2019 IGNITIS POLSKA SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ (PREVIOUSLY: GETON ENERGY SP. Z O.O.)

FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31ST, 2019

www.ignitis.pl

ul. Puławska 2B
02-556 Warszawa
KRS 0000681577
NIP 5252714003
March 6th, 2020

For shareholders of Geton Energy Sp. z o.o

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Dokument podpisany przez
MAREK MUSIAŁ
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Marek Musial
Chairman of the Board

Tadeusz Robinski
KR Group Sp. z o.o. S.k.
Responsible for running the accounting books

All amounts are stated in PLN

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2019	As at 31 December 2018
ASSETS			
Fixed Assets		**950 747,56**	**977 146,02**
Intangible assets	5	248 262,47	-
Tangible fixed assets	5	142 521,63	13 717,00
Long-term receivables		27 931,40	19 941,40
Deferred income tax assets	20.2	532 032,06	943 487,62
Current assets		**15 266 706,29**	**8 146 258,94**
Receivables from supplies and services and other receivables	7	6 366 220,10	5 357 385,03
Receivables from VAT tax		1 418 146,15	200 644,53
Loans granted			-
Short-term investments	6	1 614 911,00	397 814,95
Cash and cash equivalents	8	5 867 429,04	2 190 414,43
TOTAL ASSETS		**16 217 453,85**	**9 123 404,96**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	10 000 000,00	10 000 000,00
Profits (losses) retained	11	(2 602 820,46)	(4 095 470,80)
Total equity		**7 397 179,54**	**5 904 529,20**
LIABILITIES AND PROVISIONS FOR LIABILITIES			
Long - term liabilities		**6 478 577,14**	**2 150 000,00**
Credits and loans	12	6 387 750,00	2 150 000,00
Liabilities for supplies and services and other liabilities		90 827,14	
Short-term liabilities		**2 341 697,17**	**1 068 875,76**
Liabilities for supplies and services and other liabilities	14	900 168,22	757 741,32
Credits and loans		5 591,95	9 401,45
Deferred revenue	**13**	1 435 937,00	301 732,99
Total Liabilities and provisions for liabilities		**8 820 274,31**	**3 218 875,76**
TOTAL EQUITY AND LIABILITIES		**16 217 453,85**	**9 123 404,96**

All amounts are stated in PLN

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31th December 2019	Year ended 31th December 2019 (data transformed)
Sales revenues	15	**4 743 432,97**	-
Sales of energy		4 541 103,37	-
Revenues from trading in financial instruments		202 329,60	-
Other operating income	16	**20 714,47**	**4,33**
Revenues from trading in financial instruments		20 714,47	4,33
Operating expenses	17.1	**(4 143 528,73)**	**(4 851 826,20)**
Depreciation		(147 465,70)	(38 799,26)
Materials and energy		(38 767,94)	(75 843,13)
Bought-in supplies and services		(752 078,29)	(415 233,65)
Taxes and charges		(577 078,94)	(103 251,45)
Salaries		(2 128 278,98)	(1 078 018,73)
Social security and other benefits		(216 360,63)	(147 694,40)
Other costs		(260 651,01)	(94 778,37)
The value of sold goods and materials		0,00	(2 895 204,16)
Other operating expenses	17.2	(22 847,24)	(3 003,05)
Operating profit (loss) before tax		**620 618,71**	**(4 851 821,87)**
Financial costs net	**18**	**1 197 236,61**	**346 776,50**
Financial income		1 240 416,55	371 448,60
Financial costs		(43 179,94)	(24 672,10)
Profit (loss) before tax		**1 817 855,32**	**(4 505 045,37)**
Income tax	20	(411 456,40)	841 818,62
Net profit (loss)		**1 406 398,92**	**(3 663 226,75)**
Other comprehensive income		-	-
Total comprehensive income		**1 406 398,92**	**(3 663 226,75)**

Ignitis Polska spółka z ograniczoną odpowiedzialnością (previously: Geton Energy sp. z o.o.)
Financial Statement for the year ended December 31st, 2019
All amounts are stated in PLN

STATEMENT OF CASH FLOWS

	Year ended 31th December 2019	Year ended 31th December 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before tax	**1 406 398,92**	**(4 505 045,37)**
Non - cash adjustments:		
Depreciation of fixed assets	147 465,70	38 799,26
Short-term investment update	(1 217 096,05)	(339 263,66)
Foreign exchange gains (profit)	(120 992,87)	(3 614,81)
Change in working capital::		
Trade and other receivables with change in provisions	(1 822 871,13)	(3 481 714,36)
Trade and other liabilities with change in provisions	1 144 894,89	657 059,48
Deferred income	-	-
Other adjustments	86 251,42	170 609,44
Income tax payments	-	-
Net cash flow from operating activities	**(375 949,12)**	**(7 463 170,02)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditure on the purchase of fixed assets	(105 879,99)	(32 382,26)
Net cash flows from investing activities	**(105 879,99)**	**(32 382,26)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Credits and loans	4 313 025,00	7 507 950,00
Repayment of bank credits and loans in accordance with IFRS 16	(16 666,00)	
Repayment of capital in accordance with IFRS 16	(183 233,15)	
Repayment of capital loans		(5 352 795,31)
Net cash flow from financing activities	**4 113 125,85**	**(7 463 170,02)**
Movement in cash and cash equivalents	**3 631 296,74**	**(5 340 397,59)**
Foreign exchange differences on cash and cash equivalents	**45 717,87**	**(1 539,88)**
Cash and cash equivalents at the beginning of the year	2 190 414,43	7 532 351,90
Cash and cash equivalents at the end of the year	**5 867 429,04**	**2 190 414,43**
including restricted funds	**262 160.87**	

All amounts are stated in PLN

STATEMENT OF CHANGES IN EQUITY

	Share capitalShare capital	Retained earnings	Total equity
As at 31st december 2017	**10 000 000,00**	**(432 244,05)**	**9 567 755,95**
Profit (loss) for the period	-	(3 663 226,75)	(3 663 226,75)
Revaluation reserve	-	-	-
Total supplementary capital	-	-	-
Capital from previous years	-	-	-
Total comprehensive income	-	-	-
Total transactions with shareholders	-	-	-
As at 31st December 2018	**10 000 000,00**	**(4 095 470,80)**	**5 904 529,20**
Profit (loss) for the period	-	1 406 398,92	1 406 398,92
Revaluation reserve	-	-	-
Total supplementary capital	-	-	-
Capital from previous years	-	86 251,42	86 251,42
Total comprehensive income	-	-	-
Total transactions with shareholders	-	-	-
As at 31st December 2019	**10 000 000,00**	**(2 602 820,46)**	**7 397 179,54**

The accompanying notes are an integral part of the financial statements

1 General information

1.1 Information about the Company

Ignitis Polska Sp. z o.o. previously Geton Energy Sp. z o.o. ("Company") was established on the basis of a notary deed dated 5th June 2017 and entered in the National Court Register conducted by District Court in Warsaw, XIII Commercial Department under the number 0000681577. On the basis of a notary deed dated 3rd October 2019 which was published in the National Court Register on 10th January 2019, there was a change in the name of the Company from Geton Energy sp. z o.o. to Ignities Polska sp. z o.o..

The seat of the Company is located in Warsaw 02-556 at Puławska 2 bud B Street.

The basic business of the Company is:

* trade in electricity,

* trade in gaseous fuels in a network system,

* other financial service activities, not classified elsewhere, excluding insurance and pension funds,

* other business support activities, not classified elsewhere.

The Company's duration is unlimited.

1.2 Members of the Boards of the Parent Company

At the balance sheet date Members of the Boards were:

The company's management

Marek Musial - Proxy

2 Basis of preparation and going concern

2.1 Declaration of conformity

The financial statements contain financial data for the financial year from January 1, 2019. until December 31, 2019 and comparative data for the financial year from May 10, 2018. until December 31, 2018.

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union as at December 31, 2019,

Pursuant to the resolution of the Extraordinary Meeting of Shareholders of December 21, 2018, the Company's financial statements are prepared in accordance with IFRS. The report for the period from January 1, 2018 to December 31, 2018 was prepared in accordance with the new accounting principles in force in Ignitis Sp. z o.o. These financial statements have been prepared in accordance with the International Accounting Standards / International Financial Reporting Standards (IFRS) for the current and comparable period.

"The Company's financial statements for the year ended December 31, 2019 have been prepared in accordance with IFRS, the EU International Financial Reporting Standards take into account all International Accounting Standards, International Financial Reporting Standards and interpretations related thereto other than specific Standards and Interpretations, which have been approved by the European Union , but have not yet come into force The Company has not used the option of earlier application of new standards and interpretations that have already been published and adopted by the European Union and which will enter into force after the reporting date.

In preparing these financial statements in accordance with IFRS, the Company has applied all mandatory exceptions and some optional exemptions from full IFRS retrospective application.

The financial statements have been prepared taking into account the provisions of the Energy Law of 10 April 1997, as amended. In accordance with art. 44 section 2 of the Act, the Company is required to prepare a financial statement including the balance sheet and profit and loss account separately for individual types of business operations. Information on the requirements of art. 44 are described in detail in Note 36.

The company carries out one type of economic activity - trading in electricity on the commodity exchange. In addition, there were no material costs and revenues, gains or losses unrelated to this activity. The statement of financial position presented below constitutes the balance sheet of economic activity in the field of energy trading, while the statement of comprehensive income is the profit and loss account of this activity.

The functional currency of the Company and the presentation currency of these financial statements is the Polish zloty (PLN). All amounts presented in these financial statements are expressed in PLN, unless indicated otherwise.

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2.2 Assumption of continuing a business

The financial statements were prepared with the assumption of continuing operations.

3 Change to standards or interpretations

Accepted accounting principles and amendments to IFRS

New standards, changes in existing standards and interpretations that have been adopted by the European Union:

- IFRS 16 Leasing,
    - • Amendments to IAS 19 regarding changes, restrictions or settlements of defined benefit plans,
    - • Amendments to IAS 28 regarding long-term interests that are part of net investments in associates and joint ventures,
    - • IFRIC 23 regarding uncertainty regarding the recognition of income tax,
    - • Amendments to IFRS 9 regarding debt financial assets with an early repayment option, which may result in the creation of the so-called negative compensation,
    - • Annual changes in IFRS 2015-2017

• IFRS 9 Financial Instruments (published on July 24, 2014), the Management Board analyzed the impact of the implementation of the new IFRS 9 Financial Instruments ('IFRS 9') from January 1, 2018. In connection with the conducted analysis, the Management Board assessed that the application of the new standard will not have a significant impact on the valuation of receivables, cash and other short-term financial assets of the Company. In connection with the conducted analysis, the Company presents revenues and costs related to its operations on the POLPX and Nasdaq stock exchanges in accordance with this standard in a compact (per balance). In the previous year, revenues from the sale of energy and costs from the purchase of energy were included in a disjunctive array, this report has been adjusted in this respect by transforming the comparative period data on the presentation of revenues and operating costs on the POLPX exchange Presentation of the impact on the company's total revenues in 2018 presents note 26.

Main changes introduced by the 16 standard:

The new standard introduced one model for recognizing leases in the lessee's accounting books, which coincides with the recognition of finance leases under IAS 17. Under IFRS 16, a contract is a lease or includes a lease if it delegates the right to control the use of an identified asset for a given period in exchange for remuneration.

The essential element that differs the definitions of leasing from IAS 17 and IFRS 16 is the requirement to exercise control over the particular component of assets in use, which is indicated in the contract directly or implicitly.

Transfer of the right of use occurs when we are dealing with an identified asset, in relation to which the lessee has the right to virtually all economic benefits and controls the use of the asset in a given period.

If the definition of a lease is met, the right to use the asset is recognized, together with the relevant lease liability set at discounted future payments over the duration of the lease.

Expenses related to the use of leased assets, previously included mostly in the costs of external services, are now classified as depreciation and interest expense.

Assets under the right to use are depreciated in accordance with IAS 16, while liabilities under leasing contracts are accounted for using the effective interest rate.

The requirements of the new standard regarding recognition and measurement on the part of the lessor are similar to the requirements of IAS 17. Leases are also classified as financial or operational also in accordance with IFRS 16. Compared to IAS 17, the new standard has changed the rules of sublease classification and requires the lessor to disclose additional information.

The above amendments to standards have been approved for use by the European Union and, with the exception of IFRS 16, will not affect the Group's accounting policy and consolidated financial statements.

N New standards, changes in existing standards and interpretations that have been adopted by the European Union:

- ✓ Amendments to the Conceptual Framework References contained in the International Financial Reporting Standards (published on March 29, 2018) - applicable to annual periods beginning on or after January 1, 2020,
- ✓ Amendments to IAS 1 and IAS 8 "Definition of Materiality" (published on October 31, 2018) - applicable to annual periods beginning on or after January 1, 2020.
- ✓ Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform (published on September 26, 2019) - applicable to annual periods beginning on or after January 1, 2020,

Standards, interpretations and amendments adopted by the IASB, which have not yet been approved for use in the EU:

- ✓ Amendments to IFRS 3 "Business Combinations" (published on October 22, 2018) - until the date of approval of these financial statements, not approved by the EU - applicable to annual periods beginning on or after January 1, 2020,
- ✓ IFRS 17 "Insurance contracts" (published on May 18, 2017) - until the date of approval of these financial statements, not approved by the EU - applicable to annual periods beginning on or after January 1, 2021,
- ✓ Amendments to IAS 1 "Presentation of financial statements: (published on January 23, 2020) - until the date of approval of these financial statements, not approved by the EU
- ✓ IFRS 14 "Regulatory accruals" (published on January 30, 2014) - in accordance with the decision of the European Commission, the process of approving the standard in the initial version will not be initiated before the final version of the standard appears - by the date of approval of these financial statements not approved by the EU - having applicable to annual periods beginning on or after 1 January 2016,
- ✓ Amendments to IFRS 10 and IAS 28 'Sale or contribution transactions between an investor and his associate or joint venture' (published on 11 September 2014) - work leading to the approval of these amendments has been postponed by the EU for an indefinite period - the date of entry into force deferred by the IASB for an indefinite period.

The dates of entry into force are the dates resulting from the content of the standards announced by the International Financial Reporting Council. The dates of application of standards in the European Union may differ from the dates of application arising from the content of the standards and are announced at the time of approval for use by the European Union.
The Group has decided that it will not take advantage of the earlier application of the above standards, interpretations and amendments to standards. The Group is currently analyzing how the introduction of the above standards and interpretations may affect the financial statements and the accounting principles (policy) applied by the Group. The analyzes conducted so far indicate that the application of the above standards will not have a significant impact on the financial statements of the Group.
At the same time, hedge accounting for the portfolio of financial assets and liabilities, whose principles have not been approved for use in the EU, is still outside the regulations adopted by the EU.

4 Accounting principles (policy)

The accounting principles (policies) used to prepare these financial statements are consistent with those used in the preparation of the Company's financial statements for the year ended December 31, 2018, except for the application of amendments to standards and new interpretations applicable to annual periods beginning on January 1 2019, which were described in point 3 above. Additionally, in this report a change in the presentation of revenues from energy sales and energy purchase costs has been made into a compact presentation, in note 26 the Company presents a transformation of comparative data in this respect.

The date of transition to IFRS is May 10, 2017. The first financial statements prepared in accordance with IFRS were the financial statements prepared for the year ended December 31, 2018.

4.1 Fixed assets

4.1.1 Intangible assets

Intangible assets are acquired, fit for economic use on the date of commissioning:

- property rights, copyrights, licenses, concessions, rights to: designs, inventions, patents, trademarks, decorative or utility designs, inventions, patents, trademarks, decorative or utility designs,
- costs of development works completed with a positive result,
- goodwill,
- know-how,

with an expected period of use of more than one year, used for the needs of business operations or put into use under a lease, tenancy or other similar contract.
Intangible assets included in the investment at market price or otherwise defined fair value reduced by enabling and accumulated impairment.

Intangible assets are amortized using the straight-line method over their estimated useful lives, which are as follows:

Intangible assets	50%

At the end of each reporting period, the Company verifies the economic usefulness of intangible assets and depreciation methods.

4.1.2 Tangible fixed assets

In the financial year, there were no changes in the recognition and presentation of fixed assets changing the accounting policy, except for changes resulting from the application of IFRS 16 described in point 4.10.

In accordance with the company's accounting policy, fixed assets from the land, buildings, structures and machinery group are valued in accordance with IAS No. 16. The company applies a valuation at cost less depreciation write-offs and accumulated impairment.

As a result of applying the above model, the amount of subsidy obtained to finance the purchase of fixed assets and distributed over the period of use of fixed assets is presented in the item 'Fixed assets'.

Fixed assets are depreciated on a straight-line basis over the period corresponding to the estimated period of their economic usefulness, which is as follows:

- Technical devices and machines 30%

Depreciation begins in the month in which the asset is available for use.
Fixed assets with a low initial value, are recognized once as operating expenses.

At the end of each reporting period, the Company verifies the economic usefulness of property, plant and equipment and depreciation methods.

4.2 Impairment of property, plant and equipment

In relation to property, plant and equipment, an annual assessment is made as to whether there are indications that may indicate impairment. In the event of events or circumstances that may indicate difficulty in recovering the carrying amount of an asset, an impairment test is performed.

For the purposes of the impairment test, assets are grouped at the lowest level at which they generate cash flows regardless of other assets or groups of assets ("cash-generating units"). Assets generating cash flows themselves are tested individually.

If the carrying amount exceeds the estimated recoverable value of assets or cash-generating units to which these assets belong, then the carrying value is reduced to the level of recoverable value. The recoverable amount corresponds to the higher of the following two values: fair value less costs to sell or value in use. When determining value in use, the estimated future cash flows are discounted to the present value using a discount rate that reflects current market assessments of the time value of money and the risk associated with the given asset.

The amount of the write-down proportionally reduces the carrying amount of the assets entering the cash-generating unit. Impairment losses are recognized in the income statement as other operating expenses.

On subsequent balance sheet days, premises indicating the possibility of reversing revaluation write-offs are assessed. Reversal of an impairment loss is recognized in the income statement as other operating income.

4.3 Financial assets

An entity recognizes a financial asset in a statement (in accordance with IFRS 9) on its financial position if and only if it becomes bound by the provisions of the instrument's contract. If an entity recognizes a financial asset for the first time, it may classify according to the business model:

- held to obtain contractual cash flows (measured at amortized cost if they meet the SPPI conditions),
- held to obtain contractual cash flows or for sale (measured at fair value through other comprehensive income if they meet the SPPI conditions),
- managed to realize cash flows through the sale of assets and other (measured at fair value through profit or loss).

An entity stops recognizing a financial asset if and only if:
(a) the contractual rights to cash flows from the financial asset expire;
b) transfers a financial asset in accordance with.

An entity classifies a financial asset as measured after initial recognition at amortized cost either at fair value through other comprehensive income or at fair value through profit or loss based on:
(a) the entity's business model in financial asset management; and
b) the characteristics of the contractual cash flows for the financial asset.
A financial asset is measured at amortized cost if both of the following conditions are met:
(a) the financial asset is held in accordance with a business model whose purpose is to hold financial assets for obtaining contractual cash flows;
(b) the terms of the contract relating to the financial asset give rise to cash flows on certain dates that are only repayment of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income, if both of the following conditions are met:
(a) the financial asset is held in accordance with a business model whose purpose is both to receive contractual cash flows and to sell financial assets; and
(b) the terms of the contract relating to the financial asset give rise to cash flows on certain dates that are only repayment of principal and interest on the principal amount outstanding.

4.3.1 Valuation of financial assets

After initial recognition, an entity measures a financial asset:
a) at amortized cost;
b) at fair value through other comprehensive income; or
c) at fair value through profit or loss.

An entity applies impairment requirements in Section 5.5 of IFRS 9 for financial assets measured at amortized cost in accordance with paragraph 4.1.2 (IFRS 9), and for financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2 A (IFRS 9).

4.3.2 Valuation of financial assets

An entity recognizes a write-down for expected credit loss on a financial asset that is measured at fair value or amortized cost, to lease receivables, an asset from contracts and a financial guarantee contract, to which the requirements regarding impairment in accordance with paragraph 2.1 point apply. g), 4.2.1 point c) or 4.2.1 point d) IFRS 9.
As at each reporting date, the entity measures the write-down on expected credit loss on a financial instrument in an amount equal to the expected life-cycle credit loss if the credit risk associated with the given financial instrument has increased significantly since initial recognition. The purpose of impairment requirements is to recognize the expected life-time loss of all financial instruments for which there has been a significant increase in credit risk since initial recognition - regardless of whether they were assessed individually or collectively - considering all reasonable and documentable information, including future data.
If, as at the reporting date, the credit risk associated with a financial instrument has not increased significantly since initial recognition, the entity measures the write-down on expected credit loss on this financial instrument in an amount equal to 12-month expected loan loss.

If, in the previous reporting period, the entity valued the write-off on expected credit loss on a financial instrument in an amount equal to the expected credit loss over the entire life period, but as at the current reporting day determines that if the credit risk related to a given financial instrument has not increased significantly from the initial recognition , the entity measures the write-down on expected credit loss in an amount equal to the 12-month expected credit loss on the current reporting day.

An entity recognizes in the financial result, as profit or loss for impairment, the amount of expected credit losses (or the amount of released provision) that is required to adjust the write-down for expected credit losses as at the reporting date to the amount to be recognized in accordance with this standard.

4.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand and other short-term, highly liquid investments with a fixed maturity of up to 3 months.

4.5 Equity capital

The share capital is recognized in the amount specified in the Company's contract and entered in the court register and is disclosed in the nominal value of shares.

Retained earnings include profits and losses from previous years and the financial result of the current financial year..

4.6 Financial liabilities

Financial liabilities, including loans received, are recognized if and only if the Company becomes a party to the contract.
The component of financial liabilities is excluded if and only if the obligation specified in the contract has been fulfilled, canceled or has expired.

At the initial recognition, the liabilities are measured at fair value plus transaction costs. After initial recognition, liabilities are measured at amortized cost using the effective interest method. Interest expense is recognized in financial expenses using the effective interest rate, except for current liabilities, for which recognition of interest would be immaterial.
Liabilities are classified as current, unless the Company has an unconditional right to postpone the liability's due date by at least 12 months from the end of the reporting period.

4.7 Income

Revenues are recognized to the extent that it is probable that the Company will obtain economic benefits that can be reliably measured.

Revenues from the sale of electricity are recognized in the period in which the buy / sell transaction took place on the POLPX or Nasdaq exchange.

Revenues from the sale of electricity on the POLPX and Nasdaq stock exchanges are recognized in accordance with IFRS 9 and presented as the balance with the costs of energy purchase. Revenues for the financial year 2018 have been transformed and presented in item 26.

Interest income is recognized taking into account the effective interest rate.

4.8 Operation costs

Operating expenses are recognized in the income statement in accordance with the principle of matching revenues and expenses. Other operating costs include donations, damages and impairment losses for non-financial assets.

4.9 Transactions in foreign currencies

Economic operations expressed in foreign currencies are recognized in the accounting books in Polish zloty according to the exchange rate applicable on the day of the transaction, i.e. according to the exchange rate actually used on that day, resulting from the nature of the operation, or according to the average exchange rate announced for a given currency by the National Bank of Poland on preceding the day of the transaction. Expenditure of cash and other investment components is measured at average prices, i.e. determined at the weighted average of the prices of the given asset.
As at the balance sheet day, assets and liabilities expressed in foreign currencies are converted into Polish zlotys using the average exchange rate for the given currency by the National Bank of Poland applicable on that day. The following exchange rates were used:

	31 December 2019	31st December 2018	31st December 2017
EUR	4,2585	4,3000	4,1709

4.10 Operating lease at the lessee

Payments under operating lease contracts under which the Company is a lessee are recognized in the income statement in accordance with IFRS 16, except when another systematic method is more appropriate to reflect the economic benefits provided by the leased asset. The implementation rules of IFRS 16 are described in Note 20.

4.11 Current and deferred income tax

Income tax disclosed in the income statement includes the current and deferred portion.
Current income tax liability is calculated in accordance with tax regulations. The deferred part disclosed in the profit and loss account is the difference between the balance of reserves and deferred tax assets at the end and at the beginning of the reporting period.

Deferred tax is recognized in connection with temporary differences between the tax value of assets and liabilities and their value disclosed in the financial statements, as well as in relation to unused tax losses. The amount of deferred tax is determined taking into account the tax rates in force in the year when the tax obligation arose, on the basis of tax regulations in force at the end of the reporting period.

The value of deferred tax assets is subject to verification as at the day ending the reporting period. The deferred tax assets are reduced to the extent that it is not probable that sufficient taxable income will be available to realize those assets.

The reserve and assets due to deferred income tax regarding operations settled with equity are referred to equity.

Assets due to deferred income tax are determined in the amount provided for in the future to be deducted from income tax, in connection with negative temporary differences and deductible tax loss, determined taking into account the precautionary principle.

The provision for deferred income tax is created in the amount of income tax payable in the future due to the occurrence of positive temporary differences, i.e. differences that will increase the basis for calculating income tax in the future.

The amount of the provision and assets due to deferred income tax is determined taking into account the income tax rates in force in the year when the tax obligation arose, taking into account the tax regulations in force as at the balance sheet date.

The reserve and assets due to deferred income tax are offset for the purposes of presentation in the financial statements.

4.12 Subjective assessments of the Company's Management Board and uncertainty of estimates and assumptions

When preparing the financial statements in accordance with IFRS, the Management Board of the Company makes subjective assessments, estimates and assumptions that may affect the accounting principles (policy) as well as the values of assets and liabilities recognized in the financial statements. When preparing these financial statements, the Company's Management Board made subjective assessments, estimates and assumptions regarding potential events that would pose a risk of causing significant adjustments to the carrying amounts of assets and liabilities during the next reporting period. Information on the estimates and assumptions made that are significant to the financial statements is presented in the next sections of the financial statements.

4.13 Comparability of financial data for the preceding year with the financial statements

The financial year is the first financial year in which the Company applies IFRS 16. Note 20 presents data regarding accounting entries created after the introduction of IFRS 16.
In connection with the adjustment of revenue presentation for 2018, additional note No. 26 presents the transformed data regarding the presentation of revenue and costs in accordance with IFRS 9. In the previous year, revenues from the sale of energy and costs of energy purchase were included in a disjunctive array, in this report an adjustment was made in this the scope by transforming the comparative period data in the scope of presentation of revenues and costs of operations on the POLPX stock exchange and their change to recognition on balance.

4.14 The format of the financial statements

The profit and loss account, which is part of the statement of comprehensive income, is prepared in a comparative version.

The cash flow statement is prepared using the indirect method.

4.15 Reserves

Provisions are recognized when the Company has an existing obligation (legal or customary) resulting from past events and when it is certain or highly probable that the fulfillment of this obligation will result in the need for an outflow of funds embodying economic benefits, and when the amount of the liability can be reliably estimated. If the Company expects that the costs covered by the reserve will be reimbursed, for example under an insurance contract, then the reimbursement is recognized as a separate asset, but only when it is practically certain that this reimbursement will actually take place. Costs related to a given provision are disclosed in the profit and loss account after deducting any returns. If the effect of the time value of money is material, the amount of the provision is determined by discounting the projected future cash flows to the present value, using a gross discount rate that reflects current market assessments of the time value of money and possible risk related to a given liability. If the discounting method has been used, the increase in the provision due to the passage of time is recognized as financial costs.

4.16 Receivables

An entity always measures the write-down on expected credit loss in an amount equal to the expected life-cycle credit loss on account of:

a) trade receivables or assets under contracts arising from transactions that are within the scope of IFRS 15 and which:
   (i) they do not contain a significant financing component (or when the entity applies a practical solution to contracts that have been in force for a year at the most) in accordance with IFRS 15; or
   (ii) they contain a significant component of financing in accordance with IFRS 15, if the entity chooses as the accounting basis the valuation of an allowance for expected credit losses in an amount equal to the expected loan losses throughout the life cycle. This accounting policy applies to all such trade receivables or contract assets, but may be applied separately to trade receivables and contract assets;
b) leasing receivables resulting from transactions that fall within the scope of IAS 17, if the entity chooses as the accounting basis the valuation of an allowance for expected credit losses in an amount equal to the expected credit losses throughout the life cycle. This accounting policy applies to all lease receivables, but may be applied separately to finance lease and operating lease receivables.

An entity shall measure expected credit losses on financial instruments in a manner that includes:

a) an unencumbered and weighted probability amount that is determined by assessing a range of possible outcomes;
b) time value of money; and
c) rational and documentable information that is available without undue cost or effort as at the reporting date regarding past events, current conditions and forecasts of future economic conditions.

4.17 Credits and loans received

On initial recognition, all loans are recognized at fair value, less costs associated with obtaining the loan. After initial recognition, interest-bearing loans are measured at amortized cost using the effective interest method. When determining the amortized cost, account is taken of the costs associated with obtaining the loan and discounts or premiums obtained in connection with the liability. Income and expenses are recognized in the income statement when the liability is removed from the balance sheet, as well as as a result of settlement using the effective interest method..

4.18 Liabilities

Short-term liabilities due to deliveries and services are shown in the amount requiring payment. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities initially classified as at fair value through profit or loss. Financial liabilities

are classified as held for trading if they were acquired for sale in the near future. Derivatives, including separated embedded derivatives, are also classified as held for trading, unless they are recognized as effective hedging instruments. Financial liabilities can be initially recognized as at fair value through profit or loss if the following criteria are met:
(i) such classification eliminates or significantly reduces the inconsistency of treatment when both the valuation and the principles of recognizing losses or profits are subject to other regulations; or
(ii) liabilities are part of the Company's financial liabilities that are managed and assessed based on fair value, in accordance with a documented risk management strategy; or
(iii) financial liabilities contain embedded derivatives that should be recognized separately. Other financial liabilities, which are not financial instruments at fair value through profit or loss, are measured at amortized cost using the effective interest method.

4.19 Operating segments

The Company conducts homogeneous operating activities and does not distinguish operating segments by type of activity and criterion of the geographical area in which the Company's clients operate. Sales are made nationwide and on the Nasdaq stock exchange.

5 Fixed assets

5.1 Intangible assets

In PLN

	31st December 2019	31st December 2018
Intangible assets - other intangible assets	112 000,00	-
Intangible assets- assets due to the right of use	136 262,47	-
	248 262,47	-

5.1.1 Year ended 31st December 2018

in PLN

	Research and development costs	Goodwill	Other intangible assets	Total
Gross value and revaluation due to revaluation				
State at the beginning of the period	0,00	0,00	5 089,58	5 089,58
Increase in value	-	0,00	0,00	0,00
State at the end of the period	**0,00**	**0,00**	**5 089,58**	**5 089,58**
Remission				
State at the beginning of the period		-	(5 089,58)	(5 089,58)
Depreciation for the period		-	-	-
State at the end of the period		-	**(5 089,58)**	**(5 089,58)**
Write-downs				
State at the beginning of the period	-	-	-	-
State at the end of the period	-	-	-	-
The net value				
State at the beginning of the period	0,00	0,00	0,00	0,00
State at the end of the period	**0,00**	**0,00**	**0,00**	**0,00**

5.1.2 Year ended 31st December 2019

in PLN

	Research and development costs	Goodwill	Other intangible assets	Total
Gross value and revaluation due to revaluation				
State at the beginning of the period	0,00	0,00	5 089,58	5 089,58
Increase in value	-	0,00	112 000,00	112 000,00
State at the end of the period	**0,00**	**0,00**	**117 089,58**	**117 089,58**
Remission				
State at the beginning of the period		-	(5 089,58)	(5 089,58)
Depreciation for the period		-	-	-
State at the end of the period		**-**	**(5 089,58)**	**(5 089,58)**
Write-downs				
State at the beginning of the period	-	-	-	-
State at the end of the period	**-**	**-**	**-**	**-**
The net value				
State at the beginning of the period	0,00	0,00	0,00	0,00
State at the end of the period	**0,00**	**0,00**	**112 000,00**	**112 000,00**

5.1.3 Assets due to the right to use recognized in connection with the introduction of IFRS 16

Year ended 31st December 2019

in PLN

	Other intangible assets	Total
Gross value		
State at the beginning of the period	-	-
Increase in value	136 262,47	136 262,47
State at the end of the period	**136 262,47**	**136 262,47**
Remission		
State at the beginning of the period	-	-
Depreciation for the period	-	-
State at the end of the period	**-**	**-**
State at the beginning of the period	-	-
State at the end of the period	**136 262,47**	**136 262,47**

5.2 Tangible fixed assets

in PLN

	31st December 2019	31st December 2018
Fixed assets	7 300,00	13 717,00
Fixed assets – assets due to the right to use	135 221,63	0,00
	142 521,63	**13 717,00**

5.2.1 Property equipment

Year ended 31st December 2018

in PLN

	Land	Facilities and engineering	Technical devices and machines	Total
Gross value				
State at the beginning of the period	0,00	0,00	32 625,21	32 625,21
Increase in value	-	0,00	32 382,26	32 382,26
State at the end of the period	**0,00**	**0,00**	**65 007,47**	**65 007,47**
Remission				
State at the beginning of the period		-	(12 491,21)	(12 491,21)
Depreciation for the period		-	(38 799,26)	(38 799,26)
State at the end of the period		**-**	**(51 290,47)**	**(51 290,47)**
The net value				
State at the beginning of the period	0,00	0,00	20 134,00	20 134,00
State at the end of the period	**0,00**	**0,00**	**13 717,00**	**13 717,00**

5.2.2 Year ended 31st December 2019

in PLN

	Means of transport	Facilities and engineering	Technical devices and machines	Total
Gross value				
State at the beginning of the period	0,00	0,00	65 007,47	65 007,47
Increase in value	-	0,00	24 848,52	24 848,52
State at the end of the period	**0,00**	**0,00**	**89 855,99**	**89 855,99**
Remission				
State at the beginning of the period		-	(51 290,47)	(51 290,47)
Depreciation for the period		-	(31 265,52)	(31 265,52)
State at the end of the period	**-**	**-**	**(82 555,99)**	**(82 555,99)**
The net value				
State at the beginning of the period	0,00	0,00	13 717,00	13 717,00
State at the end of the period	**0,00**	**0,00**	**7 300,00**	**7 300,00**

5.3 Fixed assets created after the introduction of IFRS 16

5.3.1 Year ended 31st December 2018

in PLN

	Means of transport	Facilities and engineering	Other	Total
Gross value				
State at the beginning of the period		0,00	0,00	0,00
Increase in value	282 390,34	0,00	0,00	282 390,34
Decrease in value	-			
State at the end of the period	**282 390,34**	**0,00**	**0,00**	**282 390,34**
Remission				
State at the beginning of the period		-	-	-
Depreciation for the period	(147 168,71)	-	-	(147 168,71)
State at the end of the period	**(147 168,71)**	**-**	**-**	**(147 168,71)**
The net value				
State at the beginning of the period	0,00	0,00	0,00	-
State at the end of the period	**135 221,63**	**0,00**	**0,00**	**135 221,63**

6 Short-term investments

in PLN

	31st December 2019	31st December 2018
Short-term investments	1 614 911,00	397 814,95

In the financial year, the Company signed forward contracts for the sale of electricity with delivery dates in 2019 and 2020. The total value of concluded contracts is 21mln 725 thousand PLN. The company recognized in the books the market valuation of contracts for the amount of PLN 1 614 911. The place of conclusion and performance of forward contracts is Towarowa Giełda Energii S.A.

7 Receivables due to deliveries and services and other receivables

in PLN

	31st December 2019	31st December 2018
Receivables from the sale of electricity	6 235 004,84	5 325 606,47
Accrued expenses	93 185,20	31 778,56
Other receivables	38 030,06	
Total	**6 366 220,10**	**5 357 385,03**

The value of receivables from the sale of electric energy consists of, among others the value of funds deposited at the Noble Securities S.A brokerage house is PLN 5 300 331,32, as at the balance sheet date. Funds deposited on the stock exchange Nasdaq is PLN 425 850.

In the financial year, the Company did not make write-downs for receivables.

All receivables presented are in PLN.

7.1 Aging of receivables

Specification	Not required	0-30 days
trade receivables	408 823,52	0,00
deposit	5 826 181,32	0,00

8 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include:

in PLN

	31st December 2019	31st december 2018
Cash at the bank	5 867 429,04	2 190 414,43
Total	**5 867 429,04**	**2 190 414,43**

Cash accumulated on the VAT account referred to in art. 62a section 1 of the Act of 29 August 1997 - Banking Law (Journal of Laws of 2017, item 1876, 2361 and 2491 and of 2018, items 62, 106 and 138), they do not occur - art. 3b paragraph 1 of the Act of 5 November 2009 on cooperative savings and credit unions (Journal of Laws of 2017, item 2065, 2486 and 2491 and of 2018, items 62, 106 and 138).>) - amount 262 160.87 PLN on 31.12.2019. These funds were presented in the cash flow statement as funds with limited disposal.

9 Non-monetary transactions

The Company has made the following significant non-cash transactions in investing and financing activities, which are not reflected in the separate cash flow statement:

- Unrealized expenses from exchange rate differences on loans amounted to PLN 75 275,00 (in the previous year, PLN 5 154,69).

10 Basic capital

The share capital of the Company amounts to PLN 10,000,000 and is divided into 200,000 shares with a value of PLN 50 each. The shares have been fully paid up and give equal voting rights and the right to dividend.

in PLN

Shareholders	Number of shares	Nominal value (in PLN)
UAB Ignitis	200 000	10 000 000,00
Total	**200 000**	**10 000 000,00**

In 01.06.2019 in the merger and liquidation procedure, the previous shareholder of Energijos Tiekimas UAB was merged with UAB "Lietuvos energijos tiekimas" and then liquidated. In the next step UAB "Lietuvos energijos tiekimas" changed its operation to UAB "Ignitis".

11 Retained earnings and proposal of the Board

in PLN

	31st December 2019	31st December 2018
Profits (losses) retained- years past	(4 095 470,80)	(432 244,05)
Profits (losses) retained - current period	1 406 398,92	(3 663 226,75)
Profits (losses) recognized in connection with the introduction of IFRS 16	86 251,42	
Total	**(2 602 820,46)**	**(4 095 470,80)**

The Management Board of the Company proposes to allocate the profit to cover the loss of past years.

12 Financial liabilities

12.1 Loans received

In 2017, the Company concluded a contract with a related party for a loan in the amount of EUR 3,600 thousand. The contract is concluded for a period of 4 years with the possibility of extension by 2 years. As at the balance sheet date, she received loans in the amount of 1 500 thousand EUR. The loan capitals have been shown to be long-term. As loans received are denominated in EUR, the Company is exposed to the risk of fluctuations in the exchange rate of this currency, as explained in Note 23.

The loan interest rate is affected by the following factors: variable interbank interest rate EURIBOR for three months and margin of 0.63% for the portion of the loan used and 0.1 in the readiness for the unused part of the loan. In the case of a negative EURIBOR interest rate, the floating rate is assumed as a value of 0.

Year ended 31st December 2018

in PLN

	up to 1 year	over 1 year
long-term loan	0,00	2 150 000,00
Total	**0,00**	**2 150 000,00**

Year ended 31st December 2019

in PLN

	up to 1 year	over 1 year
long–term loan	0,00	6 387 750,00
Total	**0,00**	**6 387 750,00**

12.2 Liabilities for deliveries and services

in PLN

	31st of December 2019	31st of December 2018
Liabilities recognized after the introduction of IFRS 16	90 827,14	-

13 Provision for retirement benefits and similar short-term

in PLN

	31st of December 2019	31st of December 2018
bonus reserve	720 000,00	301 732,99
URE reserve	577 937,00	
other reserve	138 000,00	
Total	**1 435 937,00**	**301 732,99**

The Company envisages annual bonuses in the event of achieving the set goals from the provisions of employment contracts

14 Liabilities for deliveries and services and other liabilities

in PLN

	31st of December 2019	31st of December 2018
Other short-term liabilities to related entities	3 465,60	2 312,55
Liabilities for deliveries and services	442 785,33	603 843,48
Liabilities recognized after the introduction of IFRS 16	127 926,52	0,00
Provisions for trade liabilities	89 221,49	56 000,00
Liabilities due to taxes and social insurance	157 716,74	95 585,29
Unpaid wages	79 052,54	-
Total	**900 168,22**	**757 741,32**

14.1 Aging of commitments

in PLN

	Not required	0-30 days	31-60 days	over 61 days
Other short-term liabilities to related entities	3 465,60	-	-	-
Liabilities for deliveries and services	440 150,73	2 619,44	-	15,16
Provisions for trade liabilities	89 221,49	-	-	-
Liabilities due to taxes and social insurance	-	157 716,74	-	-
Unpaid wages	79 052,54	-	-	-
Total	**611 890,36**	**160 336,18**	**0,00**	**15,16**

14.2 Currency structure

in PLN

	EUR	PLN
Liabilities for deliveries and services	-	442 785,33
Other short-term liabilities to related entities	813,75	

14.3 Liabilities created after the introduction of IFRS 16

in PLN

	up to 1 year	1-3 years	3-5 years
Liabilities created after the introduction of IFRS 16	127 926,52	90 827,14	0,00
Total	**127 926,52**	**90 827,14**	**0,00**

15 Sales revenues according to IFRS 9

in PLN

	Year ended 31st December 2019	Year ended 31st December 2018 (Data transformed)
Sale of electricity	1 155 875 515,83	154 481 519,47
Revenues due to trade in financial instruments	202 329,60	
Value of sold goods and materials	(1 151 334 412,46)	(157 376 723,63)
Razem	**4 743 432,97**	**(2 895 204,16)**

Revenues from the sale of electricity on the TGE and Nasdaq stock exchanges are recognized in accordance with IFRS 9 and presented per balance with the costs of purchasing energy. In the previous year, revenues and costs of acquisition were presented in obtuse patterns, in the current financial year there was a change in the presentation in accordance with IFRS 9. The revenues for the financial year 2018 were transformed and presented in item 26.

Due to the negative nature of the amount resulting from the total recognition of revenues and costs of energy contracts in 2018 (PLN 2,895,204.16), in order to ensure the correct presentation, the result realized on energy contracts in 2018 has been transferred to operating costs under ' value of goods and materials sold '(Note 17.1). The above note compares the revenues from the sale of energy and the costs of purchasing energy for both years for comparison purposes.

16 Other operating income

in PLN

	Year ended 31st December 2019	Year ended 31st December 2018
Other revenues	3,27	4,33
Revenues from the sale of fixed assets	30 918,74	
Own cost of disposal of fixed assets	(10 207,54)	
Total	**20 714,47**	**4,33**

17 Operating expenses

17.1 Costs by type

in PLN

	Year ended 31st December 2019	Year ended 31st December 2018 (data transformed)
Depreciation	(147 465,70)	(38 799,26)
Usage of materials and energy	(38 767,94)	(75 843,13)
Foreign Service	(752 078,29)	(415 233,65)
Taxes and fees	(577 078,94)	(103 251,45)
Remuneration	(2 128 278,98)	(1 078 018,73)
Social security and other benefits	(216 360,63)	(147 694,40)
The value of sold goods and materials	(0,00)	(2 895 204,16)
Other operating cost	(260 651,01)	(94 778,37)
Total	**(4 120 681,49)**	**(4 851 826,20)**

17.2 Other operating cost

in PLN

	Year ended 31st December 2019	Year ended 31st December 2018
Other operating cost	(2 716,07)	(3 003,05)
IFRS 16 introduction costs	(20 131,17)	-
Total	**(22 847,24)**	**(3 003,05)**

18 Net financial income

18.1 Financial costs

in PLN

	Year ended 31st December 2019	Year ended 31st December 2018
Interest on loans and other	(26 452,69)	(24 672,10)
Interest on leasing	(16 727,25)	-
Exchange differences	-	-
Total	**(43 179,94)**	**(24 672,10)**

18.2 Financial income

in PLN

	Year ended 31st December 2019	Year ended 31st December 2018
Revaluation of financial assets	1 217 096,05	350 388,41
Exchange differences	23 072,24	3 410,42
Interest received	248,26	17 649,77
Total	**1 240 416,55**	**371 448,60**

19 Other comprehensive income

Other comprehensive income did not occur in the reporting period.

20 Operating lease.

The Group decided to implement the standard on January 1, 2019. In accordance with the transitional provisions of IFRS 16.C5 (b), the new rules were adopted retrospectively with the cumulative effect of the initial application of the new standard applied to equity as at January 1, 2019. therefore, comparative data for the financial year 2018 has not been restated (simplified retrospective approach).

The individual adjustments resulting from the implementation of IFRS 16 are described below.

20.1 Recognition of lease liabilities

After adopting IFRS 16, the Company recognizes lease liabilities related to contracts that were previously classified as "operating leases" in accordance with the principles of IAS 17 Leases. These liabilities were measured at the present value of the lease payments remaining to be payable at the date of application of IFRS 16. For the purposes of implementing IFRS 16 and disclosures regarding the impact of the implementation of IFRS 16, discounting was applied using the internal rate of return resulting from concluded contracts.

As at January 1, 2019, the monthly discount rates calculated by the Company were in the range (depending on the duration of the contract): from 1.1732% to 2.100%.

The company did not take advantage of simplifications regarding short-term leases (up to 12 months) and leases for which the underlying asset is of low value (up to PLN 20,000).

20.2 Impact of IFRS 16 implementation on the financial statements

As at December 31, 2018, the Company has an irrevocable off-balance sheet liability under lease obligations related to car rental agreements. As at December 31, 2018, the nominal value of PLN 423.8 thousand PLN.

For the concluded contracts, the Company made a valuation of the current value of the usable service under these contracts and recognized as at 1 January 2019 the right to use this service in the amount of PLN 261.9 thousand. PLN.

20.3 Summary of financial effects of the introduction of IFRS 16

Applies only to leases covered or changed before 1 January 2019.

In thousands of PLN

Reconciliation of the transition from IAS 17 to IFRS 16:		Value
Finance lease liability	MSR 17	-
Off-balance sheet liabilities due to leasing (without discount)	MSR 17	423,80
Total - December 31, 2018.		**423,80**
(-) Impact of discount using the internal interest rate on January 1, 2019.	IFRS 16	(161,90)
Lease liability - January 1, 2019.		**261,90**

In thousands of PLN

Impact on items in the statement of financial position as at 1 January 2019	As of 01.01.2019
Right to use the asset - property, plant and equipment	261,90

20.4 Impact on the financial statements as at December 31, 2019.

In thousands of PLN

	As of 01.01.2019	change	As of 31.12.2019
Means of transport	261,90	20,49	282,39
Other limited measures	-	-	-
Total	**261,90**	**20,49**	**282,39**

In thousands of PLN

Impact on the statement of comprehensive income:	od 01.01.2019 do 31.12.2019
decrease in costs due to taxes and fees and services	(114,50)
interest cost increase	16,60
increase in depreciation costs	101,04
Total	**3,14**

21 Income tax

21.1 Reconciliation of gross profit (loss) to the taxable base for income tax.

in PLN

	Year ended 31st December 2019	Year ended 31st December 2018
Profit (loss) Gross	**1 817 855,32**	**(4 505 045,37)**
including: capital gains	-	-
Amounts that increase the tax base		
other costs	60 833,20	774,88
payroll costs - current financial year	720 000,00	281 040,00
payroll costs – past financial year	-281 040,00	-107 818,00
costs of social security contributions	-20 692,99	13 093,86
tax costs	482 549,41	0,00
interest	0,00	8 309,47
audit costs	50 447,90	16 000,00
costs of business consultations	-20 000,00	20 000,00
other costs (NASDAQ)	0,00	20 000,00
Revaluation income	-1 217 096,05	-350 388,41
costs connected with the introduction of IFRS 16	40 911,26	0,00
unrealized exchange differences	-23 323,34	-4 738,82
Total	**-207 410,61**	**-103 727,02**
Taxable income	1 610 444,71	(4 608 772,39)
Investment relief	0,00	0,00
donations	0,00	0,00
Loss from previous years	1 610 444,71	0,00
The tax base	0,00	(4 608 772,39)
Income tax	**0,00**	**0,00**

21.2 Deferred income tax

in PLN

	Year ended 31st December 2019	Year ended 31st December 2018
Negative temporary differences:		
accrued and unpaid wage costs	438 960,00	281 040,00
costs of social security contributions	0,00	13 093,86
audit costs	50 447,90	16 000,00
costs of business consultations	0,00	20 000,00
other costs (NASDAQ)	0,00	20 000,00
URE cocts	485 294,60	0,00
costs connected with the introduction of IFRS 16	184 571,16	0,00
Other	8 518,98	0,00
Total	**1 167 792,64**	**350 133,86**
Tax loss 2017 (total)	409 371,8	409 371,8
Tax loss 2018	4 522 218,6	-
Settled part of tax loss	(1 610 444,7)	-
2018 tax loss to be settled	3 321 145,7	409 371,8
Tax loss this year	0,00	4 608 772,4
The sum of tax losses to be settled in subsequent periods	**3 321 145,7**	**5 018 144,2**
Gross value of assets due to deferred income tax	**852 898,28**	**1 019 973,00**
Positive temporary differences:		
Accrued and not received interest on receivables	23 364,60	3 625,50
Positive exchange rate differences on balance sheet valuation	1 614 911,00	397 814,95
The effects of the revaluation to the level of market prices of financial assets	20 692,99	0,00
costs of social security contributions	29 801,00	0,00
Other	0,00	1 113,32
Remuneration for the activities of an independent member of the Management Board	23 364,60	3 625,50
Total	**1 688 769,59**	**402 553,77**
The value of the provision for deferred income tax	**320 866,22**	**76 485,00**
Compensation	**-320 866,22**	**-76 485,00**
Deferred income tax assets disclosed in the balance sheet	**532 032,06**	**943 487,62**
Reserve for deferred income shown in the balance sheet	**0,00**	**0,00**
Net balance sheet conversion of deferred tax assets / reserves	**-411 456,56**	**841 818,62**
The value of deferred tax recognized in equity during the period	-	-
Change in deferred tax recognized in the income statement	**-411 456,56**	**841 818,62**

22 Salaries, including remuneration from profit, paid or due to persons who are members of the Company's governing bodis

In the reporting period, the remuneration of the management staff amounted to PLN: 642 thousand.

23 Transactions with related entities

Transactions with related entities carried out during the reporting period:

in PLN

	Year ended 31st December 2019	Year ended 31st December 2018
Loans received UAB "Ignitis"		
As at the beginning of the year	2 150 000,00	0,00
Calculation of interest	-	-
Loans received	4 307 870,31	7 523 750,00
Repayment of loans	0	(5 368 595,31)
Exchange differences	(70 120,31)	(5 154,69)
As at the end of the year	**6 387 750,00**	**2 150 000,00**
Liabilities due to deliveries and services of UAB "Ignitis"		
As at the beginning of the year	2 312,60	0,00
growth	26 452,69	33 011,56
decrease	(25 299,69)	(30 699,01)
Stan na koniec roku	**3 465,60**	**2 312,55**
Liabilities due to deliveries and services of UAB "Ignitis grupes paslaugu centras"		
As at the beginning of the year	0,00	0,00
growth	18 376,49	0,00
decrease	(18 376,49)	-
As at the end of the year	**0,00**	**0,00**
Trade and other receivables		
Pomerania Wind Farm sp.z o.o.	0,00	0,00
As at the beginning of the year	38 030,06	0,00
growth		
decrease	-	-
As at the end of the year	**38 030,06**	**0,00**
Financial result on mutual transactions		
costs	44 829,18	24 672,10
revenues	30 918,74	0,00

In June 2019, the group's shareholder changed through a merger with the acquisition. The existing shareholder of Energijos Tiekimas UAB has been replaced by UAB Lietuvos energija renewables. Then in September 2019 there was a change of name to UAB Ignitis. The new entity is the successor to the current lender. In the note, for ease of reference, the names of the units in force on 31.12.2019 were presented.

The company did not conclude any other transactions with related entities except those indicated above.
Loans granted by related entities and the repayment date was set for 2021.
As at the balance sheet date, the company's liabilities to related parties are as follows:
Loan from UAB "" Ignitis "" for an amount of EUR 1,500,000 and interest of PLN 3,465.60.

24 Business risks estimated by the Management Board of the Company

24.1 Commodity price risk and currency risk

The commodity price risk arises directly from the Company's core business and is considered the most important.
At the commercial level, the Company applies standard risk mitigation techniques and position limits imposed on various commercial products. To estimate the market risk of your portfolio, the process established by the Company at the end of the day includes the valuation of all transactions concluded and the calculation of value at risk for all trading positions. Currently, VaR (Value at Risk) calculations are based on a historical approach with a conservative assumption regarding correlation within the portfolio (no compensation for correlated exposures).
P&L and VaR are compared with the Company's risk tolerance, and the appropriate escalation policy has been defined in the event of violation of certain thresholds.
Next year, the Company plans to develop and implement a new VaR model, which will, inter alia, take into account correlations between various products in the portfolio.

24.2 Credit risk

Currently, all Ignitis transactions are concluded on the Polish Power Exchange (TGE) by a brokerage house. In 2019, the Company became a direct member of the Nasdaq OMX exchange. For the purposes of calculating credit risk, the Company believes that the probability of insolvency of clearing houses is 0 and these exposures are not subject to credit risk.

Margin deposits are a basic element of the clearing guarantee system for exchange transactions. They are contributed by market participants and their task is to hedge the risk associated with the need to close the position of an insolvent member. They are calculated daily for transactions concluded on the futures market.

24.3 Interest rate risk

Due to negative EURIBOR interest rates throughout the lifetime of the loan, a 10% change in deviations from the interest rate as at the balance sheet date will not change the cost of the loan throughout the period. The risk of changes in interest rates does not affect the financial result for the financial year 2019. The Management Board does not anticipate such impact in the next financial year.

24.4 Fair value of financial instruments

According to the Management Board's estimates, the values of individual classes of financial instruments disclosed above do not differ significantly from their fair value.
FINANCIAL INSTRUMENTS VALUED AT FAIR VALUE
As at December 31, 2019, the Company held financial instruments at fair value in the statement of financial position. The company applies the following hierarchy for determining and reporting the fair value of financial instruments according to the valuation method:
Level 1 - prices quoted (unadjusted) on an active market for identical assets and liabilities
Level 2 - other methods for which all factors having a significant impact on the reported fair value are taken into account, directly or indirectly
Level 3 - methods based on factors having a significant impact on the reported fair value, which are not based on observable market data
The level of the fair value hierarchy, to which the fair value measurement is classified, is determined based on the lowest level input that is relevant to the entire fair value measurement. For this purpose, the significance of the input data for the valuation is assessed by reference to the entire fair value measurement. If the fair value measurement uses observable input data that requires significant adjustments based on unobservable data, the valuation is a Level 3 valuation. Assessing whether specific input data used for the valuation is significant for the entire fair value measurement requires judgment taking into account factors specific to the asset or liability.

FINANCIAL INSTRUMENTS	31.12.2019		31.12.2018	
	carrying amount	fair value	carrying amount	fair value
According to the amortized cost	-	-	-	-
According to fair value	-	-	-	-
through profit or loss (FVPL)	1 614 911	1 614 911	397 814,95	397 814,95
for other comprehensive income (FVOCI)	-	-	-	-

24.5 Foreign exchange risk

The loan received from the shareholder is denominated in EUR. Some short-term trade payables are expressed in EUR.

Exposure to exchange rate risk on the current and previous balance sheet date:

	31.12.2019		31.12.2018	
	thousand EUR	thousand PLN	thousand EUR	thousand PLN
Loans granted (+)	-	-	-	-
Loans received (-)	1 500	6 388	500	2 150
Total	**1 500**	**6 388**	**500**	**2 150**

The analysis of the sensitivity of the financial result and total income with respect to liabilities denominated in EUR and fluctuations of the EUR to PLN are presented below. Sensitivity analysis assumes an increase or decrease in the exchange rate by 10% compared to the closing rate as at 31 December 2019.

	Year ended 31st December 2019		Year ended 31st December 2018	
Thousands of PLN	The increase in the rate by 10%	The decrease in the rate by 10%	The increase in the rate by 10%	The decrease in the rate by 10%
Loans granted (+)	-	-	-	-
Loans received (-)	639	(639)	144	(273)
Impact on the financial result and total income	**639**	**(639)**	**144**	**(273)**

24.6 Liquidity risk

Responsibility for liquidity risk management lies with the Management Board, who developed financial plans for a period of 12 years, assuming adjustments of cash flow dates to the maturity of financial liabilities and which monitors actual cash flows. The maturity analysis of loan liabilities in accordance with the contractual repayment period is presented in Note 12. The loan repayment date from related parties was set for 2021, with the possibility to extend it by two years.

24.7 The risk of futures contracts

The main risks associated with investing in financial instruments are the risk of unfavorable price changes (decrease in the value of investments) combined with the risk of trade liquidity (no possibility to close the position / finish the investment with / without loss).

25 Events after the balance sheet date

From the balance sheet date to the date of preparation of these financial statements, there were no significant events affecting the property and financial standing of the Company as at the balance sheet date, which should be and have not been included in the financial statements.

26 Data transformed

In this report, the comparative data have been transformed in connection with the adjustment of the presentation of revenues from the sale of energy and the costs of purchasing energy on the Polish Power Exchange S.A .. In the previous year, revenues from the sale of energy and costs of purchasing energy were included in a disjoint pattern. In this report, an adjustment has been made in this respect by transforming the comparative period data and the above is presented in terms of balance.

The note presents the impact of the introduction of IFRS 9 on the Company's statement of comprehensive income for 2018.

26.1 Statement of comprehensive income of the company

Statement of comprehensive income	For the period 01.01.2018 – 31.12.2018 According to IFRS 15	*Transformation*	For the period 01.01.2018 – 31.12.2018 According to IFRS 9
Sales Revenue	**154 481 519,47**	(157 376 723,63)	**(2 895 204,16)**
Sale of electricity	154 481 519,47	(157 376 723,63)	(2 895 204,16)
Other operating income	**4,33**		**4,33**
Revenues from trading in financial instruments	4,33		4,33
Operating expenses	**(159 333 345,67)**	**157 376 723,63**	**(1 956 622,04)**
Depreciation	(38 799,26)		(38 799,26)
Usage of materials and energy	(75 843,13)		(75 843,13)
Foreign Service	(415 233,65)		(415 233,65)
Taxes and fees	(103 251,45)		(103 251,45)
remuneration	(1 078 018,73)		(1 078 018,73)
Social security and other benefits	(147 694,40)		(147 694,40)
Other costs	(94 778,37)		(94 778,37)
The value of sold goods and materials	(157 376 723,63)	157 376 723,63	
Other operating expenses	(3 003,05)		(3 003,05)
Profit (loss) from operations	**(4 851 821,87)**		**(4 851 821,87)**
Net financial income	**346 776,50**		**346 776,50**
Financial income	371 448,60		371 448,60
Financial costs	(24 672,10)		(24 672,10)
profit (loss) Gross	**(4 505 045,37)**		**(4 505 045,37)**
Income tax	(841 818,62)		841 818,62
Net profit (loss) from continuing operations	**(3 663 226,75)**		**(3 663 226,75)**
Other comprehensive income	-		-
Total comprehensive income	**(3 663 226,75)**		**(3 663 226,75)**

27. Information on significant transactions concluded by the Company on other than market terms with related parties

Transactions concluded by the Company on conditions other than market terms with related parties did not occur

28 Remuneration of the entity authorized to audit financial statements, paid or due for the financial year

w złotych

	Year ended December 31, 2019	Year ended December 31, 2018
Audit of the annual financial statements	16 000,00	16 000,00
Total	**16 000,00**	**16 000,00**

29 Information on significant transactions concluded by the Company on terms other than market terms with related parties.

Transactions concluded by the Company on terms other than market terms with related parties did not occur.

30 Employment

As at the balance sheet date, the company employed 9 people. The average annual employment in 2019 was 7.83

31 Events related to previous years disclosed in the financial statements of the financial year

Events related to previous years have not been included in the financial statements for the financial year.

32 Information about the consolidated financial statements

The consolidated financial statements have not been prepared. The report at the highest level is prepared by UAB „Ignitis grupė“.

33 Contingent liabilities

The company has no conditional liabilities.

34 Property security established by the Company

The company has not created property security.

35 Discontinued operations

The company did not discontinue any activity.

36 Investment expenditures

The company's plans for trading electricity for 2020 include joining TGE and increasing involvement on the DAM and RTT markets, presence on the energy market in the Baltic States (Nasdaq OMX and OTC), and receiving energy from renewable energy sources acquired as part of the planned investments of the Ignitis group. In addition, the Company plans to start selling electricity to an end customer and natural gas gardens.

In order to implement the strategy, the Company intends to increase employment, invest in the construction of applications and tools supporting operational activities.

37 Effective tax rate

The income tax adjustment on the gross financial result is subject to taxation at the tax rate with income tax calculated in accordance with the effective tax rate:	for 12 months ended	
	31.12.2019	31.12.2018
Tax burden in the profit and loss account, including:	(411 456)	841 818,62
Deferred tax		
Gross loss before tax	1 817 855,32	(4 505 045,37)
tax burden on the gross result at the tax rate of 19%	345 392,51	(855 958,62)
Costs not constituting tax costs	61 677,63	9 087,40
permanent differences	61 677,63	9 087,40
Revenues that are not taxable	0,00	50,00
other	0,00	50,00

38 Information on the requirements of art. 44 of the Energy Law

In accordance with the requirements of art. 44 section 1 of the Energy Law, the Company is required to disclose in the notes the relevant balance sheet items and the profit and loss account separately for individual types of business operations in the field of transmission or distribution of electricity.
The company in both years disclosed in the financial statements (2018 and 2019) did not carry out activities related to the transmission and distribution of electricity. However, the entire activity of the Company was related to energy trading on the Polish Power Exchange. Accordingly, all data disclosed in the financial statements, including those contained in the statement of financial position and in the statement of comprehensive income in 2018 and 2019 relate to energy trading, not transmission and distribution.