

2020

Ignitis Eesti OÜ ANNUAL FINANCIAL STATEMENTS

COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR 2020 PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION, THE ANNUAL REPORT AND INDEPENDENT AUDITOR'S REPORT



www.ignitis.ee

Ignitis Eesti OÜ
Narva mnt 5 10117 Tallinn , Estonia
E-mail info@ignitis.ee
Company code 12433862

CONTENTS

ANNUAL FINANCIAL STATEMENTS

Independent auditor's report	3-4
Management report	5
Statement of financial position	6
Statements of comprehensive income	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial information	10–17

The financial statements were approved as of 10th of March 2021 by Ignitis Eesti OÜ Board member:



Haraldas Nausėda
Board member

Ignitis Eesti OÜ Company's annual financial statements for the year ended 31 December 2020

MANAGEMENT REPORT

All amounts are presented in EUR unless otherwise stated

The Annual Report of Ignitis Eesti OÜ has been prepared for the year 2020.

The main activity area of the Company is supply of electricity. In 2020 the Company increased sales significantly to 18,5 GWh (from 2,25 GWh in 2019). The main reason for increased sales amount was increased number of clients. No investments or significant projects were made during financial year 2020.

In 2020 the company had no employees. Haroidas Nauseda is management board member since September 2019.

In 2021 the company plans to continue its electricity supply activities.

The Company did not disburse dividends in 2020.

Financial indicators, EUR

	2020	2019	Change
Sales	766 974	100 122	666 852
Net profit	49 146	-4 683	53 829
Assets	177 728	78 465	99 263
Equity	91 462	42 316	49 146
Liabilities	86 265	36 149	50 116
Borrowings	-	-	-
ROE	73,47%	-10,49%	
Current liquidity	2,06	2,17	

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) x100

Current liquidity = Total current assets / Total current liabilities

Ignitis Eesti OÜ Company's annual financial statements for the year ended 31 December 2020

STATEMENT OF FINANCIAL POSITION

All amounts are presented in EUR unless otherwise stated

		Notes	At 31 December 2020	At 31 December 2019
ASSETS				
Total non-current assets			0	0
Current assets				
	Prepayments		179	0
	Receivables from contracts with customers	4	79 439	40 669
	Other financial assets	13	77 896	0
	Cash	6	20 214	37 796
	Total current assets		177 728	78 465
	TOTAL ASSETS		177 728	78 465
EQUITY AND LIABILITIES				
EQUITY				
	Share capital	11	35 000	35 000
	Retained earnings		56 463	7 316
	Total equity		91 463	42 316
Current liabilities				
	Trade payables	4	86 219	35 467
	VAT payable		46	682
	Total current liabilities		86 265	36 149
	Total liabilities		86 265	36 149
	TOTAL EQUITY AND LIABILITIES		177 728	78 465

The accompanying notes are an integral part of these annual financial statements

Ignitis Eesti OÜ Company's annual financial statements for the year ended 31 December 2020

STATEMENT OF COMPREHENSIVE INCOME

All amounts are presented in EUR unless otherwise stated

	Notes	2020	2019
Revenue			
Revenue from contracts with customers	7	766 974	100 122
Costs of sales			
Goods, Raw materials, services	10	-627 984	-100 139
Other expenses	14	-80 748	0
Operating expenses	8	-9 074	-4 656
Total operating expenses		-9 074	-4 656
OPERATING PROFIT		49 168	-4 673
Financial income		4	0
Other non-operating expenses		-26	-10
PROFIT BEFORE TAX		49 146	-4 683
NET PROFIT FOR THE PERIOD		49 146	-4 683
Other comprehensive income (loss) that will not be reclassified to profit (loss)		0	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		49 146	-4 683

The accompanying notes are an integral part of these annual financial statements

Ignitis Eesti OÜ Company's annual financial statements for the year ended 31 December 2020

STATEMENT OF CHANGES IN EQUITY

All amounts are presented in EUR unless otherwise stated

		Share capital	Retained earnings	Total equity
Balance as at 1 January 2019	11	35 000	11 999	46 999
Net profit for the reporting period			-4 683	-4 683
Total comprehensive income for the period				
Balance as at 31 December 2019		35 000	7 316	42 316
Balance as at 1 January 2020	11	35 000	7 316	42 316
Net profit for the reporting period			49 146	49 146
Total comprehensive income for the period				
Balance as at 31 December 2020		35 000	56 462	91 462

The accompanying notes are an integral part of these annual financial statements

Ignitis Eesti OÜ Company's annual financial statements for the year ended 31 December 2020

STATEMENT OF CASH FLOWS

All amounts are presented in EUR unless otherwise stated

	Notes	2020	2019
Cash flow from operating activities			
Net profit		49 146	-4 683
Reversal of non-cash expenses (income) and other adjustments:			
- Other adjustments	13	-77 896	0
- Other (income) expenses from financial activity		-4	0
Changes in working capital			
(Increase) decrease in trade receivables and other receivables	4	-38 770	-40 109
(Increase) decrease in inventories and prepayments		-179	0
Increase (decrease) in payables	4	50 116	35 796
Net cash flows from (to) operating activities		-17 587	-8 996
Cash flows from (to) investment activities			
Interest received		5	0
Net cash flows from (to) investment activities		5	0
Net increase (decrease) in cash and cash equivalents		-17 582	-8 996
Cash and cash equivalents at the beginning of the period	5	37 796	46 792
Cash and cash equivalents at the end of the period	5	20 214	37 796

The accompanying notes are an integral part of these annual financial information.

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 supply, scheduling, forecasting, balancing, purchasing and sales of balancing energy, trade intermediation, import, export of electricity, and other activities directly related thereto not prohibited by laws.

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

The shareholders of the Company have 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 2020 the company did not have any employees (in 2019: the company did not have any employees)

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of 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

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; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

IFRS 3 Business Combinations (Amendments) update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

IAS 16 Property, Plant and Equipment (Amendments) prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

All amounts are presented in EUR unless otherwise stated

IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.

- Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases

The amendments have not yet been endorsed by the EU. Management has assessed that this point will have no effect.

IFRS 16 Leases-Covid 19 Related Rent Concessions (Amendment)

The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.

Management has assessed that this point will have no effect.

Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)

In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. Furthermore, the amendments to IFRS 4 are designed to allow insurers who are still applying IAS 39 to obtain the same reliefs as those provided by the amendments made to IFRS 9. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods. The amendments have not yet been endorsed by the EU. Management has assessed that this point will have no effect.

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.

NOTES TO THE FINANCIAL STATEMENTS

All amounts are presented in EUR unless otherwise stated

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. The Company uses a provision matrix in which allowance for impairment losses is calculated for trade receivables falling into different ageing or overdue periods.

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.

In June 2020 IFRS Interpretation Committee issued an agenda decision clarifying that undistributed profits of a subsidiary give rise to a taxable temporary difference associated with the parent's investment in the subsidiary. If the investor expects to recover the carrying amount of its investment through distributions of profits, deferred income tax from these taxable temporary differences should be recognized, except to the extent that:

- a) the investor is able to control the timing of the reversal of the temporary difference; and
- b) it is probable that the temporary difference will not reverse in the foreseeable future.

Such deferred tax liability is measured using the distributed tax rate and is recognized only in consolidated financial statements of the parent entity and not in the financial statements of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

All amounts are presented in EUR unless otherwise stated

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.

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 Derivatives and hedge accounting

For the purposes of risk management and hedging strategy, the Company enters into hedging relationships, which are subject to formal designation and documentation.

Including the hedging instrument, the hedged item, the nature of the risk being hedged and description of how the Company will assess whether the hedging relationships meet the hedge effectiveness requirements. A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- there is "an economic relationship" between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from the economic relationship;
- the hedge ratio in the hedge relationship is the same as the quantity of the hedged item and of the hedging instrument that the Company actually uses for hedging purposes.

The Company enters into derivative transactions for hedging purposes, but these derivatives do not meet qualify for hedge accounting.

Presentation

The fair value of derivatives is presented in the statement of financial position, in the line items "Current assets" and "Current liabilities" (Note 13).

Changes in fair value and the result of financial derivatives that have been settled and that are held for hedge accounting but do not qualify for hedge accounting are disclosed in the profit or loss and other comprehensive income, in the line items "Other income", if the total result of such derivatives for the period is profit, or in the line item "Other expenses", if the total result of such derivatives for the period is loss (Note 14).

2.11 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.

2.12 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.

NOTES TO THE FINANCIAL STATEMENTS

All amounts are presented in EUR unless otherwise stated

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 2020	At 31 December 2019
Trade payables	86 265	36 149
Less: cash	(20 214)	(37 796)
Net debt	66 051	(1 647)
Total capital	91 463	42 316
Capital and net debt	157 514	40 669

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 2020 and 2019.

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.

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 2020	At 31 December 2019
Cash	20 214	37 796
Trade receivables and other debtors	78 033	39 774
Total	98 247	77 570

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 2020 or 1 January 2020 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 2020 and 31 December 2019 was determined immaterial.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial as at 1 January 2019 and 31 December 2019.

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.

Ignitis Eesti OÜ Company's annual financial statements for the year ended 31 December 2020

NOTES TO THE FINANCIAL STATEMENTS

All amounts are presented in EUR unless otherwise stated

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 2020	Less than 3 months	3 to 12 months	Total
Other payables (including borrowings, trade payables and other liabilities)	86 265	0	86 265
Total	86 265	0	86 265

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

The management believes that fair value risk, foreign currency risk and interest rate risk are insignificant risks for the Company.

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.

6 Cash

	At 31 December 2020	At 31 December 2019
Cash at bank	20 214	37 796
	20 214	37 796

7 Revenue

	2020	2019
Types of goods or services		
Sales of electricity	766 974	100 122
Total revenue from the contracts with customers	766 974	100 122
Geographical markets		
Estonia	766 974	100 122
Total revenue from the contracts with customers	766 974	100 122
Time of revenue recognition		
Goods and service transferred at a point in time	766 974	100 122
Total revenue from the contracts with customers	766 974	100 122

The Company's revenue comprises income generated from sale of electricity. In 2020 the Company had five clients (in 2019: one client).

NOTES TO THE FINANCIAL STATEMENTS

All amounts are presented in EUR unless otherwise stated

8 Operating expenses

	2020	2019
Auditor expenses	6 500	2 700
Accounting services	2 167	1 264
Address services	248	180
Legal costs	120	0
Bank fees	39	45
Data Communication	0	102
Other operating expenses	0	365
Total operating expenses	9 074	4 656

9 Contingent liabilities and assets

	At 31 December 2020	At 31 December 2019
Distributable dividends	45 170	5 853
Income tax liability on distributable dividends	11 293	1 459
Total contingent liabilities	56 463	7 317

The effective tax rate is 20/80 of the amount paid out as net dividends. Income tax may appear on parent's financial statement as potential income tax liability based on the owner's plans to distribute dividends.

10 Costs of sales

	2020	2019
Goods, raw materials, services	627 984	100 139
	627 984	100 139

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

11 Share capital

As at 31 December 2020, the share capital of the Company was 35 thousand Euros and consisted of one share with a nominal value of 35 thousand euros. The share capital has been paid in full. Compared to 2019, there are no changes.

As at 31 December 2020 and 31 December 2019 the sole shareholders of the Company was Ignitis UAB.

Shareholders	Share capital At 31 December 2020		Share capital At 31 December 2019	
	(EUR)	%	(EUR)	%
Ignitis UAB	35 000	100	35 000	100
	35 000	100	35 000	100

NOTES TO THE FINANCIAL STATEMENTS

All amounts are presented in EUR unless otherwise stated

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 2020 there were transactions between Ignitis Eesti OÜ and related parties.

Transactions with Ignitis UAB:

	2020	2019
Sales, SWAP contract	1 936	0
Purchases, SWAP contract	160 579	0
Sales, Swap mark to market	77 896	0
Purchase	5 104	0

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.

The Management does not receive any potential compensation at the termination of the Management Board member contract.

13 Other financial assets

Currently Ignitis Eesti OÜ does not have hedging policy therefore the Company consider all financial derivatives positions to be speculative. In accounting, showing them as revenue if they are profitable, or as costs if they generated loss. This includes SWAP open contract for 2021 and SWAP concluded contract for 2020.

	2020	2019
SWAP, Market value	77 896	0
Total other financial assets	77 896	0

14 Other expenses

Currently Ignitis Eesti OÜ does not have hedging policy therefore the Company consider all financial derivatives positions to be speculative. In accounting, showing them as revenue if they are profitable, or as costs if they generated loss. This includes SWAP open contract for 2021 and SWAP concluded contract for 2020.

	2020	2019
Other expenses (SWAP)	80 748	0
Total other expenses	80 748	0

15 Going concern

The 2020 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.

16 Subsequent events

During the period between the last day of the financial year and the date of signing of this report there have been no significant events that would have a material effect on the year end results.



Ernst & Young Baltic AS
Rävala 4
10143 Tallinn
Eesti

Tel: +372 611 4610
Faks: +372 611 4611
Tallinn@ee.ey.com
www.ey.com

Äriregistri kood: 10877299
KMKR: EE 100770654

Ernst & Young Baltic AS
Rävala 4
10143 Tallinn
Estonia

Phone: +372 611 4610
Fax: +372 611 4611
Tallinn@ee.ey.com
www.ey.com

Code of legal entity: 10877299
VAT payer code: EE 100770654

Translation of the Estonian Original

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 2020, 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 2020, and its financial performance and its cash flows for the year then ended in accordance with 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) together with the ethical requirements that are relevant to our audit of the financial statements in Estonia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code.

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 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, 11 March 2021



Erki Usin
Authorised Auditor's number 496
Ernst & Young Baltic AS
Audit Company's Registration number 58