2019 Ignitis Eesti OÜ ANNUAL FINANCIAL STATEMENTS

COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR 2019 PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION, THE ANNUAL REPORT AND INDEPENDENT AUDITOR’S REPORT

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The financial statements were approved as of 14th of April 2020 by Ignitis Eesti OÜ Board member:

Haroldas Nausėda
Board member

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Ignitis Eesti OÜ

Opinion

We have audited the financial statements of Ignitis Eesti OÜ, which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ignitis Eesti OÜ as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the *"Auditor's responsibilities for the audit of the financial statements"* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants (including International Independence Standards) (Estonia), and we have fulfilled our other ethical responsibilities in accordance with the requirements of code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. Other information consists of management report, but does not consist of the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (Estonia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Tallinn, 14 April 2020

Stan Nahkor
Authorised Auditor's number 508
Ernst & Young Baltic AS
Audit Company's Registration number 58

Julia Svidun
Authorised Auditor's number 706

MANAGEMENT REPORT

All amounts are presented in EUR unless otherwise stated

The Annual Report of Ignitis Eesti OÜ has been prepared for the year 2019.

The main activity area of the Company is supply of electricity. No investments or significant projects were made during financial year 2019.

Vidmantas Salietis was recalled from management board and Haroldas Nausėda was elected as a new management board member in September 2019.

Company changed name form Geton Energy OÜ to Ignitis Eesti OÜ on 1st of September.

In 2020 the company plans to continue its electricity supply activities and to start gas supply.

The Company did not disburse dividends in 2019.

Financial indicators, EUR	2019	2018	Change
Sales	100 122	1 859	98 263
Net profit	-4 683	-5 140	457
Assets	78 465	47 292	31 173
Equity	42 316	46 999	4 682
Liabilities	36 149	353	35 796
Borrowings	-	-	
ROE	-10,49%	-10,37%	
Current liquidity	2,17	161,55	

Calculation of ratios:
ROE = Net profit / (Average equity at the end of the reporting financial year and at the end of the previous financial year)
Current liquidity = Total current assets / Total current liabilities

STATEMENT OF FINANCIAL POSITION

All amounts are presented in EUR unless otherwise stated

	Notes	At 31 December 2019	At 31 December 2018
ASSETS			
Total non-current assets		**0**	**0**
Current assets			
Receivables from contracts with customers	4	40 669	500
Cash	6	37 796	46 792
Total current assets		**78 465**	**47 292**
TOTAL ASSETS		**78 465**	**47 292**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	35 000	35 000
Retained earnings		7 316	11 999
Total equity		**42 316**	**46 999**
Current liabilities			
Trade payables	4	35 467	293
Income tax payable	4	682	0
Total current liabilities		**36 149**	**293**
Total liabilities		**36 149**	**293**
TOTAL EQUITY AND LIABILITIES		**78 465**	**47 292**

The accompanying notes are an integral part of this financial information.

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STATEMENT OF COMPREHENSIVE INCOME

All amounts are presented in EUR unless otherwise stated

	Notes	2019	2018
Revenue			
Revenue from contracts with customers	7	100 122	1 859
Costs of sales			
Goods, Raw materials, services	10	-100 139	-2 174
Operating expenses	8	-4 656	-4 830
Total operating expenses		**-104 805**	**- 7 004**
OPERATING PROFIT		**-4 683**	**-5 145**
Financial income		0	5
PROFIT BEFORE TAX		**-4 683**	**-5 140**
NET PROFIT FOR THE YEAR		**-4 683**	**-5 140**
Other comprehensive income (loss)		0	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-4 683**	**-5 140**

The accompanying notes are an integral part of this financial information.

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STATEMENT OF CHANGES IN EQUITY

All amounts are presented in EUR unless otherwise stated

	Notes	Share capital	Retained earnings	Total equity
Balance as at 1 January 2018	11	35 000	17 139	52 139
Net profit for the reporting period			-5 140	-5 140
Balance as at 31 December 2018		**35 000**	**11 999**	**46 999**
Balance as at 1 January 2019	11	35 000	11 999	46 999
Net profit for the reporting period			-4 683	-4 683
Balance as at 31 December 2019		**35 000**	**7 316**	**42 316**

The accompanying notes are an integral part of this financial information.

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STATEMENT OF CASH FLOWS

All amounts are presented in EUR unless otherwise stated

	Notes	2019	2018
Cash flow from operating activities			
Net profit		-4 683	-5 145
Changes in working capital			
(Increase) decrease in trade receivables	4	-40 108	-131
Increase (decrease) in payables	4	35 796	183
Net cash flows from operating activities		**-8 996**	**-5 093**
Cash flows from (to) investment activities			
Interest received		0	5
Net cash flows from (to) investment activities		**0**	**5**
Net increase (decrease) in cash and cash equivalents		**-8 996**	**-5 088**
Cash and cash equivalents at the beginning of the period	**6**	**46 792**	**51 880**
Cash and cash equivalents at the end of the period	**6**	**37 796**	**46 792**

The accompanying notes are an integral part of financial information.

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NOTES TO THE FINANCIAL STATEMENTS
All amounts are presented in EUR unless otherwise stated

1 General information

Ignitis Eesti OÜ ("the Company") is a private limited company registered in the Republic of Estonia. Its registered office address is: Narva mnt 5, Tallinn 10117, Estonia. The Company is a profit seeking entity with a limited civil liability. The Company has been established for an unlimited period. On 06 March 2013, the Company was registered with the Register of Legal Entities managed by a public institution Centre of Registers. The Company's Registration Code is 12433862, VAT payer's code EE101630829, activity licence No ELM000048.

The Company's core line of business is independent supply of electricity, including purchasing and sales of energy.

The Company's financial year coincides with a calendar year.

The Board member of the Company Haroldas Nausėda has a statutory right to approve these financial statements or not to approve and to require preparation of a new set of the financial statements.

In 2019 the company did not have any employees (in 2018: the company did not have any employees)

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the these financial statements are set out below.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and they are based on the historical cost convention, except as disclosed in the accounting policies below. Such accounting policies are constantly used for all periods in the report unless otherwise marked.

These financial statements are presented in the national currency the euro (EUR), which is the Company's functional and presentation currency.

2.2 New pronouncements

IFRS 17: Insurance Contracts

The standard is effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. Company does not have Insurance Contracts and as at 31.12.2019 does not expect internal business changes which would require to apply for policies mentioned above in upcoming years.

Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Company does not have investments in Associates and Joint Ventures and as at 31.12.2019 does not expect internal business changes which would require to apply for policies mentioned above in upcoming years.

Conceptual Framework in IFRS standards

The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

IFRS 3: Business Combinations (Amendments)

The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the

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acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. Company has not acquired a business or group of assets and as at 31.12.2019 does not expect internal business changes which would require to apply for policies mentioned above in upcoming years.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)

The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. Company is independent supplier of electricity and as at 31.12.2019 does not expect internal business changes which would require to apply for policies mentioned above in upcoming years.

Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Earlier application is permitted. In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. Phase two will focus on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. Interest rate benchmark is not applicable for the Company and as at 31.12.2019 Company does not expect internal business changes which would require to apply for policies mentioned above in upcoming years.

IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. Management has assessed this new pronouncement and will apply on annual financial statements on or after January 1, 2022.

2.3 Foreign currency

The Company's functional currency is euro which is also considered as the presentation currency for the purpose of these financial statements; all other currencies are considered as foreign currencies. The financial statements have been prepared in euros (EUR).

Foreign currency transactions are recorded in euros, according to the foreign currency exchange rates of the European Central Bank prevailing at the transaction date. Monetary assets and liabilities denominated in a foreign currency are translated into euros based on the foreign currency exchange rates of European Central Bank prevailing at the transaction date. Gains and losses from translation of monetary assets and liabilities related to operating activities and from translation of monetary assets and liabilities related to investing and financing activities are recorded in the statement of comprehensive income in the line "Financial income / financial costs".

2.4 Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

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Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. All Company's debt instruments are classified in amortized cost measurement category.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income/(expenses). Foreign exchange gains and losses and impairment losses are presented as separate line items in the statement of profit or loss.

Equity instruments

The Company has no investments in equity instruments.

Impairment

The Company assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables without a significant financing component the Company applies a simplified approach permitted by IFRS 9 and measures the allowance for impairment losses at expected lifetime credit losses from initial recognition of the receivables..

Impairment of receivables is recognized when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Evidence of potential impairment includes the bankruptcy or major financial difficulties of the debtor and non-adherence to payment dates. The impairment of the receivables that are individually significant (i.e. need for a write-down) is assessed individually for each customer, based on the present value of expected future collectible amounts. The amount of the impairment loss of doubtful receivables is the difference between the carrying amounts of receivables and the present value of expected future cash flows discounted at the effective interest rate. The carrying amount of receivables is reduced by the amount of the impairment loss of doubtful receivables and the impairment loss is recognized in the statement of comprehensive income within other operating expenses. If a receivable is deemed irrecoverable, the receivable and the accumulated impairment is derecognized from balance sheet. The collection of the receivables that have previously been written down is accounted for as a reversal of the allowance for doubtful receivables.

2.5 Cash

Cash includes cash at the Company's bank accounts.

2.6 Financial liabilities

Financial liabilities are initially recognized at cost, which is the fair value of the consideration received for the financial liability. They are subsequently measured at amortized cost, using the effective interest rate. Transaction costs are taken into consideration when calculating the effective interest rate and are expensed over the useful life of the financial liability.

2.7 Provisions

Provisions are recognized when: the Company has a present legal or constructive obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the most accurate recent assessments. When the impact of time value of money is significant, the amount of provision represents the present value of costs expected to be incurred for the settlement of the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

2.8 Corporate income tax

According to the Income Tax Act, the annual profit earned by entities is not taxed in Estonia. Corporate income tax is paid on dividends, fringe benefits, gifts, donations, costs of entertaining guests, non-business related disbursements and adjustments of the transfer price. From 1 January 2015, the tax rate on the net dividends paid out of retained earnings is 20/80. The corporate income tax arising from the payment of dividends is recognized as a liability and an income tax expense in the period in which dividends are declared, regardless of the period for which the dividends are paid or the actual payment date. An income tax liability is due at the 10th day of the month following the payment of dividends.

From 2019 onwards, it is possible to apply a 14/86 tax rate on dividend payments. This more favorable tax rate can be used for dividend payments up to an average dividend payout of up to three previous tax years, taxed at 20/80. In calculating the average dividend payment for the three preceding financial years, 2018 was first year to be considered.

Due to the nature of the taxation system, the companies registered in Estonia do not have any differences between the tax bases of assets and their carrying amounts and hence, no deferred income tax assets and liabilities arise. A contingent income tax liability which would arise upon the payment of dividends is not recognized in the balance sheet.

The Tax Authorities may at any time during 5 successive years after the end of the reporting tax year inspect the Company's books and accounting records and impose additional taxes or fines. The Company's management estimates that there are not any circumstances which may lead the tax authorities to impose additional significant taxes on the Company.

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All amounts are presented in EUR unless otherwise stated

2.9 Revenue recognition

Revenue from contracts with customers

Revenue is income arising in the course of the Company's ordinary activities. Revenue is measured in the amount of transaction price. Transaction price is the amount of consideration to which the Company expects to be entitled in exchange of transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a good or service to a customer.

Sale of services – electricity

The Company provides contracted electricity sales services at fixed and variable prices. Revenue from the provision of services is recognized in the period in which the services are provided. In the case of fixed price contracts, the revenue is recorded on the basis of the services actually provided by the end of the reporting period as the customer benefits from the service at the time it is provided. Revenue is calculated on the basis of actual units delivered.

Company does not act as an agent in the transmission trading of the power exchange.

If there is a variable fee in the contract, it is recognized as sales revenue only if it is highly probable that it will not be reversed at a later date.

Revenue from sales of electricity to corporate customers is recognized upon supply of electricity based on the actually consumed volume of electricity over the period, which is determined with reference to electricity meter readings.

2.10 Related parties

Related parties are defined as shareholders, employees, members of the Board, their close relatives and companies that directly or indirectly (through the intermediary) control the Company or are controlled by, or are under common control with the Company, provided the listed relationship empowers one of the parties to exercise the control or significant influence over the other party in making financial and operating decisions.

2.11 Events after the end of the reporting period

Events after the reporting period that provide additional information about the Company's position at the date of the statement of financial position (adjusting events) are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

3 Capital management

For the purpose of the Company's capital management, capital includes issued capital attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company may make adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain and adjust the capital structure, the Company may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. The Company includes within net debt, trade payables, less cash, excluding discontinued operations.

	At 31 December 2019	At 31 December 2018
Trade payables	36 149	293
Less: cash	(37 796)	(46 792)
Net debt	**(1 647)**	**(46 499)**
Total capital	42 316	46 999
Capital and net debt	**40 669**	**500**

The Company's capital management aims to ensure that it meets financial covenants that define capital structure requirements. There have been no breaches of the financial covenant in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 2018.

4 Financial risk management

The Company is exposed to financial risks in its operations, i.e. liquidity risk and credit risk. In managing these risks the Company seeks to mitigate the effect of factors which could make a negative effect on the financial performance of the Company.

The Company manages financial risk following the policies established at the level of Ignitis Group.

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Risk management is carried out by the Board of the Company.

Credit risk

Credit risk arises from depositing cash in banks and other credit institutions, as well as from the possibility that customers are unable to meet their payment commitments to the Company arising from receivables.

The credit risk relating to cash balances at bank is limited because the Company conducts transactions with banks that have high credit ratings assigned by international credit rating agencies. The Company holds cash balances at banks which are part of the financial groups assigned with credit ratings not lower than A-2 under the classification of Standard & Poor's short-term credit ratings.

The table below summarizes the Company's exposure to credit risk:

	At 31 December 2019	At 31 December 2018
Cash	37 796	46 792
Trade receivables	40 669	500
Total	**78 465**	**47 292**

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 12 month before 31 December 2019 or 1 January 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis described above, the loss allowance as at 31 December 2019 and 31 December 2018 was determined immaterial.

Liquidity risk

Liquidity risk refers to the Company's inability to meet its obligations in defined term. The Company's management manages the liquidity risk, by making sufficient cash reserves.

The table below provides the analysis of Company's liability term structure, based on undiscounted cash flows and including interest payments in accordance with agreements:

31 December 2019	Less than 3 months	3 to 12 months	Total
Other payables (including trade payables and other liabilities)	36 149	0	36 149
Total	**36 149**	0	36 149

31 December 2018	Less than 3 months	3 to 12 months	Total
Other payables (including trade payables and other liabilities)	293	0	293
Total	**293**	0	293

5 Critical accounting estimates and judgements used in the preparation of the financial statements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. Ignitis Eesti OÜ does not have any significant management estimates that would materially affect the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
All amounts are presented in EUR unless otherwise stated

6 Cash

	At 31 December 2019	At 31 December 2018
Cash at bank	37 796	46 792
	37 796	**46 792**

7 Revenue

	2019	2018
Types of goods or services		
Sales of electricity	100 122	1 859
Total revenue from the contracts with customers	**100 122**	**1 859**
Geographical markets		
Estonia	100 122	1 859
Total revenue from the contracts with customers	**100 122**	**1 859**
Time of revenue recognition		
Goods and services transferred at a point in time	100 122	1 859
Total revenue from the contracts with customers	**100 122**	**1 859**

The Company's sales revenue comprises income generated from sale of electricity to customers in Estonia. In 2019 the Company had two clients (in 2018: one client).

8 Operating expenses

	2019	2018
Data Communication	102	0
Office supplies	0	0
Accounting services	1 264	1 070
Auditor expenses	2 700	2 700
Legal costs	0	640
Address services	180	360
Bank fees	45	55
Other operating expenses	365	5
Total operating expenses	**4 656**	**4 830**

9 Contingent liabilities and assets

	At 31 December 2019	At 31 December 2018
Distributable dividends	5 853	9 600
Income tax liability on distributable dividends	1 463	2 400
Total contingent liabilities	**7 316**	**12 000**

The effective tax rate is 20/80 of the amount paid out as net dividends.

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All amounts are presented in EUR unless otherwise stated

10 Costs of sales

	2019	2018
Purchase of electricity	100 139	2 174
	100 139	**2 174**

The Company's costs of sales comprises from purchase of electricity from the provider.

11 Share capital

As at 31 December 2019 and 31 December 2018, the sole shareholders of the Company was Ignitis UAB.

	Share capital At 31 December 2019		Share capital At 31 December 2018	
Shareholders	**(EUR)**	**%**	**(EUR)**	**%**
Ignitis UAB	35 000	100	35 000	100
	35 000	**100**	**35 000**	**100**

12 Related party transactions

Related party transactions are transfers of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged. They include commitments to do something if a particular event occurs (or does not occur) in the future and executory contracts (recognized or unrecognized).

In 2018 and 2019 there were no transactions between Ignitis Eesti OÜ and related parties.

Ignitis UAB owns 100% of the Company's share capital. It is part of the Ignitis Group which is based in Lithuania.

No fees or imbursements were paid to the member of the management board on 2018 and 2019.
The Management does not receive any potential compensation at the termination of the Management Board member contract.

13 Going concern

The 2019 financial statements of Ignitis Eesti OÜ have been prepared considering the company as a going concern. In case of financial hardship the parent company Ignitis UAB is ready to provide immediate financial support after the reasoned application from the management of Ignitis Eesti OÜ is presented, in such extent as to assure the going concern of Ignitis Eesti OÜ .

14 Subsequent events

At the end of 2019, a cluster of cases displaying the symptoms of a "pneumonia of unknown cause" were identified in Wuhan, the capital of China's Hubei province. On 31 December 2019, China alerted the World Health Organisation (WHO) of this new COVID-19 virus. On 30 January 2020, the International Health Regulations Emergency Committee of the WHO declared the outbreak a "Public Health Emergency of International Concern". Since then, more cases have been diagnosed, also in other countries. Measures were taken and policies imposed by China and other countries. The coronavirus outbreak occurred at a time close to the reporting date and the condition has continued to evolve throughout the time line crossing 31 December 2019.

The management does not expect to face risks related to COVID-19 in Company's operations in 2020. Significant part of signed contracts for 2020 consists of baseload product. The company did not have incidents related to COVID-19 in 2019. Operation results were as expected and company does not have liabilities related to COVID -19. After the end of the financial year and up until the date these financial statements were approved, no other significant subsequent events occurred.