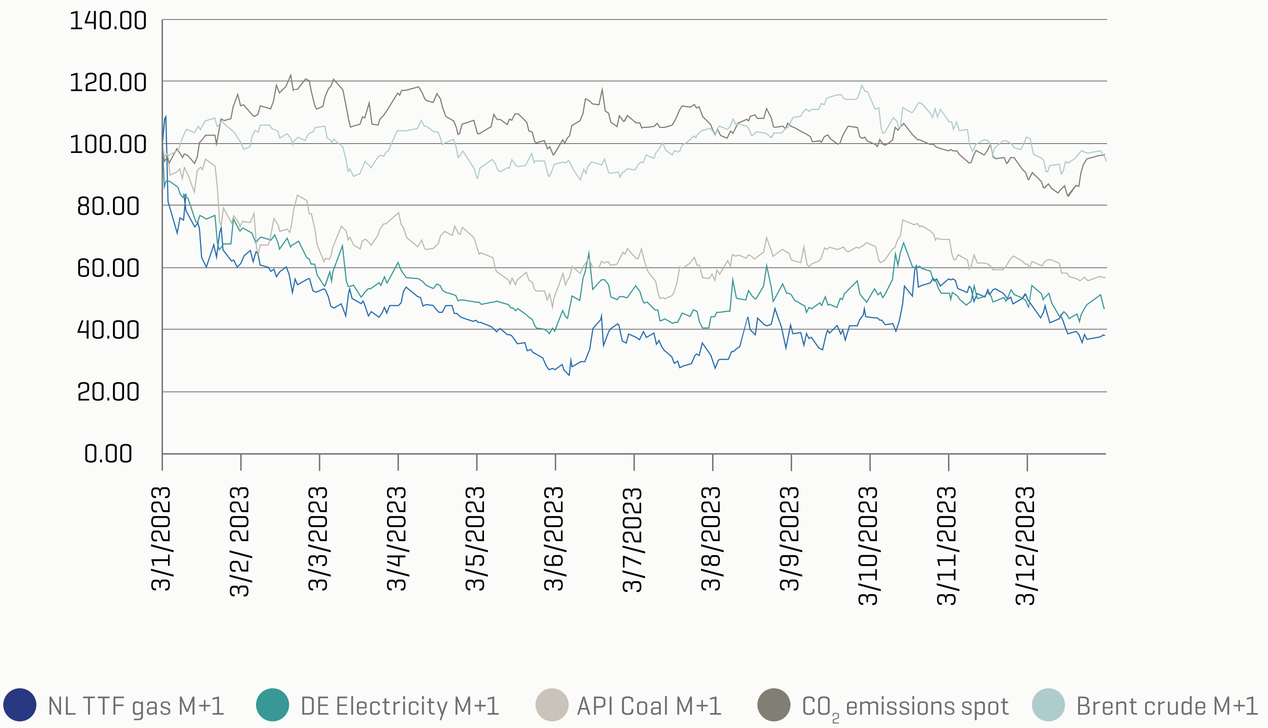
Natural gas markets at the global level are set to recover in the coming year. Global gas demand is expected to increase by 2.5% in 2024, mainly due to fast growing markets in the Asia Pacific region and gas demand in certain countries on the African continent and in the Middle East. Gas demand growth will be supported by industry, the housing and business sectors, provided that an increased demand for heating in the Northern Hemisphere will return after favourable winter conditions in 2024.

The International Energy Agency (IEA) reported that global coal demand is set to rise to 8.54 billion tonnes in 2023, an annual growth rate of 1.4%. This was mainly driven by an 8% increase in coal consumption in India and a 5% increase in China, both resulting from increased demand for electricity and low hydroelectricity generation. The next month's price of API2 coal delivered to Europe dropped in 2023 from the initial USD 190 to USD 102 per ton by the end of the year, recording a decline of 46%.

In 2023, the EU reached an important milestone in the transition from fossil fuels to renewable energy sources. This transition was marked by record drops in coal and natural gas shares in total electricity generation. The share of fossil fuels declined by 19% and fell to its lowest level yet, accounting for less than a third of the EU's electricity generation. On the other hand, the share of renewable energy sources rose to a record 44%, surpassing 40% for the first time. Wind and solar energy played a crucial role in this transition, together contributing a record 27% of total electricity generation in the EU, the latter also thanks to the largest increase in annual capacity. Total electricity generation from renewable energy sources accounted for more than two thirds of electricity generation in the previous year. The recovery of hydropower generation, which increased by 50.6 TWh in the EU, also significantly contributed to this. In that same period, a modest increase of nuclear generation was observed, i.e. by 8.9 TWh. Despite this increase, both nuclear and hydropower generation remain below the 2021 levels.

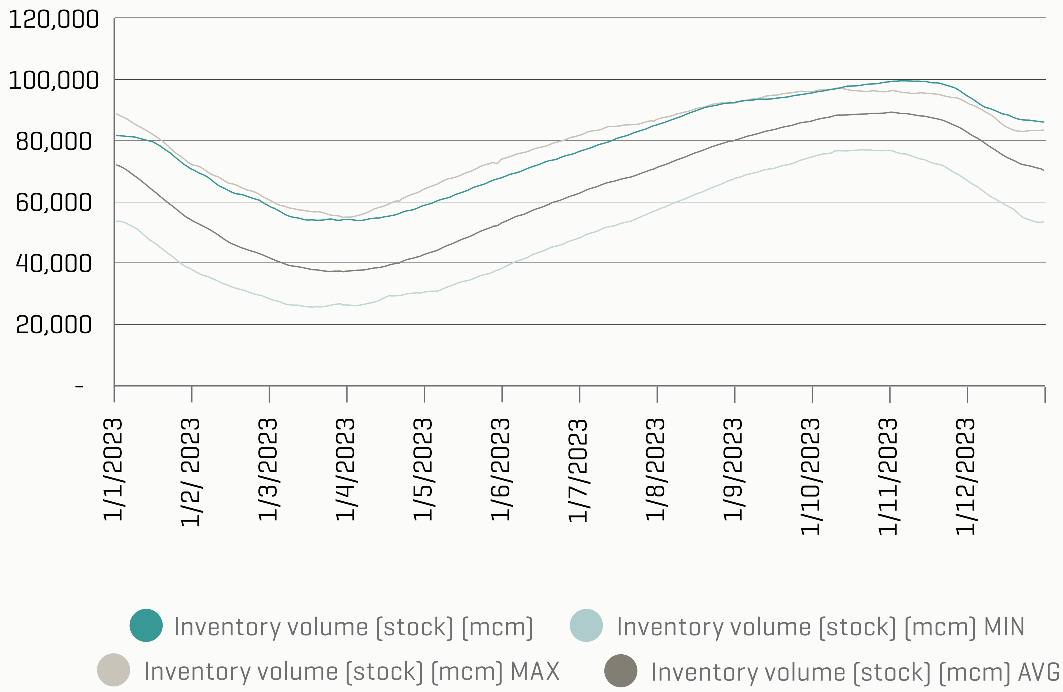
Despite the fall in electricity prices in 2023, demand for electricity in the EU decreased for a second year in a row. The 3.1% decrease in 2022 was followed by a 3.2% decrease last year, reaching a level last observed two decades ago. The overall decrease in demand stands at 6.4% or 186 TWh less than before the start of the European energy crisis in 2021. The reason for this is low demand in the industry sector, where energy prices remain above pre-pandemic levels despite the fall. Lower demand was particularly noticeable in energy-intensive sectors such as the chemical industry and metal production and processing.

ENERGY PRICES IN 2023 (ENERGY INDEX (100 = 1/1/2023))



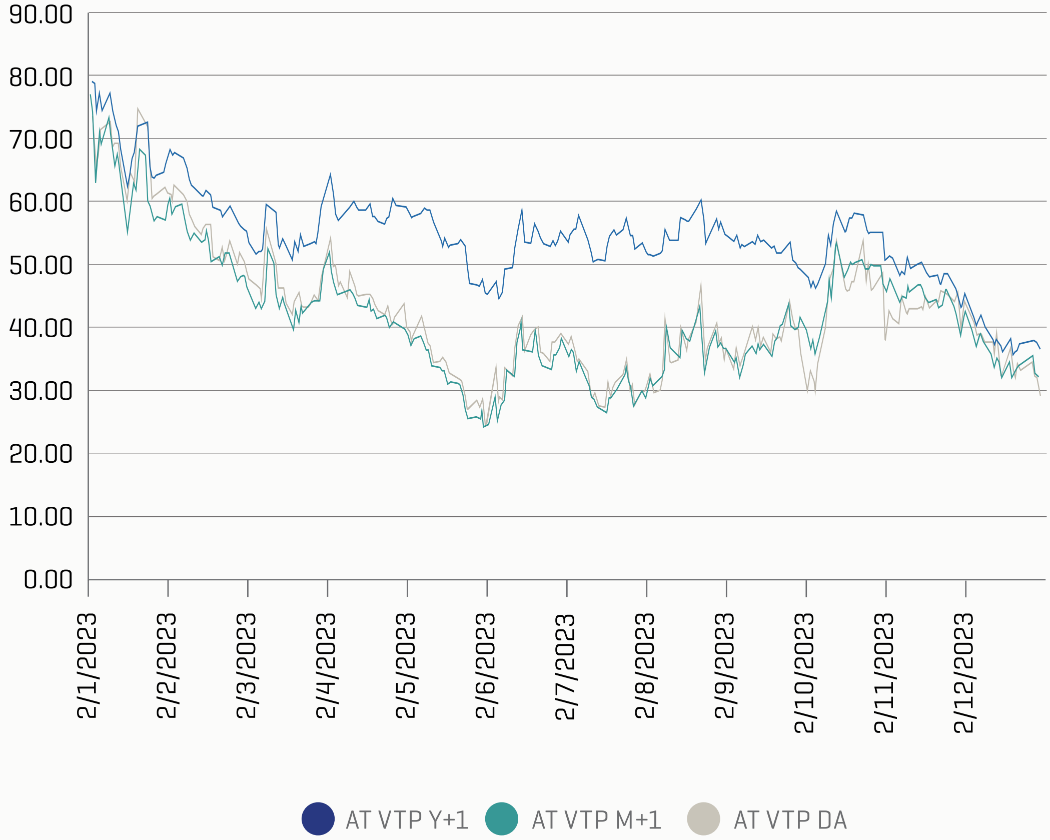
Despite the 50% fall in energy prices in the EU in 2023 compared to 2022, energy-intensive industries in the EU faced markedly higher energy costs than their competitors in the US and China. The widening of the price gap poses a challenge to the global competitiveness of European industry and triggers political discussion on new financial incentives to boost European industrial competitiveness. Provided that the industry sector slowly recovers through lower prices and the spread of electrification, which is closely connected to the decarbonisation of the economy, we can expect a reversal of the electricity demand growth trend in the EU. The latest forecasts for the 2024-26 period estimate average growth at 2.3%. The increasing use of electric vehicles, heat pumps and data centre operations are the key drivers of future growth.

GAS INVENTORIES IN EUROPEAN STORAGE FACILITIES IN 2023 COMPARED TO 2020-2022 (IN mcm)



By 1 October 2023, European gas storages were on average 96% full, amounting to 1,091 TWh and representing the highest volume of stored gas in the last five years. Northeast Europe, which represents the biggest share of European consumption, experienced significantly higher than normal temperatures in the last three months of 2023, reducing heating demand and consequently impacting gas consumption. Favourable weather conditions led to record levels of natural gas inventories in the EU and UK, amounting to 996 TWh on 31 December.

NATURAL GAS PRICES IN THE AUSTRIAN HUB IN 2023 (IN EUR/MWh)

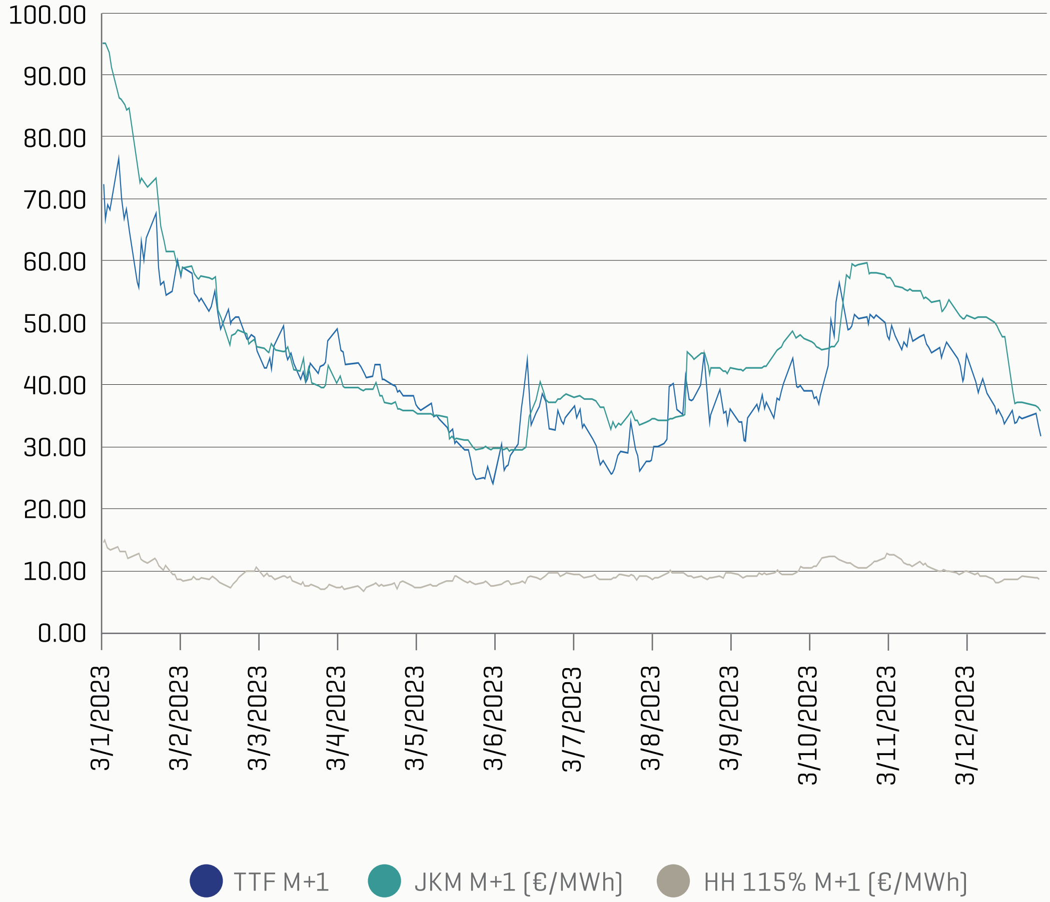


On average, daily natural gas prices in the Austrian CEGH hub in 2023 were 70% lower than in 2022. The average CEGHIX price in 2023 was 41.79 EUR/MWh, while its average value in the previous year was 126.04 EUR/MWh. The increased dependence of Western European markets on LNG supplies has narrowed the gap to the Dutch TTF hub.

DAILY NATURAL GAS PRICES IN 2022 AND 2023 IN NL TTF AND AT VTP MARKETS (IN EUR/MWh)

The supply situation reflected the growing presence of US LNG producers and the declining role of Russia as a key supplier of natural gas in Europe. US LNG producers have been actively recruiting new customers, indicating a growth in demand that led to a final decision to invest in or continue building three additional LNG terminals in 2023. Altogether, this means a potential addition of 37.3 million tons of annual capacity to the market by 2027. On the other hand, Russia's role as a natural gas supplier has been declining, especially in Europe. Gazprom Export LLC, the Russian state-owned company, reported a massive decline in natural gas production in the first half of 2023. With a 24.7% decline compared to the previous year, to 179.45 billion cubic meters, it reached the production levels of the 1970s. At the same time, Gazprom Export LLC's gas supplies on the domestic and foreign markets declined by 26.5% compared to the year before, to 166 billion cubic meters. Despite the conflict, Russian gas exports to Europe through Ukraine remained relatively stable at about 1.5 billion cubic meters per day. Russia continues to supply approximately 10% of total natural gas to the EU, which includes streams through Ukraine, Türkiye and LNG shipments.

GLOBAL NATURAL GAS PRICES IN 2023 (IN EUR/MWh)



1.6.2
Performance of the Geoplin Group

In 2023, gas market developments were influenced by the changed supply dynamics resulting from:
- the continuation of existing geopolitical tensions and the emergence of new ones;
- Europe's increased tendencies toward LNG for the purpose of supply source diversification;
- a further reduction of natural gas supplies from the Russian Federation to Europe;
- a significantly weaker than expected economic and financial recovery in the EU.

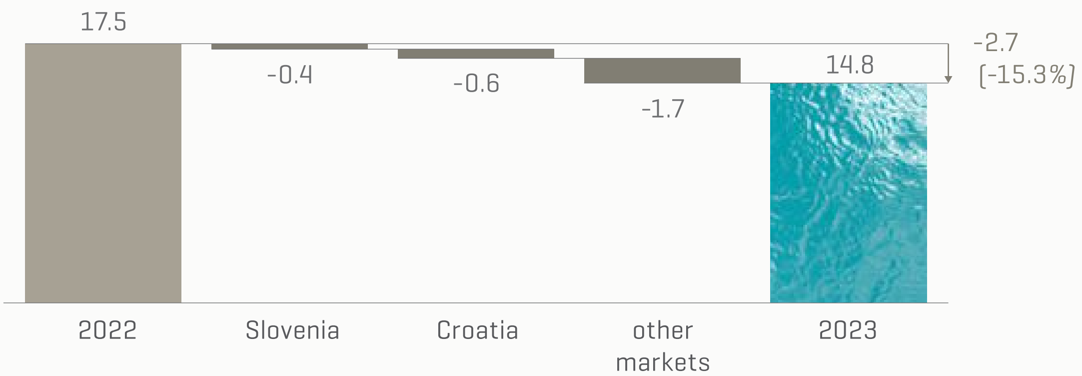
The gradual price stabilisation in 2023 could also be observed on the Slovenian natural gas market, as well as a decrease in consumption, despite the continued market regulation measures by the legislature.

The Geoplin Group maintained its position as the leading provider of natural gas in Slovenia also in 2023. The Group focused on the performance and development of its core business activity of marketing and trading in natural gas through the development of a trading infrastructure to support the optimisation of the purchasing & sales portfolio and expand business into new markets, It also continued and successfully completed certain activities of purchasing portfolio diversification in the context of alternative supply sources and natural gas transit routes. The Group's activities are also focused on the optimisation and development of business operations.

1.6.2.1
Sales and marketing of natural gas

In 2023, the Geoplin Group sold a total of 14.8 TWh of natural gas. Total sales were down 2.7 TWh compared to the previous year, mainly on account of economic contraction in foreign markets resulting from the start of the war in Ukraine.

NATURAL GAS SALES
(IN TWh)



During the reporting period, Geoplin provided uninterrupted gas supply in line with contractual provisions and customer needs. Balancing services are provided to customers in the scope of Geoplin's balance group with the system operator. The Group ensured reliable supply to customers based on long- and short-term contracts and purchases on the EEX trading platform and the OTC market. Throughout the period, the Group remained focused on optimising its purchasing portfolio.

In 2023, the Geoplin Group carried out activities on the OTC market (bilaterally with contractual partners) as well as on the EEX and CEEGEX energy exchanges. Via the exchange, the Group traded mainly in the spot market with daily products, whereas the majority of other transactions linked to term products were concluded on the OTC market to ensure better liquidity. Active trading allowed us to further optimise the existing portfolio and manage contracts with customers based on the fixing and unfixing of contract prices. This strategy allows the Geoplin Group to offer its customers the possibility of hedging the prices. Our increased cooperation with partners with which the Group had signed EFET contracts in recent years proved beneficial in these transactions, and the Group thus continues to expand the list of such partners.

1.6.2.2 Energy efficiency projects

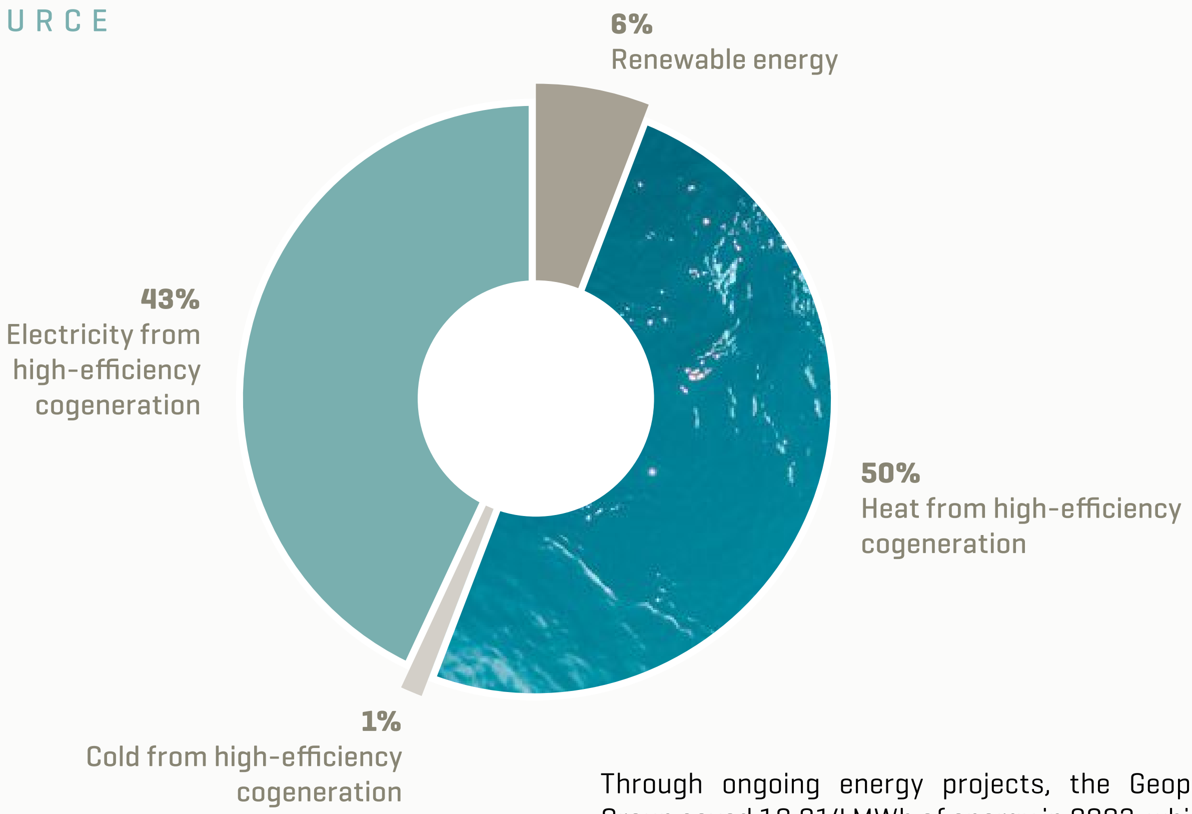
In terms of energy efficiency projects, the Geoplin Group continued to invest its efforts in the development of energy solutions in 2023.

The energy crisis prompted us to place an even stronger focus on green transition projects. Developing these projects will help industrial consumers reduce their emissions.

Revenue from energy efficiency projects reached 3.6 million EUR.

In 2023, the Geoplin Group's production units operated in line with their needs. The graph below shows energy generated in 2023 by production source.

ENERGY GENERATED IN 2023 BY PRODUCTION SOURCE



Through ongoing energy projects, the Geoplin Group saved 12,914 MWh of energy in 2023, which is equivalent to 3,671 tCO^2 emissions.

EFFECTS OF ONGOING ENERGY PROJECTS IN 2023

	Industrial lighting	CHP plants	Small photovoltaic power plants	Cooling energy production	TOTAL
Energy savings [MWh/a]	2,578	9,706	917	63	**13,265**
CO^2 savings [t/a]	784	1,941	279	19	**3,023**

1.6.2.3 Investments

In 2023, the Geoplin Group invested EUR 0.3 million in fixed assets. The majority of investments were made in the updating of IT and other technical equipment and in the purchase of rolling stock.

1.6.2.4 Performance analysis

The Group's performance in 2023 was strong. In the previous year, the unpredictability of Gazprom Export LLC's supply volumes was the reason for the results achieved in 2022, but in 2023 the energy market conditions slowly stabilised. We ensured an interrupted natural gas supply to our customers through the conclusion of a medium-term contract with Algeria's Sonatrach.

Key financial highlights are provided below.

KEY FINANCIAL HIGHLIGHTS

	Unit	2023	2022
Net sales revenues	in EUR mil	1,018.0	1,358.2
Gross profit or loss	in EUR mil	34.3	-115.9
EBIT	in EUR mil	12.5	-33.8
Net profit or loss	in EUR mil	2.5	-28.4
Balance sheet total	in EUR mil	248.4	325.0
Equity	in EUR mil	117.8	113.9
Financial debt	in EUR mil	9.1	8.1
Equity / Balance sheet total	%	47.4	35.0
Employees on the last day of the period	number	43	48
Added value per employee	EUR 000	294.7	-638.1

Business operations with Gazprom Export LLC

In 2022, the Geoplin Group recorded a negative income, which was the result of non-delivered natural gas supplies under the long-term contract with the Russian company Gazprom Export LLC. Following an analysis of business loss incurred up to the end of 2022, the Geoplin Group notified Gazprom Export LLC of the damage suffered and informed them that its outstanding liability for the natural gas delivered would be offset against a pro rata share of its claims for damages. At that time, the contract with Gazprom Export LLC was terminated due to the non-delivery of natural gas and to prevent further damage. In 2023, the assessment of damage suffered continued with the engagement of specialised technical consultants for arbitration procedures, while arbitration was also initiated before the Court of Vienna.

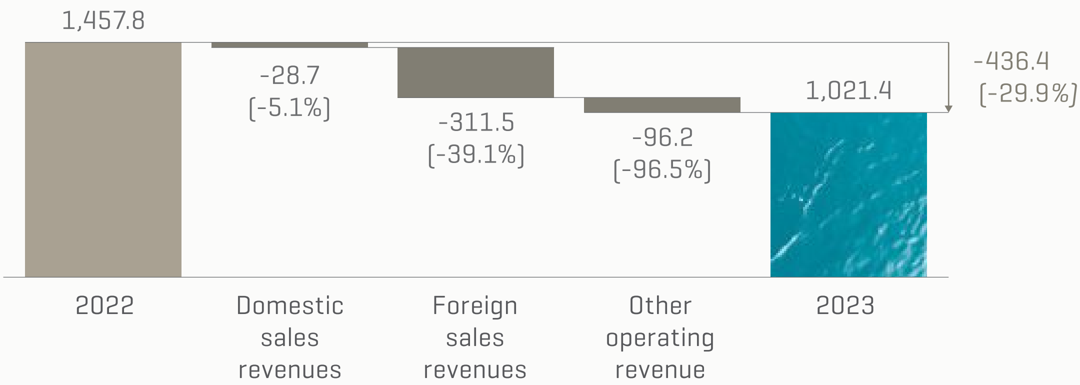
For financial reporting purposes, the Geoplin Group commissioned an independent valuer to estimate the fair value of the liability to Gazprom Export LLC as at 31 December 2023. As in the previous year, the valuation was made on the basis of scenarios of different present values of expected cash flows from the liability. The valuation took into account the offsetting of the claims for operating damages against the liabilities to Gazprom Export LLC, as the Geoplin Group's claims for operating damages exceeded the liabilities to Gazprom Export LLC. Required return rates, ranging from 15 to 25%, and the expected resolution of the arbitration procedure in the next two years were also taken into account in the valuation.

The calculated fair value of the liability did not change from the previous year and represents 4.9% of the original cost of the debt. If the discount rate were to increase or decrease, the fair value would decrease by EUR 110,000 and increase by EUR 160,000, respectively. The Geoplin Group estimates that a change in other assumptions of the calculation would not have a material effect on the fair value of these liabilities.

Operating revenue

The Group's operating revenue, totalling EUR 1.02 billion in 2023, was 30% lower than in 2022, mainly on account of lower natural gas prices and volumes on gas exchanges.

OPERATING REVENUE – YEAR-ON-YEAR CHANGE (IN EUR MILLION)

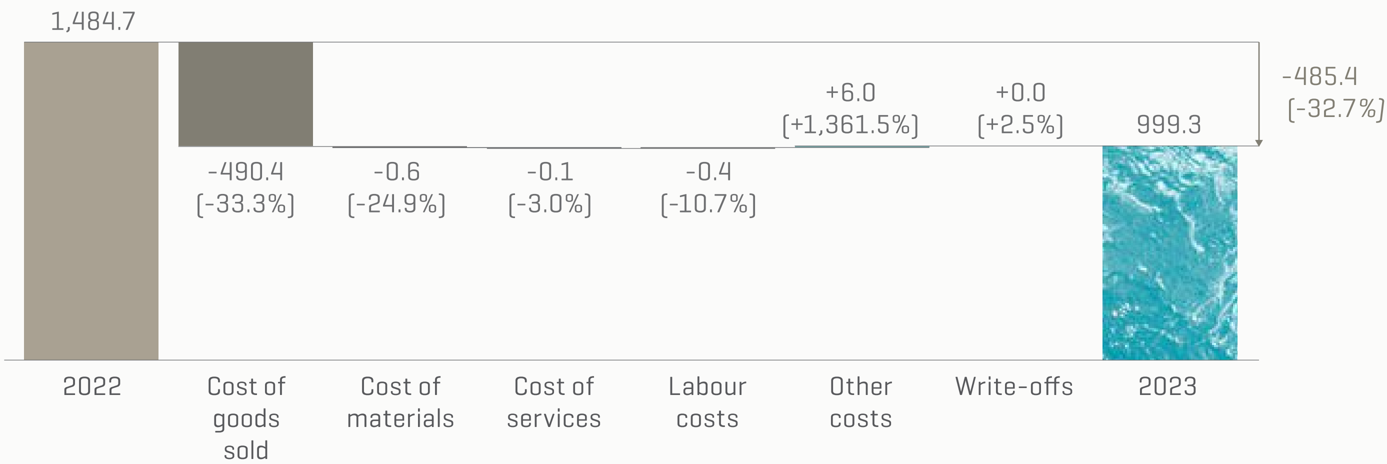


In 2023, the Geoplin Group generated **sales revenues** totalling EUR 1,017.95 million. Realised revenues in the domestic and international markets were lower than the previous year, mainly on account of lower natural gas prices on gas exchanges. The Group's **other operating revenue** totalled EUR 3.4 million in 2023 and was lower than the year before. In 2022, the liabilities to Gazprom Export LLC were revalued to fair value based on the valuation.

Operating expenses

At EUR 1 billion, the Group's operating expenses were 33% lower than in 2022.

OPERATING EXPENSES – YEAR-ON-YEAR CHANGE (IN EUR MILLION)



At EUR 0.98 billion **the cost of goods sold** represented the highest share in the structure of the Group's operating expenses (2022: EUR 1,474.1 million) and was 33% lower than in the previous year. **The cost of material and services** totalled EUR 5.0 million or 11.7% less than in 2022. **Labour costs** totalled EUR 3.1 million and were 10.7% lower than in the previous year, mainly due to the change in the number of employees during the year. **Other costs** totalled EUR 6.4 million and were higher by EUR 6 million due to provisions for onerous contracts and litigation.

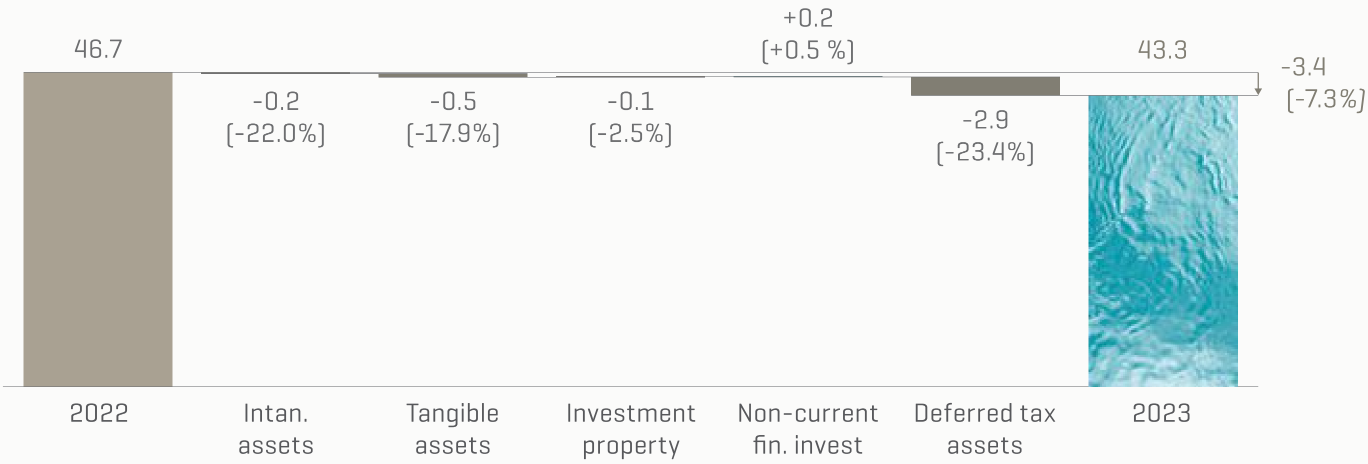
Profit or loss

EBIT totalled EUR 12.5 million and earnings before taxes EUR 8.6 million, with both items higher than in the previous year, due to the uncertainty regarding Gazprom Export LLC supply volumes and shrinking trading activities due to high prices and declining liquidity in natural gas markets. The Group's net profit in 2023 totalled EUR 2.5 million.

Assets

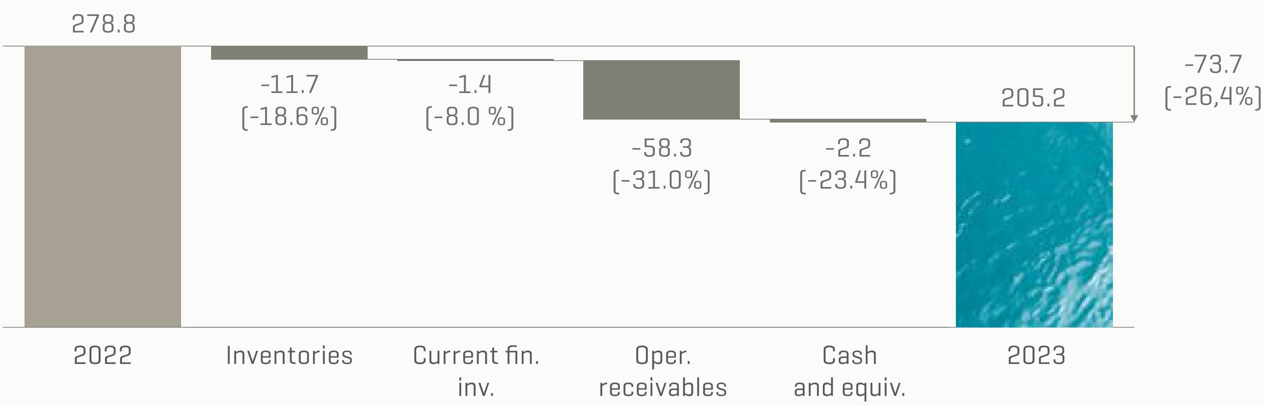
As at 31 December 2023, the Group had total assets of EUR 248.4 million, a decrease of 24% relative to year-end 2022.

NON-CURRENT ASSETS – YEAR-ON-YEAR CHANGE (IN EUR MILLION)



The most important item under **non-current assets** is non-current financial investments, representing 66% of non-current assets as at 31 December 2023, totalling EUR 28.65 million or EUR 0.15 million more than the year before.

CURRENT ASSETS – YEAR-ON-YEAR CHANGE (IN EUR MILLION)

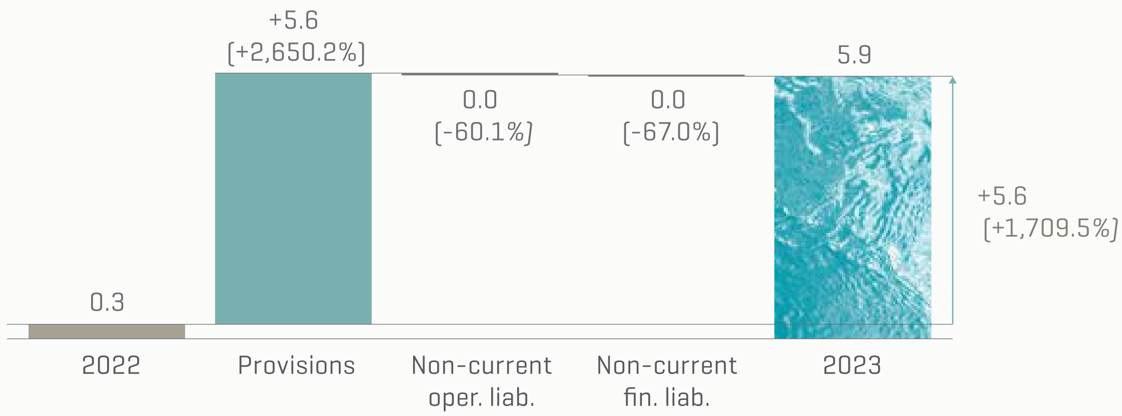


The value of **current assets** as at 31 December 2023 totalled EUR 205.2 million or 83% of the Geoplin Group's assets. The most important current assets item is operating receivables, representing 63% of current assets as at 31 December 2023, totalling EUR 130.1 million or EUR 58.3 million less than the year before. The reduction was largely due to lower balance of trade receivables. The value of inventories as at 31 December 2023 was down EUR 11.7 million compared to the year before. The decrease is the result of lower inventory levels as at 31 December 2023 and the lower average cost at which it was valued. At EUR 7.35 million, the value of cash as at 31 December 2023 was EUR 2.2 million lower than the previous year.

Equity and liabilities

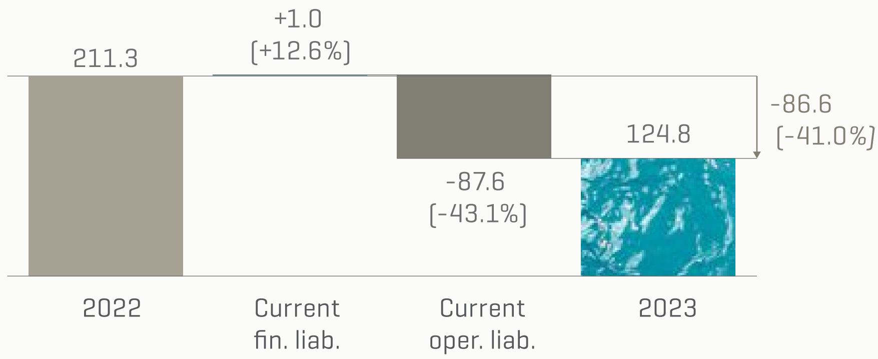
Group **equity** as at 31 December 2023 totalled EUR 117.8 million. The increase in equity is the result of positive net profit achieved in 2023.

NON-CURRENT LIABILITIES – YEAR-ON-YEAR CHANGE (IN EUR MILLION)



The value of provisions under **non-current liabilities** was up EUR 5.6 million, which was due to the provisioning for onerous contracts.

CURRENT LIABILITIES – YEAR-ON-YEAR CHANGE (IN EUR MILLION)



The highest increase under the **current liabilities** item, which decreased by EUR 86.6 million as at 31 December 2023 compared to the previous year, was reported for current operating liabilities, which totalled EUR 115.6 million as at year end.

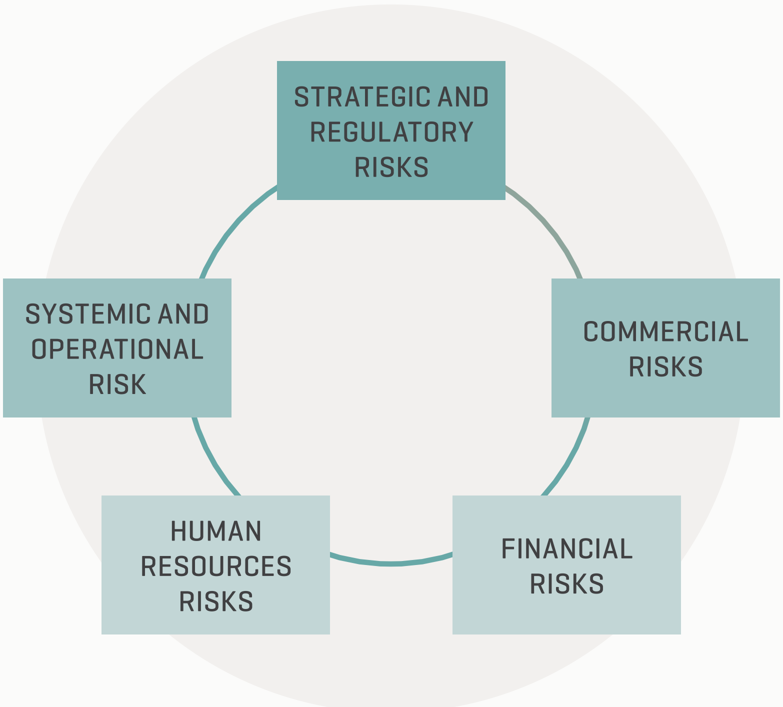
1.7 RISK MANAGEMENT

2023 was the year of gradual stabilisation of energy market conditions and a related calmer and less volatile business environment in the natural gas market and in all energy markets in general. At the beginning of 2023, natural gas prices were still elevated compared to the historical average. After the winter, however, prices started a steady downward trend. 2023 also saw a decrease in inflation rates in Slovenia and across the EU, as a result of a more restrictive monetary policy and the consequent fall in energy prices. The geopolitical situation remains very tense, with conflicts now spreading from the Russian-Ukraine war to the Middle East. All this has a significant impact on the transport of natural gas to Europe, which is now also increasingly relying on liquefied natural gas (LNG) terminals.

In 2023, the Geoplin Group successfully realised new natural gas supplies from Algeria and also increased the contracted volumes from this country for 2024 and 2025. This ensures a secure supply of natural gas for Slovenian customers from the West.

Below, we describe the significant types of risks to which the Group is exposed and how they are managed. The risks are classified into five key groups.

KEY RISK GROUPS



1.7.1
Strategic and regulatory risks

Risk area	Description of risks	Risk management	Risk impact
Geopolitical situation	The war in Ukraine, the tensions in the Middle East, the changes in the external business environment, international relations and conflicts, protectionism, terrorist attacks on pipelines	Regular monitoring of international developments and adjustment to new circumstances, expansion of the supply source portfolio, presence in relevant markets, finding alternative natural gas supply sources	increased
Regulatory changes	Changes in European energy laws, changes in Slovenian energy law and regulatory changes in areas in which the Group operates, price limits, regulation	Active monitoring and adjustments to legislative changes, participation in the drafting of Slovenian legislation, cooperation with external institutions	increased
New supply sources	Construction of new pipelines in the Group's markets, construction of LNG terminals, new long-term supply contracts, changes in the natural gas balance in the region	Active monitoring and participation in the new terminal construction processes or changes in transport capacities, effective cooperation with suppliers, access to major gas exchanges, extension of the business partners list	moderate
Declaration of a local, regional, or global pandemic	Reduced customers' consumption within allowed parameters, invocation of force majeure and subsequent non-performance of contracts, deviations from allowed contract parameters	Ongoing monitoring of contract performance, cooperation with external legal consultants in cases in which force majeure is invoked, cooperation with customers in solving problems, ongoing monitoring of customers' and trading partners' credit standing	moderate

Strategic and regulatory risks are derived from the wider external business environment. Although the Geoplin Group is exposed to these risks in the course of its operations, they typically remain beyond its control. The Group must respond to changes through appropriate monitoring and adjustment of its operations in order to eliminate or minimise the impact of the external environment on the Group's performance and the achievement of its strategic objectives.

The strategic risks of the Geoplin Group largely consist in the geopolitical situation, new supply sources and routes across Slovenia and the markets in which the Group operates, as well as changed conditions in the gas market, which are reflected in surpluses or shortages in the natural gas supply in the region. The Group identifies strategic risks through annual planning and the realisation of short-term objectives. When adjusting to the changes in the business environment, the Group introduces good business practices and trains and encourages its employees to develop the competencies required to function in a rapidly changing business environment.

With the war in Ukraine and the spread of conflict to the Middle East, the geopolitical risk for the Geoplin

Group and the whole of Europe remains elevated. Due to the ongoing war in Ukraine, various sanctions from the West are still in place against the Russian Federation and vice versa. This translates to a year-on-year decrease in natural gas supplies from the Russian Federation. The Geoplin Group promptly reacted and entered into a new medium-term agreement with the Algerian company Sonatrach, which replaced most of the lost supplies of Russian natural gas. The Group offset other lost supply volumes through purchases from large European oil companies or at the exchange. Both in Europe and in our immediate region, significant investments are now being made to develop new LNG terminals or to increase the capacity of existing ones.

Regulatory risks are the result of changes to market rules or legislation and affect the Group's operations. These risks primarily include changes to European and Slovenian energy regulations and to national regulations on the markets where the Geoplin Group operates. It is often difficult to quantify these risks and to mitigate their effects. Therefore, employees actively monitor changes to legislation and market rules. In Slovenia, the Group is actively involved in legislative public hearings and also participates in the development of legislation governing the Slovenian natural gas market. The Group responds to regulatory changes by adjusting its operations, thus ensuring compliance of its operations with applicable legislation and rules. As these changes frequently result in higher operating costs, the Group assesses their impact on its operations through appropriate monitoring and makes provisions required to implement such changes.

At the onset of the energy crisis in 2022, much attention was placed to the regulation of natural gas prices. This also continued in 2023, both at the European level and in Slovenia. The Group complied with all regulatory obligations, in particular with regard to supply security and natural gas storage obligations.

The entire region is also strongly affected by the existing and new supply sources, as the war in Ukraine redirected the natural gas supply flow from predominantly Russian sources to the West. Therefore, the most important Western sources are new and increased natural gas supplies from Algeria, Norway, and LNG terminals. Europe is currently investing a lot of resources into developing existing and building new transport capacities. In our region, large investments are being made into increasing the capacity of LNG terminals, e.g. in Croatia and Italy. In the coming years, our region can thus be expected to be able to replace Russian natural gas with supply sources in Algeria and LNG terminals. This puts Slovenia in a good position as the natural gas inflow will change its north–south course to the opposite south-north direction. Our proximity to the Algerian source and LNG terminals in the region can also be a strategic advantage.

Geopolitical risks are also managed through insurance arrangements with financial institutions, diversification of supply sources, natural gas storage, long- and short-term supply sources and close monitoring of external factors within the Group.

1.7.2
Commercial Risks

Risk area	Description of risks	Risk management	Risk impact
Retention of existing contracts	Customers may change their supplier when their contract expires	Proper and regular communication with customers, adapting to customers' needs, a diverse range of products, medium-term contracts	moderate
Risks arising from concluded contracts	Timing, quantitative and price mismatch between the purchase and the sales parts of the portfolio	Optimised matching of purchase and sales agreements, use of storage facilities and non-current supply contracts, trading platforms and business with OTC partners	moderate
Business expansion within and beyond the region	Risk of different regulations, unfamiliarity with the market, new business partners, specificity of the market in the transport and storage of natural gas, reporting according to EU regulations, setting the local market price	Cooperation with larger local partners, a proper overview of the market and individual business partners, careful examination of gas transportation conditions and local legislation, close monitoring of exposure to foreign partners	moderate
Market competition	Arrival of new natural gas providers, aggressive existing competition, decline in the Group's market share	A wide range of products and services, flexibility, extended payment plan options, competitive prices, long-term business relationships with customers, reliable supply, business expansion beyond the Slovenian market, takeovers in the Croatian market	moderate
Energy projects	Technical and financial risks, failure to achieve the defined operational objectives, failure to achieve energy savings	Presence with customers, assessment of individual projects, co-investments, maintenance agreements, insurance policies	moderate
Alternative fuels	The largest industrial customers switching from natural gas to other types of fuel	Technological and environmental requirements make switching to other types of fuels difficult; over the long term, natural gas is in principle cheaper than other comparable fuels	low
Gas supply	Inability to supply natural gas to customers	Short-term purchase contracts, use of storage facilities, coordination with gas transport system operators regarding overhauls and other works, diversification of the purchasing portfolio	medium

Commercial risks are almost fully interdependent throughout the entire purchase-sales chain, so it is of critical importance for the Group that they are neutralised, for the most part contractually, and properly managed.

The most significant commercial risks to which the Group is exposed are linked to the renewal of contracts with customers whose contracts expire in the next period, business expansion in and beyond the region, pricing and similar pressures from customers, heightening competition, deviations in outdoor temperatures from long-term averages, prices of substitutes, increased use of renewable energy sources and energy efficiency, achievement of minimum volumes in non-current supply agreements, new legislation and fear of another economic downturn or even recession, in particular in view of the current global geopolitical situation, persistently high inflation and the interest rates of the world's central banks, which are very restrictive.

All commercial risks involved in the sale of natural gas are mitigated to the greatest extent possible by matching purchase and sales agreements or terms and conditions and through the use of storage facilities. The Group manages credit risks through regular monitoring of overdue receivables and by insuring its commodity receivables with a relevant institution. For customers assessed as high risk or those with high exposure, we use other insurance instruments as well, including advance payments, bank guarantees, deposits, parent company sureties and asset collaterals (inventories, accounts receivable). Commercial risk management models and procedures in natural gas sales were adjusted and promptly adapted to market circumstances in 2023, also by offering a range of customer-tailored natural gas products and related services.

The development of energy services brings new technical and financial risks associated with ensuring the proper functioning of CHP and other plants, and their economic performance. Proper functioning and protection against potential malfunctions are ensured through relevant maintenance agreements and with an insurance company. To some extent, the achievement of required operating hours and, in turn, adequate performance depend on proper technical functioning and the selection of suitable input parameters. The subsidy scheme represents the highest uncertainty, in particular in view of the level of allocated operational support and new calls for tenders, as well as in view of its long-term financing viability.

Achieving energy savings with consumers is a financial risk associated with the level of specific cost of saving per megawatt hour. This requires intensive presence with consumers and identifying relevant projects or recognising co-investment opportunities. In case of failure to achieve required savings, suppliers are obligated to pay a high price to the Eco Fund for these savings.

Opportunities for business expansion to foreign countries remain favourable as the natural gas supply courses in Europe have been changing to the south–north direction, as mentioned above. The drawbacks are higher natural gas prices and, in particular, high price fluctuations, which have significantly increased market risks, and a significantly larger range of financial resources required to finance business expansion. There are also additional risks that should be mitigated in operations, in particular credit, operational and regulatory risks. In such cases we closely cooperate with insurance companies, banks and international business partners.

The interest in finding alternatives to natural gas is now significantly higher, but these efforts turned out to be extremely time-consuming and costly, in some cases even impossible to achieve in the short term. In particular, the industry has been struggling with rapid changes in the production process, supply of alternative fuels, transport, and similar. Natural gas is also a very important source of power generation, especially when generation from other sources is low (in 2022, due to the shortage of coal, poor hydrology, a maintenance outage in the Krško nuclear power plant, etc.). At the end of 2023 and especially in 2024, Energetika Ljubljana is expected to launch its natural gas-fired combined heat and power plant. A large decrease in natural gas consumption in Slovenia in the near future is therefore not expected.

In its present form, the regulatory requirement to ensure reliable supply for specific users does not represent a significant risk. Risks deriving from possible overhauls, construction, or other interventions in the Slovenian gas transmission system are minimised through prior coordination of activities. The independent operator ensures immediate response to any irregularities in the Slovenian transmission system and their elimination, so the impact of extraordinary events is minimised.

The Geoplin Group buys natural gas based on non-current contracts and other agreements covering in particular spot natural gas supplies in European gas hubs. Due to the nature of non-current contracts, the risks arising from the reliability of natural gas supply to the Slovenian border under such contracts are low and are mainly associated with the availability of transport routes to the Slovenian border. The Group manages natural gas supply risks by utilising the flexibility of leased gas storage facilities and transport routes, with systematic diversification of its purchasing portfolio and by entering into additional back-up purchase agreements.

The risks associated with the supply of natural gas purchased based on short-term contracts in Gas Hub Baumgarten, i.e. at the Austrian VTP, are subject to the liquidity and functioning of the market. In ordinary conditions, there are practically no risks associated with the liquidity of the Austrian hub as it sufficiently meets the needs of the Geoplin Group. The Group has established business contacts with major European natural gas traders, which is the basis, to a certain extent, for the adequate diversification of supply sources. With the start of natural gas deliveries from Algeria, the Group has also strengthened its operations at the Italian PSV point, further reducing this risk.

In addition to quantity risks, purchase and sales activities involve price risks, which the Group manages by integrating the same mechanisms of converting prices to purchase prices as well as sales agreements, and by locking in purchase prices.

1.7.3 Financial risks

Risk area	Description of risks	Risk management	Risk impact
Liquidity	Possible shortage of liquid assets to cover operating and financial liabilities	Cash flow planning and matching, day-to-day management of receivables, diversification of investments, open short-term credit lines	moderate
Credit risk	Default risk	Day-to-day monitoring of customers' credit discipline, compliance with internal rules, customer credit checks, setting credit limits for customers and business partners, use of a variety of tools to protect against credit risk (insurance policies, deposits, directly enforceable collaterals, inventories and similar instruments)	moderate
Interest rate risk	An increase in interest rates	Low debt ratio	moderate
Currency risk	Unfavourable movements in exchange rates, especially the EUR/USD currency pair	Use of derivatives (forwards)	moderate
Price risk – natural gas trading	Possibility of natural gas trading losses	Day-to-day monitoring of open positions under the trading item, detailed trading instructions prescribed by internal rules	medium

Financial risks primarily comprise risks associated with changing prices, risks associated with creditworthiness, credit and interest-rate risk, and currency risk.

Measures for identifying, monitoring and mitigating financial risks include the optimisation of operations and involve measures such as cash flow planning and coordination, a prudent investment approach (diversification before profitability), day-to-day management of trade receivables, verification of customer credit ratings, optimisation of financial service costs, timely settlement of liabilities and hedging against currency risk.

The Group continually identifies price risks and monitors and appropriately protects against them through an optimised purchasing and sales portfolio, flexible purchasing contracts, the use of storage facilities, and financial derivatives.

The Group's exposure to currency risk is limited to the EUR/USD level, which the Group hedges with the use of derivatives.

Solvency risk is managed through cash flow planning and management. The Group also has credit lines established within the Petrol Group that allow it to ensure additional liquidity, if necessary. Liquidity risks decreased in 2023, as the fall in natural gas prices had significantly reduced the need for working capital financing.

Short-term cash surpluses are deployed in the short-term, in line with the dynamics of sales, purchasing and inventories. As part of the Petrol Group, we manage liquidity primarily through cash-pooling within the Petrol Group.

A certain degree of risk also comes from solvency risk manifested as delayed payments by liquidity-poor customers, who can only pay their obligations in instalments. Payment discipline is tracked daily. In line with our internal rules, we check customers' credit rating and require additional guarantees and collateral for defaults, with termination of supply as a measure of last resort. To mitigate these risks, the Group also insures its commodity receivables.

In the current economic and geopolitical situation, the focus is also on purchasing, where the financial status of OTC partners is extremely important. Their problems result in the Group risking losses when purchasing natural gas in the free market. The Group mitigates these risks by working only with major oil companies with solid credit rating.

1.7.4
Human resources risk

Risk area	Description of risks	Risk management	Risk impact
Human resources risk	Key staff leaving, shortage of professionally qualified employees, small number of employees, losing employees to competitors	Motivating employees for training and education, internal communication, employee information, remuneration, regular quarterly and annual interviews	medium

Due to its low headcount and specific knowledge requirements, the Group is also exposed to human resources risks. These are mainly associated with the loss of key personnel and the lack of specific expertise in new recruits. The demand for personnel with specific knowledge and skills is growing as competition in the natural gas market intensifies. The risk is being mitigated by providing and promoting continuous learning and training, through in-house communication and information sharing with all employees, and by conducting quarterly interviews. Employees' health and safety at work are continuously monitored through employee medical check-ups and workplace inspections.

1.7.5
Systemic and operational risks

Risk area	Description of risks	Risk management	Risk impact
ICT infrastructure	Obsolete ICT infrastructure, third-party intrusion into the Group's IT system, disruptions in ICT infrastructure operation, inappropriate business monitoring system	Regular monitoring and control over the ICT system, use of state-of-the-art software and hardware, regular technical and security checks, software upgrades, introduction of new software for improved traceability of operations, cooperation with external providers	increased
Operational risk	Errors resulting from internal processes, people, organisation, or external events	Rules defining the procedure of specific processes, education and training of employees, verification of transactions and registrations at multiple levels	moderate

By regularly monitoring and supervising the ICT infrastructure and by using modern software and equipment, the ICT Department ensures its uninterrupted operation and full availability. The Group responds to various information and technological risks by regularly following up on technological developments, especially in security systems, and with regular technical check-ups and tests, and thus additionally verifies the adequacy and security of the existing ICT infrastructure. The Group mitigates potential risks or keeps them at an acceptable level with regular software updates and the planned replacement of the existing hardware with current, up-to-date technology as well as with relevant technical warranty servicing. With the above-mentioned preventive measures, the ICT department ensures uninterrupted operation of all key business systems and thus maintains their availability at the highest level possible. The Group also cooperates with Petrol d. d., Ljubljana, always looking for synergies and process optimisation.

Cybercrime, however, is on the rise, which poses additional risks for the Group, as it operates in the energy sector. The Group organises additional activities aimed at raising employee awareness about the gravity of these risks and provides external assistance to manage them.

1.8 SUSTAINABLE DEVELOPMENT

Due to the nature of its business, the Geoplin Group focuses its sustainable development efforts on environmental management and social responsibility. One of the Group's key sustainable development priorities is the promotion of natural gas as the most environmentally acceptable fossil fuel, which reduces the burden on the natural environment.

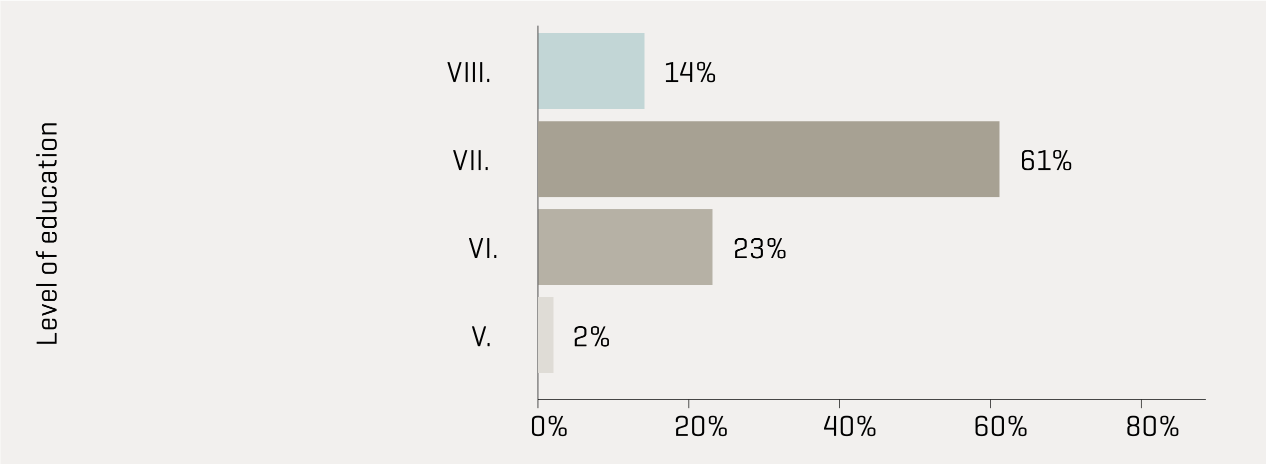
The Geoplin Group's objective in terms of quality and social responsibility is to respect the interests of all stakeholders with whom the Group engages in the course of its operations: owners, business partners, employees, the expert public, media, the environment, and local communities. Through prudent operations, reliable supply of natural gas, and social responsibility, the Geoplin Group creates benefits and contributes to better quality of the wider environment. Activities relating to the quality of operations are aimed at improving business processes and reducing their impact on the environment, taking into account the principles of the Group's environmental policy.

1.8.1 Human resources

As at 31 December 2023, the Geoplin Group had 43 employees. The Group employs highly educated and qualified professionals with specific skills required for its activity and builds their level of professional proficiency every year through additional training.

The Group endeavours to provide optimum work conditions for its employees and has prepared workplace risk assessments for each position. We regularly examine work equipment and the workplace environment, taking into account the risk of injury or ill health. To raise awareness, we organise theoretical and practical refresher training sessions for safety at work and periodic preventive medical examinations for our employees.

GEOPLIN GROUP EMPLOYEES BY LEVEL OF EDUCATION IN 2023



The educational profile of our workforce is very high, with university graduates prevailing. At the end of 2023, as many as 98% of employees held a college or higher degree. Women constituted 37% of employees.

As a group with a strong diversity policy, the Geoplin Group has established a system of rules ensuring equal opportunities based on the following premises: the enforcement of legislation (satisfying statutory regulations in the field of human rights protection and labour legislation), respect for ethical principles such as honesty and fairness, the pursuit of diversity objectives, such as investing in employees and equal opportunities, prevention of discrimination, adjustment to demographic trends, and maximising of employee potential and promotion of diversity, all of which contributes both to the success of individual employees and the organisation as a whole.

1.8.2 Environmental performance

The Geoplin Group is aware that environmental management is an ongoing process that requires us to conform to ever-new legislative requirements and changes in the environment. The Group's environmental policy and objectives are primarily aimed at reducing the environmental impact through the reduction of emissions into the atmosphere, waste management, improved water use efficiency and other targeted environmental activities. In 2023, the Group also emphasised the benefits of natural gas as an environmentally friendly energy source within the framework of corporate communication.

Natural gas is an environmentally friendly fuel. It is green energy and the cleanest fossil fuel, since it generates substantially lower CO^2 emissions during combustion compared to other fossil fuels, and contributes to lower greenhouse gas emissions. Natural gas has a number of environmental advantages over other fossil fuels:

- it contains fewer impurities, such as sulphur, nitrogen and dust particles; methane, which is the main component of natural gas, is a carbohydrate with the lowest carbon content; the combustion of natural gas emits 25% less CO^2 than fuel oil, and close to 45% less than coal;
- environmentally friendly transmission via underground pipelines;
- natural gas production does not involve a complex refining process.

Through the diversification of its energy-related activities, the Group promotes energy efficiency and renewable energy sources, aware of their advantages for both consumers and the environment. Aware of the importance of sustainable energy use, the Group promotes the measures aimed at ensuring energy savings and increased energy efficiency, in particular with final consumers of natural gas. In accordance with its mission, the Group has developed an array of energy services that allow its partners to monitor, report and analyse trends in energy consumption, plan organisational and investment measures to reduce energy consumption, and carry out and finance relevant projects.

The Group's energy activity has expanded to include green hydrogen production projects. This is especially important in view of the green transition, which gained new momentum at the time of dramatic shakeups in energy markets.

1.8.3 Social responsibility

The Geoplin Group's sustainable development and social responsibility efforts were also aimed at reinforcing the Group's positive image in Slovenia and the region, as well as exercising its ongoing commitment to contributing to the development and well-being of the local environment.

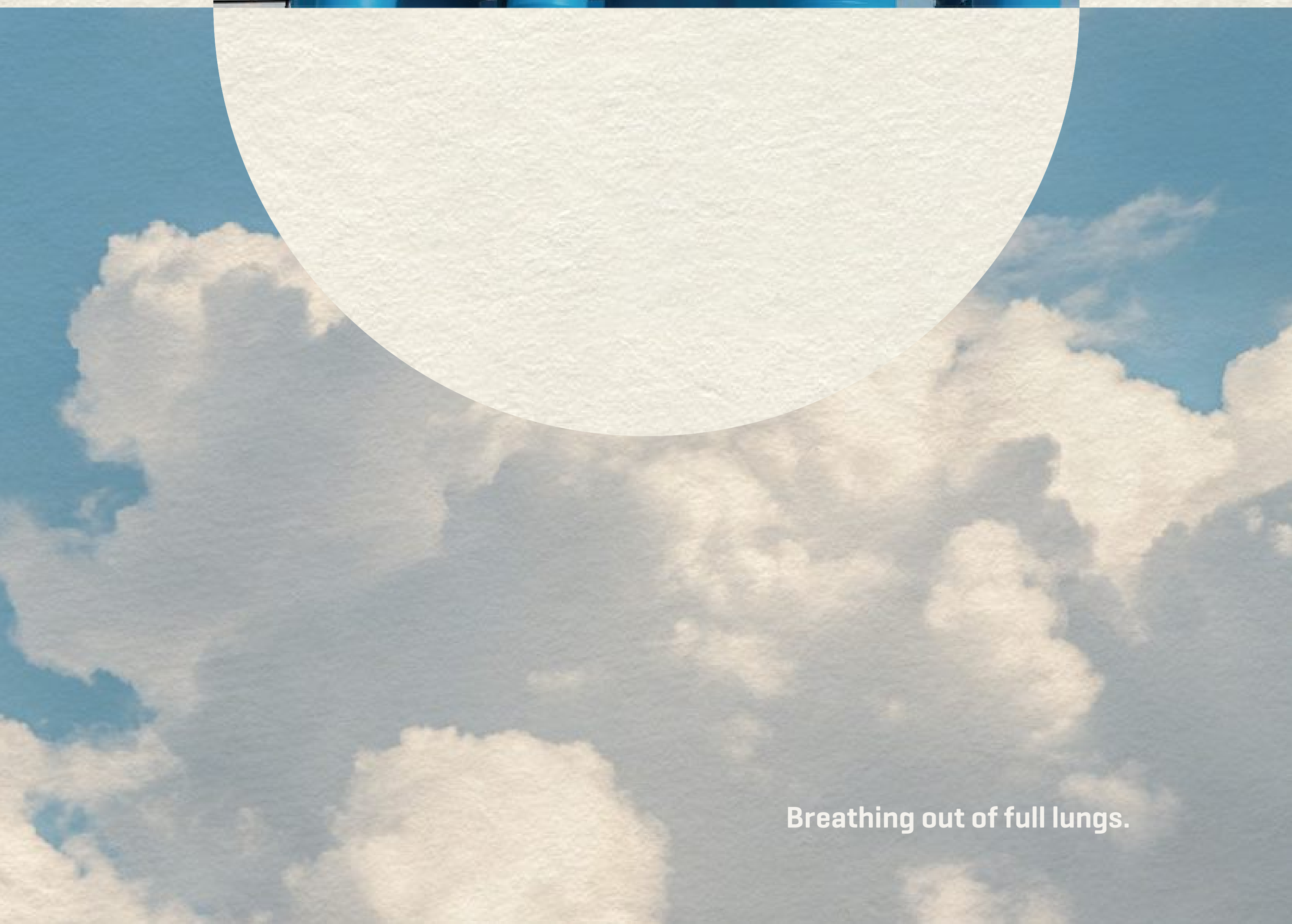
The Geoplin Group's sponsorship and donation strategy is balanced and sufficiently diversified so as to support various sports events, professional athletes, cultural and artistic events, and professional conferences. The selection of sponsorship and donation recipients takes into account media coverage, outstanding results, and events focused on knowledge exchange in energy, and more specifically the gas area, whereas charity donations depend on the most pressing needs of people and the environment at a given moment. In line with the latter, the Geoplin Group made a major donation in 2023 to the rehabilitation of the sites affected by the August floods in the Republic of Slovenia.

1.9 SIGNIFICANT TRANSACTIONS AFTER THE REPORTING DATE

At the General Meeting held on 29 March 2024, the shareholders of Geoplin d. o. o. Ljubljana dismissed Matija Bitenc, MSc, from the position of General Manager of Geoplin d. o. o. Ljubljana. Simon Urbancl maintains his position as Manager of the Company, the role he exercised as at 1 October 2023, thus ensuring continuity of leadership in the Company.

SUMMARY OF FINANCIAL STATEMENTS

02



The summary of consolidated financial statements includes a summary of information from the financial section of the audited consolidated annual report of the Geoplin Group, which was approved by the Management on 31/5/2024. The audited consolidated annual report of the Geoplin Group is available at the registered office of the Geoplin Group.

2.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GEOPLIN GROUP AS AT 31 DECEMBER

		Notes	in EUR As at 31/12/2023	in EUR As at 31/12/2022
	ASSETS		**248,447,491**	**325,559,818**
A.	**NON-CURRENT ASSETS**		**43,294,377**	**46,715,512**
I.	**INTANGIBLE ASSETS**	**2.9.1**	**651,054**	**835,130**
	Property rights		651,054	835,130
II.	**TANGIBLE FIXED ASSETS**	**2.9.2**	**2,094,214**	**2,549,932**
	Land		600,701	600,701
	Buildings		451,294	565,993
	Plant and other equipment		958,798	1,234,021
	Right of use assets		48,056	116,497
	Ongoing investments		35,365	32,720
III.	**INVESTMENTS IN LAND AND BUILDINGS**	**2.9.3**	**2,515,785**	**2,579,518**
IV.	**NON-CURRENT FINANCIAL ASSETS**	**2.9.4**	**28,648,281**	**28,494,302**
	Investments in subsidiaries		49,400	291,966
	Investments in associates		2,969,864	2,971,077
	Other non-current financial assets		25,629,018	25,231,259
V.	**DEFERRED TAX ASSETS**	**2.9.5**	**9,385,043**	**12,256,629**
B.	**CURRENT ASSETS**		**205,153,115**	**278,844,307**
I.	**INVENTORIES**	**2.9.6**	**51,234,813**	**62,923,180**
	Merchandise		39,254,674	50,942,277
	Advance payments for inventories		11,980,140	11,980,902
II.	**CURRENT FINANCIAL INVESTMENTS**	**2.9.7**	**16,431,322**	**17,853,548**
	Loans granted		16,371,015	17,513,282
	Other current financial assets		60,307	340,266
III.	**OPERATING RECEIVABLES**	**2.9.8**	**130,138,653**	**188,476,195**
	Trade receivables		113,421,470	159,198,247
	Corporate income tax assets		0	3,619,829
	Other current assets		16,717,183	25,658,119
IV.	**CASH AND CASH EQUIVALENTS**	**2.9.9**	**7,348,326**	**9,591,384**

These notes form an integral part of and should be read in conjunction with the consolidated financial statements.

		Notes	in EUR As at 31/12/2023	in EUR As at 31/12/2022
	EQUITY AND LIABILITIES		**248,447,491**	**325,559,818**
A.	**EQUITY**	**2.9.10**	**117,793,067**	**113,916,948**
I.	**CALLED-UP CAPITAL**		**29,583,473**	**29,583,473**
II.	**CAPITAL RESERVES**		**75,010,673**	**75,010,673**
III.	**PROFIT RESERVES**		**20,111,887**	**20,036,697**
	Reserves for own shares		118,291	0
	Own shares		-118,291	0
	Other profit reserves		20,111,887	20,036,697
IV.	**CAPITAL REVALUATION ADJUSTMENT**		**0**	**-2,142**
V.	**FAIR VALUE RESERVES**		**1,733,915**	**1,451,474**
VI.	**HEDGE RESERVES**		**-15,686,372**	**-16,621,045**
VII.	**RETAINED EARNINGS**		**4,504,927**	**32,888,674**
VIII.	**NET PROFIT FOR THE PERIOD**		**2,534,564**	**-28,430,856**
	NON-CURRENT AND CURRENT LIABILITIES TOTAL		**130,654,424**	**211,642,871**
B.	**NON-CURRENT LIABILITIES**		**5,887,654**	**325,379**
I.	**PROVISIONS**	**2.9.11**	**5,845,447**	**212,548**
	Provisions for severance pay		46,541	76,744
	Provisions for jubilee awards		21,219	29,942
	Other provisions		5,777,687	105,862
II.	**NON-CURRENT OPERATING LIABILITIES**		**28,958**	**72,657**
III.	**NON-CURRENT FINANCIAL LIABILITIES**		**13,249**	**40,174**
C.	**CURRENT LIABILITIES**	**2.9.12**	**124,766,770**	**211,317,492**
I.	**CURRENT FINANCIAL LIABILITIES**		**9,137,372**	**8,118,346**
II.	**CURRENT OPERATING LIABILITIES**		**115,629,397**	**203,199,146**
	Trade payables		86,877,014	179,265,844
	Corporate income tax liabilities		2,717,034	0
	Contract liabilities		70,000	0
	Other current operating liabilities		25,965,349	23,933,302

These notes form an integral part of and should be read in conjunction with the consolidated financial statements.

2.2 CONSOLIDATED PROFIT AND LOSS STATEMENT

CONSOLIDATED PROFIT AND LOSS STATEMENT OF THE GEOPLIN GROUP FOR FINANCIAL YEAR FROM 1/1 TO 31/12

		Notes	in EUR 2023	in EUR 2022
1.	**Sales revenue**	**2.10.1.1**	**1,017,953,923**	**1,358,199,813**
2.	**Cost of goods sold**	**2.10.2.1**	**983,681,311**	**1,474,089,337**
	Costs of materials and services	2.10.2.1	5,048,456	5,715,269
	Labour costs	2.10.2.2	3,134,225	3,510,747
	Depreciation and amortisation	2.10.2.3	976,301	952,905
	Other costs	2.10.2.4	6,434,396	440,260
3.	**OPERATING COSTS**		**15,593,379**	**10,619,180**
	Other revenues	2.10.1.3	3,439,912	99,598,162
	Other expenses	2.10.2.5	9,596,761	6,604,500
	Impairment of receivables	2.10.2.5	0	297,952
4.	**OPERATING INCOME**		**12,522,384**	**-33,812,994**
	Financial revenue	2.10.1.2	2,518,308	748,972
	Financial expenses	2.10.2.6	6,479,612	2,028,982
5.	**FINANCIAL RESULT**		**-3,961,304**	**-1,280,010**
6.	**EARNINGS BEFORE TAXES**		**8,561,080**	**-35,093,004**
	Income tax		2,717,034	58,889
	Deferred taxes		3,309,483	-6,721,036
7.	**CORPORATE INCOME TAX AND DEFERRED TAX**	2.10.2.7	**6,026,517**	**-6,662,147**
8.	**NET PROFIT FOR THE PERIOD**		**2,534,564**	**-28,430,857**
	Net profit for the period attributable to:			
	owners of the controlling company		2,534,564	-28,430,857

These notes form an integral part of and should be read in conjunction with the consolidated financial statements.

2.3 CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME OF THE GEOPLIN GROUP FOR FINANCIAL YEAR FROM 1/1 TO 31/12

		Notes	in EUR 2023	in EUR 2022
1.	**NET PROFIT FOR THE PERIOD**		**2,534,564**	**-28,430,857**
2.	**Items to be recognised in the profit or loss statement in the future**		**1,217,114**	**-17,147,675**
	Effective part of change in the fair value of the cash flow hedging instrument	2.10.3	409,073	-20,519,806
	Change in deferred taxes	2.10.3	525,600	3,898,761
	Change in reserve due to fair value valuation	2.9.10	370,146	-650,160
	Change in deferred taxes	2.9.10	-87,704	123,530
3.	**Items not to be recognised in the profit or loss statement in the future**		**49,252**	**-71,751**
	Unrealised actuarial gains and losses	2.9.10	47,110	0
	Change in capital revaluation adjustment		2,142	-71,751
4.	**TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD**		**3,800,930**	**-45,650,283**
	Of which:			
	owners of the controlling company		3,800,930	-45,650,283

These notes form an integral part of and should be read in conjunction with the consolidated financial statements.

2.4
CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT OF THE GEOPLIN GROUP

		in EUR 2023	in EUR 2022
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
a.	**NET PROFIT OR LOSS**	**2,534,564**	**-28,430,857**
b.	**ADJUSTMENT FOR:**	**3,633,256**	**-100,450,601**
	Corporate income tax	6,026,517	-6,662,147
	Depreciation and amortisation (+)	903,384	894,312
	Operating revenues from revaluation	-2,758,777	-88,727,519
	Operating expenses from revaluation	0	4,427,486
	Financial income excl. fin. income from operating receivables	-1,557,110	-285,696
	Financial expenses excl. fin. expenses from operating liabilities	1,019,243	722,992
	Other income and expense adjustments	0	-10,820,030
c.	**CHANGES IN NET OPERATING CURRENT ASSETS (AND DEFERRED AND ACCRUED ITEMS, PROVISIONS, AND DEFERRED TAX ASSETS AND LIABILITIES) OF OPERATING ITEMS OF THE STATEMENT OF FINANCIAL POSITION**	**-9,347,652**	**-68,973,938**
	Opening less closing operating receivables	54,294,029	-40,412,200
	Opening less closing current deferred expenses	423,683	52,242
	Opening less closing deferred tax assets	2,871,586	-10,743,327
	Opening less closing inventories	11,688,366	-28,736,545
	Closing less opening operating liabilities	-89,829,947	150,215,206
	Closing less opening accrued expenses and provisions	7,664,946	779,856
	Cash receipts/disbursements for corporate income tax	3,539,684	-2,181,294
d.	**POSITIVE/NEGATIVE OPERATING CASH FLOW (a+b+c)**	**-3,179,833**	**-59,907,521**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
a.	**RECEIPTS FROM INVESTING ACTIVITIES**	**296,693,862**	**457,003,441**
	Receipts from participation in the profit of others related to investing activities	112,235	0
	Receipts from interest	971,781	77,100
	Receipts from disposal of tangible fixed assets	638	26,341
	Receipts from disposal of financial assets	295,609,208	456,900,000
b.	**CASH DISBURSEMENTS IN INVESTING ACTIVITIES**	**-294,638,878**	**-408,992,914**
	Disbursements for acquisition of intangible assets	-24,363	-95,063
	Disbursements for acquisition of tangible fixed assets	-179,063	-447,851
	Disbursements for acquisition of financial assets	-294,435,452	-408,450,000
c.	**POSITIVE CASH FLOW FROM INVESTING ACTIVITIES (a+b)**	**2,054,984**	**48,010,527**

These notes form an integral part of and should be read in conjunction with the consolidated financial statements.

		in EUR 2023	in EUR 2022
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
a.	**RECEIPTS FROM FINANCING ACTIVITIES**	**131,213,216**	**114,835,220**
	Cash proceeds from increase in financial liabilities	131,273,523	100,993,933
	Cash proceeds from decrease in financial receivables	-60,307	13,841,287
b.	**CASH DISBURSEMENTS IN FINANCING ACTIVITIES**	**-132,331,425**	**-101,102,013**
	Interest paid	-992,950	-92,607
	Repayment of financial liabilities	-131,319,926	-100,990,857
	Repayment of principal on leases	-18,549	-18,549
c.	**NEGATIVE CASH FLOW IN FINANCING ACTIVITIES (a+b)**	**-1,118,209**	**13,733,207**
D.	**CLOSING BALANCE OF CASH**	**7,348,326**	**9,591,384**
x.	Net increase/decrease in cash for the period (Ad + Bc + Cc)	-2,243,058	1,836,213
y.	Opening balance of cash	9,591,384	7,755,170

These notes form an integral part of and should be read in conjunction with the consolidated financial statements.

2.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF GEOPLIN GROUP IN 2023

	in EUR	Share capital	Capital reserves	Profit reserves		
				reserves for own shares	own shares	other
A.1.	Closing balance of the previous reporting period	29,583,473	75,010,673	0	0	20,036,697
A.2.	Opening balance of the reporting period	29,583,473	75,010,673	0	0	20,036,697
B.1.	**Changes in equity – transactions with owners**	**0**	**0**	**118,291**	**-118,291**	**75,189**
a.	Purchase/ acquisition of own shares			118,291	-118,291	
b.	Other changes in equity					75,189
B.2.	**Total comprehensive income for the reporting period**	**0**	**0**	**0**	**0**	**0**
a.	Net profit/loss for the reporting period					
b.	Change in reserve due to fair value revaluation					
c.	Other components of comprehensive income for the reporting period					
B.3.	**Changes in equity**	**0**	**0**	**0**	**0**	**0**
C.	**Closing balance for the period**	**29,583,473**	**75,010,673**	**118,291**	**-118,291**	**20,111,886**

These notes form an integral part of and should be read in conjunction with the consolidated financial statements.

	in EUR	Capital revaluation adjustment	Fair value reserves	Hedge reserves	Retained earnings	Net profit/ loss for the period	TOTAL EQUITY
A.1.	Closing balance of the previous reporting period	-2,142	1,451,474	-16,621,045	32,888,675	-28,430,857	**113,916,948**
A.2.	Opening balance of the reporting period	-2,142	1,451,474	-16,621,045	4,457,818	0	**113,916,948**
B.1.	**Changes in equity – transactions with owners**	**0**	**0**	**0**	**0**	**0**	**75,189**
a.	Purchase/ acquisition of own shares						**0**
b.	Other changes in equity						**75,189**
B.2.	**Total comprehensive income for the reporting period**	**2,142**	**282,441**	**934,673**	**47,110**	**2,534,564**	**3,800,930**
a.	Net profit/loss for the reporting period					2,534,564	**2,534,564**
b.	Change in reserve due to fair value revaluation		282,441	934,673			**1,217,114**
c.	Other components of comprehensive income for the reporting period	2,142			47,110		**49,252**
B.3.	**Changes in equity**	**0**	**0**	**0**	**0**	**0**	**0**
C.	**Closing balance for the period**	**0**	**1,733,915**	**-15,686,372**	**4,504,928**	**2,534,564**	**117,793,067**

These notes form an integral part of and should be read in conjunction with the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF GEOPLIN GROUP IN 2022

	in EUR	Share capital	Capital reserves	Profit reserves other	Capital revaluation adjustment	Fair value reserves
A.1.	Closing balance of the previous reporting period	29,583,473	75,010,673	20,036,697	165,477	1,978,103
A.2.	Opening balance of the reporting period	29,583,473	75,010,673	20,036,697	165,477	1,978,103
B.1.	**Changes in equity – transactions with owners**	**0**	**0**	**0**	**0**	**0**
a.	Profit-sharing payments					
B.2.	**Total comprehensive income for the reporting period**	**0**	**0**	**0**	**-167,619**	**-526,629**
a.	Net profit/loss for the reporting period					
b.	Change in revaluation reserve					
c.	Change in reserve due to fair value revaluation					-526,629
d.	Change in capital revaluation adjustment				-167,619	
B.3.	**Changes in equity**	**0**	**0**	**0**	**0**	**0**
a.	Alloc. of part of the net prof. of comp. rep. per. to other eq. comp.					
C.	**Closing balance for the period**	**29,583,473**	**75,010,673**	**20,036,697**	**-2,142**	**1,451,474**

These notes form an integral part of and should be read in conjunction with the consolidated financial statements.

	in EUR	Hedge reserves	Retained earnings	Net profit/ loss for the period	**TOTAL EQUITY**
A.1.	Closing balance of the previous reporting period	0	14,155,186	18,637,621	**159,567,230**
A.2.	Opening balance of the reporting period	0	32,792,807	0	**159,567,230**
B.1.	**Changes in equity – transactions with owners**	**0**	**0**	**0**	**0**
a.	Profit-sharing payments				
B.2.	**Total comprehensive income for the reporting period**	**-16,621,045**	**95,868**	**-28,430,857**	**-45,650,282**
a.	Net profit/loss for the reporting period			-28,430,857	**-28,430,857**
b.	Change in revaluation reserve				
c.	Change in reserve due to fair value revaluation	-16,621.045			**-17,147,674**
d.	Change in capital revaluation adjustment		95,868		**-71.751**
B.3.	**Changes in equity**	**0**	**0**	**0**	**0**
a.	Alloc. of part of the net prof. of comp. rep. per. to other eq. comp.				**0**
C.	**Closing balance for the period**	**-16,621,045**	**32,888,675**	**-28,430,857**	**113,916,948**

These notes form an integral part of and should be read in conjunction with the consolidated financial statements.

2.6 STATEMENT OF COMPLIANCE

2.6.1 Statement of Compliance

The management of the Geoplin Group approved the financial statements on 31/5/2024.

The consolidated financial statements of the Geoplin Group have been prepared in accordance with the International Financial Reporting Standards (IFRS), adopted by the European Union, along with the interpretations adopted by the International Financial Reporting Interpretations Committee and by the European Union, and in accordance with the provisions of the Companies Act (ZGD-1).

They were compiled under the assumptions of the accrual basis and going concern, and provide understandable, relevant, reliable and comparable information.

2.6.2 Newly adopted standards and interpretations

The accounting policies used in compiling the Group's consolidated financial statements are the same as those used for the consolidated financial statements for the previous financial year. The exceptions are newly adopted or amended standards and interpretations that apply to annual periods beginning on or after 1 January 2023 and are presented below.

Amendments to IAS 1 and IFRS Practice statement 2: Disclosure of Accounting Policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023)
IAS 1 was amended so as to require companies to disclose their material accounting policy information instead of significant accounting policies. The amendment defined material accounting policy information. The amendment also clarifies that accounting policy information is material if users of financial statements would not be able to understand other material information in the financial statements without it. The amendments also provide illustrative examples of when accounting policy information is likely to be material for the company's financial statements. Furthermore, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. If an entity discloses immaterial accounting policy information, such information must not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, Making Materiality Judgements, was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments to the standard had an impact on the Group's disclosures of accounting policies.

Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023)
The amendments to IAS 8 are designed to clarify the distinction between changes in accounting estimates from changes in accounting policies.

The amendments to the standard had an impact on the Group's disclosures of accounting policies and assessments.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023)
Amendments to IAS 12 clarify how companies account for deferred tax on transactions such as leases or decommissioning obligations. In certain circumstances, a company is exempted from recognising deferred tax when it recognises assets or liabilities for the first time. In the past, views differed on whether the recognition exemption applied to transactions, such as leases and decommissioning obligations, where both the asset and liability are recognised. The amendments clarify that the exemption does not apply and that companies must recognise deferred tax on such transactions. Amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Amendments to the standard had no significant impact on the Group's financial statements.

Amendments to IAS 12 Income taxes: International tax reform – Pillar 2 rules (issued on 23 May 2023)
In May 2023, the International Accounting Standards Board published the above-mentioned amendments to IAS 12 – Income taxes. This amendment was introduced in response to the imminent implementation of the Pillar 2 model rules roadmap published by the Organisation for Economic Co-operation and Development (OECD) as a result of the international tax reform. The amendments provide for a temporary exemption from the recognition and disclosure requirements for deferred taxes arising from the enacted or effectively implemented tax legislation enacting Pillar 2 model rules. Under the effective date of the IASC, companies may apply the exemption immediately, but the reporting and disclosure requirements are required for annual periods beginning on or after 1 January 2023.

Amendments to the standards had no significant impact on the Group's financial statements.

IFRS 17 Insurance Contracts (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023)
IFRS 17 replaces IFRS 4, which exceptionally permitted companies to continue using existing accounting practices for insurance contracts. As a result, it was difficult for investors to analyse and compare the financial performance of otherwise similar insurers. IFRS 17 requires applying a single framework to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard stipulates that an entity recognises and measures groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) for (ii) an amount representing the unearned profit in a group of contracts (the contractual service margin). Insurers will recognise the profit from the group of insurance contracts as they provide insurance coverage and when they are excluded from the risk. If a group of contracts is or begins to be loss-making, the company immediately recognises the loss.

Amendments to the standards had no significant impact on the Group's financial statements.

New standards and interpretations relevant to the Group that are not yet effective

The standards and interpretations presented below had not yet become effective by the date of the consolidated financial statements. The Group will use the relevant standards and clarifications in the compilation of the consolidated financial statements when they become effective.

The Group did not adopt any of the standards early.

Amendments to IFRS 16 Leases: Lease Liability for Sale and Leaseback Transactions (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024)
The amendments relate to sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require a seller-lessee to subsequently measure liabilities arising from a transaction in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. This means a deferral of such a gain even if there is a liability for variable payments that do not depend on an index or a rate.

The Group is currently assessing the impact of the amendments on its consolidated financial statements.

Classification of Liabilities as Current or Non-Current (Long-Term) – Amendments to IAS 1 (first issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, effective for annual periods beginning on or after 1 January 2024)
The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. To classify a liability as non-current, a company must have the right to delay the settlement of a liability for at least 12 months from the end of the reporting period. The requirement for such a right to be unconditional has been removed. The amendment from October 2022 clarified that covenants with which a company must comply after the reporting date do not affect a liability's classification as current or non-current at the reporting date. The classification of liabilities is unaffected by management's expectations about whether the company will exercise its right to defer settlements. A liability is classified as current if a condition is breached at or before the reporting date, even if a lender's waiver is obtained after the end of the reporting period. A loan, however, is classified as non-current if a covenant was breached after the reporting date. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits, or a company's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments for which the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

The Group is currently assessing the impact of the amendments on its consolidated financial statements.

Amendments to IAS 7 Cash flow statement and IFRS 7 Financial instruments: Disclosures: Supplier financing agreements (issued on 25 May 2023)
In response to concerns from users of financial statements about inadequate or misleading disclosure of financing arrangements, the IASB issued amendments to IAS 7 and IFRS 7 in May 2023 to require disclosure of financing arrangements by suppliers. These amendments require the Company's supplier to disclose financing agreements to allow the users of financial statement to assess the impacts of these agreements on the Company's liabilities and cash flows and on the Company's exposure to liquidity risk. The purpose of additional disclosure requirements and reporting is to enhance the transparency of supplier financing agreements. These amendments affect only the disclosure and reporting requirements and have no impact on the recognition or measurement principles. The new disclosure requirements will be effective for annual reporting periods on or after 1 January 2024. The amendments to the standard have not yet been adopted by the EU.

The Group is examining the impact of the amendment to the standard and will adopt them when it becomes effective.

Amendments to IAS 21 Lack of exchangeability (issued on 15 August 2023)
In August 2023, IASB issued amendments to IAS 21 to help companies assess the exchangeability between two currencies and determine a spot exchange rate when there is a lack of exchangeability. The amendments affect a company that has a transaction or business operations in a foreign currency not exchangeable with another currency at the measurement date for a specified purpose. The amendments to IAS 21 do not set detailed requirements on how to assess a spot exchange rate. Instead, they set out a framework for the companies to determine a spot exchange rate at the measurement date. In applying the new requirements, retroactive adjustments to comparative information are not permitted. The relevant amounts should be translated at the estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings or to the cumulative translation difference reserve. The amendments to the standard have not yet been adopted by the EU.

The Group is currently assessing the impact of the amendments on its consolidated financial statements.

2.7
MATERIAL ACCOUNTING POLICY INFORMATION

The summary of significant accounting policies discloses selected accounting policies identified by the management as significant for understanding the summary of the consolidated financial statements, as well as policies governing items containing significant assessments and disclosures relating to the items subject to amendments to the International Financial Reporting Standards as adopted by the EU.

FINANCIAL ASSETS

Financial assets comprise cash, short-term deposits, financial assets at fair value through other comprehensive income, trade receivables, loans, and other receivables.

Financial assets and financial liabilities are offset and the net amount appears in the balance sheet if, and only if, the Geoplin Group has the legal right to either settle the net amount or liquidate the asset and at the same time settle its liability.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the asset. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method, less impairment loss.

Financial assets at fair value through other comprehensive income that have the nature of a debt instrument are financial assets held by the Geoplin Group in a business model whose objective is achieved by both collecting contractual cash flows, which are solely payments of the principal and interest on the principal amount outstanding, and by selling financial assets. After initial recognition, such investments are measured at fair value increased by associated transaction costs. The Geoplin Group conducts an annual impairment review and does not record insignificant impairments in its financial statements.

Financial assets at fair value through other comprehensive income that have the nature of an equity instrument are those financial assets that meet the definition of own equity under IAS 32 Financial Instruments, and for which the Geoplin Group elected to classify them irrevocably as equity instruments designated at fair value through other comprehensive income, and are not held for trading.

DERIVATIVES

Derivatives are initially recognised at fair value. Business-related costs are recognised in the profit and loss when they are incurred. After initial recognition, derivatives are measured at fair value, whereas associated changes are treated as described below.

- When a derivative is designated as a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of the change in fair value of the derivative is recognised in the comprehensive income of the period and disclosed under hedge reserve. The ineffective portion of the change in fair value of the derivative is recognised directly in the profit or loss. As a rule, the Geoplin Group discontinues hedge accounting if the hedge no longer qualifies for hedge accounting or if the hedging instrument is sold, terminated, or exercised. The cumulative gain or loss recognised in other comprehensive income stays disclosed under hedge reserve until the forecast transaction affects the profit or loss. If the forecast transaction is no longer expected to occur, the amount that has been recognised in other comprehensive income is recognised directly under profit or loss. In other cases, the amount

recognised in other comprehensive income is reclassified to profit or loss in the same period as the hedged item affects profit or loss.
- The effects of other derivatives not designated as a hedge of the risk of the exposure to variability in cash flows and not attributable to a particular risk associated with a recognised asset or liability are recognised in profit or loss.

The Geoplin Group uses the following derivatives:

Forwards

The Group makes part of the purchase of natural gas in U.S. dollars and sells it predominantly in euros. Because it buys and sells in different currencies, there is a mismatch between purchase and selling prices, which the Geoplin Group manages with forward contracts.

Forwards include the fair value of open transactions on the date of the statement of financial position, which is determined based on publicly available information on the value of forwards on the organised market on the date of reporting for all open transactions. Gains and losses are recognised in profit or loss under financial revenues and expenses.

When a forward financial instrument is designated as a hedge of the exposure to variability in cash flows associated with a recognised asset or liability or a forecast transaction, the portion of the gain or loss from the instrument designated as an effective hedge is recognised directly in the comprehensive income. Gains and losses from the instrument designated as ineffective are recognised in profit or loss under financial revenues and expenses.

Commodity derivatives

The purchase and sale of natural gas involves a mismatch between purchase and selling prices, which the Geoplin Group hedges through derivatives. The Geoplin Group uses commodity derivatives as a cash flow hedge in the purchasing of natural gas.

The fair value of open commodity derivatives as at the date of the statement of financial position is defined based on publicly available information from relevant institutions on the values of commodity derivatives in the market on the day of the statement of financial position. Gains and losses are recognised under operating income under gains and losses from derivatives.

When a commodity derivative is designated as a hedge of the exposure to variability in cash flows associated with a recognised asset or liability or a forecast transaction, the portion of the gain or loss from the instrument designated as an effective hedge is recognised directly in the comprehensive income. Gains and losses from the instrument designated as ineffective are recognised in profit or loss under gains and losses from derivatives.

INVENTORIES

The Geoplin Group only keeps inventories of merchandise. The inventory of merchandise consists of natural gas held in leased storage facilities abroad.

The value of natural gas in inventory is determined based on the monthly average cost, which is calculated based on the average price of the monthly initial inventory and the average cost of supplies in the current month.

The actual cost is the purchase price of natural gas and direct acquisition costs (transport, storage and other acquisition costs until the goods are released for free circulation), excluding duty (eco-tax, excise duty) and network charges incurred when the merchandise is released for free circulation.

The net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of sale. The Geoplin Group verifies net realisable value of inventories on the date of the consolidated statement of financial position. If the net realisable value is less than the carrying amount, inventories are impaired.

PROVISIONS

The Group makes provisions for onerous contracts, provisions for litigation and provisions for post-employment and other long-term employee benefits.

Provisions for onerous contracts are recognised when market conditions lead to a situation where the unavoidable costs of meeting the obligations under the long-term contract exceed the economic benefits expected to be received under it.

Accordingly, the amount of long-term provisions is calculated based on estimated economic benefits and service costs from long-term contracts for the lease of capacities and storage agreements with consideration of the cross-zonal capacity used. Provisions are carried as the difference between the contract price and its mark-to-market value. The current market value is determined based on the realised value, and the estimated value for future years of contracts is based on the probable trend of future market prices. The difference between the estimated market value and contract value is discounted at the discount rate based on the data on the yield of Slovenian government bonds maturing in the year of expiry of long-term contracts.

LIABILITIES

Liabilities are non-current and current, financial and operating.

Liabilities are initially recognised at fair value and subsequently measured at amortised cost.

Liabilities are initially reported in the amounts recorded in underlying documents or at the value equal to the amount of cash or cash equivalents received. Subsequently they are measured at amortised cost and increased by accruing interest, if so agreed with the creditor. They are reduced by amounts paid and any other form of settlement agreed with the creditor.

CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement has been compiled based on data from the profit and loss account for the period 1 January 2023 to 31 December 2023, data from the consolidated statement of financial position as at 31 December 2023 and 1 January 2023 and other required information.

2.8 SUMMARY OF NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The summary discloses the notes to the consolidated statement of financial position shaped by significant assessments and disclosures relating to the items subject to amendments to the International Financial Reporting Standards as adopted by the EU.

2.8.1 Inventories

in EUR

	As at 31/12/2023	As at 31/12/2022
Merchandise	39,254,674	50,942,277
Advance payments for merchandise	11,980,140	11,980,902
Total	**51,234,813**	**62,923,179**

The Geoplin Group has leased storage capacities in Austria and Croatia. The volume of inventories in storage is subject to the dynamics in the price situation and efforts to achieve optimum sales conditions.

The net realisable value of inventories as at 31 December 2023 is the same as the carrying amount of inventories. Therefore, no impairment of inventories has been made.

The inventory count revealed no excess or shortage of merchandise. No part of the Geoplin Group's inventory is pledged as collateral for the Group's obligations.

2.8.2 Current financial investments

in EUR

	As at 31/12/2023	As at 31/12/2022
Current loans granted to Petrol Group companies	16,371,015	17,513,282
Current financial assets at fair value through other comprehensive income	0	340,266
Other current financial assets	60,307	0
Total	**16,431,322**	**17,853,548**

The Geoplin Group's current financial assets comprise current loans to Group companies and other current financial assets – derivatives. Loans granted to Group companies represent loans to the ultimate parent company, Petrol, d. d., Ljubljana, and to the subsidiary, Geoplin d. o. o. (Zagreb), with interest running until 31 December 2023 at a fixed interest rate.

2.8.3 Current operating receivables

The table below shows the structure of operating receivables.

in EUR

	As at 31/12/2023	As at 31/12/2022
Trade receivables	113,421,470	159,198,247
Corporate income tax assets	0	3,619,829
Other current assets	16,717,184	25,658,119
Total	**130,138,654**	**188,476,195**

2.8.4 Provisions

in EUR

	As at 31/12/2023	As at 31/12/2022
Provisions for severance pay	46,541	76,744
Provisions for jubilee awards	21,219	29,942
Other provisions	5,777,687	105,862
Closing balance	**5,845,447**	**212,548**

Tables below show changes in provisions.

in EUR

	As at 31/12/2023	Additions 2023	Reversals 2023	Uses 2023	As at 1/1/2023
Provisions for severance pay	46,542	7,576	20,203	17,576	76,744
Provisions for jubilee awards	21,219	3,351	9,949	2,125	29,942
Other provisions	5,777,687	5,736,488	0	64,664	105,862
Total	**5,845,447**	**5,747,415**	**30,152**	**84,365**	**212,548**

	As at 31/12/2022	Additions 2022	Reversals 2022	Uses 2022	in EUR As at 1/1/2022
Provisions for severance pay	76,744	0	0	0	76,744
Provisions for jubilee awards	29,942	0	0	2,298	32,240
Other provisions	105,862	105,862	10,820,030	0	10,820,030
Total	**212,548**	**105,862**	**10,820,030**	**2,298**	**10,929,014**

Other provisions include provisions for onerous natural gas supply contracts newly established in 2023 amounting to EUR 5,687,793 (the Group did not have such provisions in 2022). The estimated economic benefits from sales do not exceed the costs of natural gas supply. In addition, the Group has provisions for litigation amounting to EUR 89,894 as at 31 December 2023 (2022: EUR 105,862).

Based on the 2023 actuarial report, the Geoplin Group eliminated, re-established and also used part of the provisions for severance pay and jubilee awards.

2.8.5 Current liabilities

The structure of current liabilities as at 31 December is shown below.

	As at 31/12/2023	in EUR As at 31/12/2022
Current financial liabilities	9,137,372	8,118,346
Current operating liabilities	115,629,397	203,199,145
Total	**124,766,770**	**211,317,491**

Current financial liabilities as at 31 December 2023 consist primarily of liabilities arising from derivatives used for hedging. Current operating liabilities largely relate to liabilities for the purchase of natural gas, which were fully repaid in January 2024.

Changes in current financial liabilities are shown in the table below.

	As at 1/1/2023	Increase	Repayments	in EUR As at 31/12/2023
Current financial liabilities	**8,116,800**	133,372,762	132,388,789	**9,100,772**
Current lease liabilities	**1,546**	87,700	52,647	**36,600**
Total	**8,118,346**	**133,460,462**	**132,441,436**	**9,137,372**

	As at 1/1/2022	Increase	Repayments	As at 31/12/2022
				in EUR
Current financial liabilities	0	109,067,313	100,950,513	8,116,800
Current lease liabilities	1,546	18,549	18,549	1,546
Total	**1,546**	**109,085,862**	**100,969,062**	**8,118,346**

Current operating liabilities of the Geoplin Group consist of:

in EUR

	As at 31/12/2023	As at 31/12/2022
Trade payables	86,877,014	179,265,844
Income tax liabilities	2,717,034	0
Contract liabilities	70,000	0
Other current operating liabilities	25,965,349	23,933,301
Total	**115,629,398**	**203,199,145**

A portion of commodity derivatives totalling EUR 11,036,204 is designated for hedging, and the effect of these derivatives is recognised in other comprehensive income and disclosed under equity as a hedge reserve.

Trade payables include a trade payable due to Gazprom Export LLC, measured at fair value, totalling EUR 3,550,000.

Business operations with Gazprom Export LLC

In 2022, Geoplin Group recorded a negative income, which was the result of non-delivered natural gas supplies under the long-term contract with the Russian company Gazprom Export LLC. Following an analysis of business loss incurred up to the end of 2022, the Geoplin Group notified Gazprom Export LLC of the damage suffered and informed them that its outstanding liability for the natural gas delivered would be offset against a pro rata share of its claims for damages. At that time, the contract with Gazprom Export LLC was terminated due to the non-delivery of natural gas and to prevent further damage. In 2023, the assessment of damage suffered continued with the engagement of specialised technical consultants for arbitration procedures, while arbitration was also initiated before the Court of Vienna.

For financial reporting purposes, the Geoplin Group commissioned an independent valuer to estimate the fair value of the liability to Gazprom Export LLC as at 31 December 2023. As in the previous year, the valuation was made on the basis of scenarios of different present values of expected cash flows from the liability. The valuation took into account the offsetting of the claims for operating damages against the liabilities to Gazprom Export LLC, as the Geoplin Group's claims for operating damages exceeded the liabilities to Gazprom Export LLC. Required return rates, ranging from 15 to 25%, and the expected resolution of the arbitration procedure in the next two years were also taken into account in the valuation.

The calculated fair value of the liability has not changed from the previous year and represents 4.9% of the original cost of the debt. If the discount rate were to increase or decrease, the fair value would decrease by EUR 110,000 and increase by EUR 160,000, respectively. The Geoplin Group estimates that a change in other assumptions of the calculation would not have a material effect on the fair value of these liabilities.

Other current operating liabilities as at 31 December are presented in the table below.

in EUR

	As at 31/12/2023	As at 31/12/2022
Commodity derivatives	11,693,266	0
Payables to the state	10,837,586	8,954,534
Accrued costs and expenses	2,778,502	845,534
Payables to employees	242,996	267,649
Other current liabilities	412,999	13,865,584
Total	**25,965,349**	**23,933,302**

A portion of commodity derivatives totalling EUR 11,036,204 is designated for hedging, and the effect of these derivatives is recognised in other comprehensive income and disclosed under equity as a hedge reserve.

Payables to the state totalling EUR 10,837,586 (2022: EUR 8,954,534) also represent liabilities for gross wages contributions, in addition to the liabilities for VAT, excise duty, ecotax, and contributions for ensuring support for the production of electricity from high-efficiency cogeneration and renewable energy sources.

Accrued costs and expenses were formed for accrued costs of natural gas purchases and services, costs related to unused leave and accrued costs of business cooperation in ensuring energy savings for final customers.

Liabilities to employees comprise gross salaries and related contributions, supplementary pension insurance premiums, and other labour costs for December 2023, paid in January 2024.

As at 31 December 2023, the Geoplin Group does not record operating liabilities to members of the management board.

2.8.6 Credit risk

Credit risk is the risk of a counterparty failing to meet its contractual obligations or obligations arising from financial instruments. The Geoplin Group is exposed to credit risk from operations, in particular from trade receivables and financial receivables, mainly from loans granted and cash.

Credit risk concentration is not disclosed. As at 31 December 2023, the Geoplin Group has no past due and unimpaired financial assets.

The table below shows the maximum exposure to the Geoplin Group's credit risk as at 31 December 2023 and 31 December 2022.

in EUR

	31/12/2023	31/12/2022
Companies' interests	1,817,600	1,817,600
Companies' shares	2,805,320	2,408,000
Non-current loans	21,000,000	21,000,000
Trade receivables	113,421,470	159,198,247
Current financial investments	16,431,322	17,853,548
Other current assets	467,242	865,561
Cash and cash equivalents	7,348,326	9,591,384

Trade receivables are the most exposed to credit risk as at the reporting date, down by 29% compared to the end of 2022.

The Geoplin Group manages credit risk by insuring its receivables with Zavarovalnica Triglav insurance company, with financial collaterals and guarantees. The policy for creating allowances for receivables, the ageing of receivables, and changes in the allowance for receivables are described in note 2.8 Summary of significant accounting policies in the framework of operating receivables and in disclosure 2.9.8.

Trade receivables insurance

in EUR

	31/12/2023	31/12/2022
Gross trade receivables	115,022,077	162,922,794
Allowance	-1,600,607	-3,724,547
Net trade receivables	113,421,470	159,198,247
Past due trade receivables (gross)	20,808,809	16,061,382
Percentage of past due receivables in outstanding receivables	18%	10%
Insured trade receivables higher than EUR 100,000	212,693,688	194,327,500

Insurance includes all types of insurance and collaterals.

The receivable due from the largest customer as at 31 December 2023 totals EUR 33,155,997 (31 December 2022: EUR 18,248,916) and represents 29.2% of trade receivables in the Group (31 December 2022: 11.5%).

The majority of receivables are domestic and foreign trade receivables from the sale of natural gas. Customers are diversified, so there is no major exposure to individual customers.

2.9 SIGNIFICANT TRANSACTIONS AFTER THE REPORTING DATE

At the General Meeting held on 29 March 2024, the shareholders of Geoplin d. o. o. Ljubljana dismissed Matija Bitenc, MSc, from the position of General Manager of Geoplin d. o. o. Ljubljana. Simon Urbancl maintains his position as Manager of the Company, the role he exercised as at 1 October 2023, thus ensuring continuity of leadership in the Company.

Manager
Simon Urbancl

2.10 ADDITIONAL CLARIFICATIONS PURSUANT TO THE ELECTRICITY SUPPLY ACT, GAS SUPPLY ACT AND HEAT SUPPLY FROM DISTRIBUTION SYSTEMS ACT

In 2023, the Geoplin Group did not perform transmission or distribution activities, activities relating to liquefied natural gas or storage activities for which the law prescribes separate accounting records and disclosure of separate financial statements in the notes to financial statements.

Manager
Simon Urbancl

2.11 INDEPENDENT AUDITOR'S REPORT FOR THE GEOPLIN GROUP

pwc

Independent Auditor's Report on the Summary Consolidated Financial Statements

To the owners of GEOPLIN d.o.o. Ljubljana

Our opinion

In our opinion, the accompanying summary consolidated financial statements of GEOPLIN d.o.o. Ljubljana (the "Company") and its subsidiaries (together – the "Group") are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the International Financial Reporting Standards, as adopted by the EU.

The summary consolidated financial statements

The Group's summary consolidated financial statements derived from the audited consolidated financial statements for the year ended 31 December 2023 comprise:

- the summary consolidated statement of financial position as at 31 December 2023;
- the summary consolidated income statement for the year then ended;
- the summary consolidated statement of other comprehensive income for the year then ended;
- the summary consolidated statement of cash flows for the year then ended;
- the summary consolidated statement of changes in equity for the year then ended; and
- the related notes to the summary consolidated financial statements.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards, as adopted by the EU. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 31 May 2024.

Management's responsibility for the summary consolidated financial statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with the International Financial Reporting Standards, as adopted by the EU.

PricewaterhouseCoopers d.o.o.,
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Matriculation No.: 5717159, VAT No.: SI35498161

Translation note:

This version of our report is a translation from the original, which was prepared in Slovenian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), "Engagements to Report on Summary Financial Statements".

For and on behalf of PricewaterhouseCoopers d.o.o.:

Aleš Grm	Primož Kovačič
Certified auditor	Director, Certified auditor

31 May 2024

Ljubljana, Slovenia

Translation note:

This version of our report is a translation from the original, which was prepared in Slovenian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

SUMMARY OF THE CONSOLIDATED ANNUAL REPORT 2023

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