

# 2020

## TUULEENERGIA 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 THE  
INDEPENDENT AUDITOR'S REPORT

**[www.ignitisgrupe.lt](http://www.ignitisgrupe.lt)**

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*The financial statements were approved on 26 February 2021 by Tuuleenergia OÜ Member of Management Board and Chief Financial Officer*

  
\_\_\_\_\_  
**Aleksandr Spiridonov**  
Member of the Management Board  
of Tuuleenergia OÜ

  
\_\_\_\_\_  
**Laurynas Jocy**  
Chief Financial Officer  
Of Tuuleenergia OÜ

## MANAGEMENT REPORT

All amounts are presented in EUR thousand unless otherwise stated

Tuuleenergia OÜ (hereinafter The Company) operates a windfarm of 6 wind turbines with an overall capacity of 18 MW (3 MW \* 6 wind turbines), situated in 2 sites - Mäli and Tamba, Estonia. 100 percent of Company's shares are owned by AB Ignitis Grupė.

### Description of the Company's activities

In 2020 63.7 GWh of electricity was produced with a capacity factor of 40.48 % (55.1 GWh of electricity produced in 2019).

The Company has seasonal activity with winter being the high season of producing and selling electricity. The Company's financial performance could be impacted by energy price fluctuations as electricity is sold in the NordPool Spot power exchange.

The Company has no plans for additional investments in the coming financial year.

### Description of key risks and uncertainties faced by the Company

#### Financial risks

In performing its activities, the Company is exposed to credit risk, liquidity risk, interest rate risk, foreign exchange risk. By managing these risks, the Company seeks to mitigate the effects of factors that might have an adverse effect on the Company's financial performance.

#### Credit risk

The Company diversifies its free liquid funds held at banks and enters into transactions only with those financial institutions that have assigned to themselves or have been assigned by their controlling banks a long-term credit rating of not lower than 'A-' according to the rating agency Fitch Ratings or equivalent rating of other rating agencies.

The Company has trade receivables from two parties which are involved in electricity sales process. The credit worthiness of which has been assessed by the Management. Assessment did not identify any significant risks that would indicate that credit losses should be recognized in the financial statements as of 31 December 2020.

#### Liquidity risk

The Company has a long term loan from ultimate parent AB „Ignitis grupė“. The Movement of the mentioned loan for year 2020 was following loan agreement and budget. Since the only financing instrument is a long term loan there is no liquidity risk applicable as of 31 December 2020.

#### Interest rate risk

As of the end of year 2020 for the AB "Ignitis grupė" long term loan there is a fixed interest rate applied, therefore the risk related to possible interest rate deviation is considered as mitigated.

#### Foreign exchange risk

Purchase/sale contracts of the Company are denominated mostly in the euro, rarely in some other currencies. As a result, changes in exchange rates of foreign currencies do not have a significant impact on the Company's equity.

The table below provides main financial ratios of the Company.

Financial indicators	2020	2019
Total revenue	3 837	4 181
EBITDA*	3 245	3 675
Operating profit (Loss)	1 914	2 345
Net profit (Loss)	928	1 455
EBITDA margin (%)	84.6%	87.9%
Operating profit margin(%)	49.9%	56.1%
Net profit margin(%)	24.2%	34.8%
Current ratio	5.58	4.63
Debt ratio	0.92	0.90
ROE (%)	45.2%	51.9%
ROA (%)	3.48%	5.2%

Operating profit margin (%) = Operating profit / Sales revenue x 100%

EBITDA margin (%) = EBITDA / Sales revenue x 100%

Net profit margin (%) = Net profit / Sales revenue x 100%

Current ratio = Current assets / Current liabilities

Debt ratio = Total liabilities / Total assets

ROE (%) = Net profit / Equity x 100%

ROA (%) = Net profit / Total assets x 100%

\*Earnings before tax + interest expenses - interest income + depreciation and amortisation + impairment of non-current and current assets

## MANAGEMENT REPORT

All amounts are presented in EUR thousand unless otherwise stated

### Environmental and personnel rated topics

The Company had 1 employee under employment contract during the reporting period, therefore average remuneration related expenses for full time equivalent are not disclosed.

The Company has no plans for expenditures for research and development in the coming financial year.

### References to or additional explanations of data reported in the annual financial statements

All financial data presented in this annual report is consistent with the Company's audited financial statements.

Information on own shares held or acquired by the Company, the number of own shares acquired or disposed of during the reporting period, their nominal value and percentage of issued capital they represent, and information on payment for own shares, provided they are acquired or disposed of in return for a consideration.

At the beginning of the reporting period, the Company had no own shares, nor acquired any during the reporting period.

### Information on the Company's branches and representative offices

The Company does not have any branches or representative offices.

### Significant events after the end of the reporting period

All material events that have occurred during the reporting period have been recorded in the financial statements.

The coronavirus (Covid-19) began at the beginning of 2020 spreading worldwide, affecting companies and national economies, including the Baltic countries. Tuuleenergia OÜ has assessed the outbreak of the virus in the Company's operations and financial statements and finds that this event does not currently affect the Company's operations or financial results. The Company has a long-term fixed-price contract with an Estonian state-owned company operating electricity transmission networks. The electricity produced by the Company is traded on the NordPool power exchange, which is one of the largest exchanges of its kind in Europe, therefore the company sees no impact to sales volumes. In addition, the Ignitis Group has set up a covid-19 steering committee, which helps to respond quickly and effectively to changing circumstances.

### Information about the other current management positions of the Company Board members and the most important information about their main place of work

Name and surname	Ignitis group positions	Other positions
Aleksandr Spiridonov	<p>Main employer – UAB „Ignitis renewables“ (e. c.: 304988904, address: P. Luksio str. 5B, LT-08221 Vilnius, Lithuania) CEO.</p> <p>Other managerial positions:</p> <p>Pomerania Wind Farm sp. z o.o. (KRS: 0000450928, address: 82/368 Grunwaldzka Street, 80-244 Gdańsk, Poland) member of the management Board.</p> <p>„Tuuleenergia“ OU (e.c.: 10470014, address: Keskus, Heimküla küla, Varbla vald, Pärnumaa, 88208, Estonia) Board member.</p>	<p>Lithuanian Wind Power Association (e. c. address: M.K. Ciurlionio str. 4, LT-03104, Vilnius, Lithuania) member of the Council.</p>

**STATEMENT OF FINANCIAL POSITION**

All amounts are presented in EUR thousand unless otherwise stated

	Notes	31/12/2020	31/12/2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	22 213	23 897
<b>Right-of-use assets</b>	6	356	375
<b>Total non-current assets</b>		<u>22 569</u>	<u>24 272</u>
<b>Current assets</b>			
Prepayments	7.1	282	163
Receivables from contracts with customers	7	294	612
Cash	8	3 539	2 831
<b>Total current assets</b>		<u>4 115</u>	<u>3 606</u>
<b>TOTAL ASSETS</b>		<u>26 684</u>	<u>27 878</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	9	499	499
Share premium	9	576	576
Legal reserve		50	50
Retained earnings		928	1 680
<b>Total equity</b>		<u>2 053</u>	<u>2 805</u>
<b>Non-current liabilities</b>			
Borrowings	10	19 119	19 119
Lease liabilities	11	352	366
Grants and subsidies	12	4 422	4 796
<b>Total non-current liabilities</b>		<u>23 893</u>	<u>24 281</u>
<b>Current liabilities</b>			
Lease liabilities	13	15	14
Trade payables	13	350	405
Grants and subsidies	12	373	373
<b>Total current liabilities</b>		<u>738</u>	<u>792</u>
<b>Total liabilities</b>		<u>24 631</u>	<u>25 073</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>26 684</u>	<u>27 878</u>

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

## STATEMENT OF COMPREHENSIVE INCOME

All amounts are presented in EUR thousand unless otherwise stated

	Notes	31/12/2020	31/12/2019
<b>Revenue</b>			
Revenue from contracts with customers	14	3 837	4 181
<b>Total revenue</b>		<u>3 837</u>	<u>4 181</u>
<b>Operating expenses</b>			
Electricity production balancing services	15	(101)	(102)
Depreciation and amortisation	5,12	(1 330)	(1 330)
Wages, salaries and related expenses		(7)	(5)
Other expenses	16	(485)	(399)
<b>Total operating expenses</b>		<u>(1 923)</u>	<u>(1 836)</u>
<b>OPERATING PROFIT</b>		<b>1 914</b>	<b>2 345</b>
Financial (expenses)	17	(592)	(665)
<b>PROFIT BEFORE TAX</b>		<b>1 322</b>	<b>1 680</b>
Income tax and deferred income tax expenses		(394)	(225)
<b>NET PROFIT FOR THE PERIOD</b>		<u>928</u>	<u>1 455</u>
Other comprehensive income (loss) that will not be reclassified to profit (loss)		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u>928</u>	<u>1 455</u>

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

## STATEMENT OF CHANGES IN EQUITY

All amounts are presented in EUR thousand unless otherwise stated

	Share capital	Share premium	Legal reserve	Retained earnings	Total equity
<b>Balance as at 1 January 2019</b>	499	576	35	1 139	2 249
Net profit for the reporting period	-	-	-	1 455	1 455
<b>Total comprehensive income for the period</b>	-	-	-	1 455	1 455
Legal reserve	-	-	15	(15)	-
Dividends	-	-	-	(899)	(899)
<b>Balance as at 31 December 2019</b>	499	576	50	1 680	2 805
<b>Balance as at 1 January 2020</b>	499	576	50	1 680	2 805
Net profit for the reporting period	-	-	-	928	928
<b>Total comprehensive income for the period</b>	-	-	-	928	928
Legal reserve	-	-	-	-	-
Dividends	-	-	-	(1 680)	(1 680)
<b>Balance as at 31 December 2020</b>	499	576	50	928	2 053

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

## STATEMENT OF CASH FLOWS

All amounts are presented in EUR thousand unless otherwise stated

	Notes	31/12/2020	31/12/2019
Profit before tax		1 322	1 680
<b>Reversal of non-cash expenses (income) and other adjustments:</b>			
Depreciation and amortisation expenses	5	1 703	1 702
Depreciation of grants	12	(373)	(373)
Elimination of results of financing and investing activities:			
- Interest expenses	17	593	665
<b>Changes in working capital</b>			
(Increase) decrease in trade receivables and other receivables		199	(192)
Increase (decrease) in payables and contract liabilities		(52)	70
Income tax paid		(394)	(225)
<b>Net cash flows from (to) operating activities</b>		<b>2 998</b>	<b>3 327</b>
<b>Cash flows from (to) financing activities</b>			
Repaid borrowings	10	-	(1 627)
Lease payments		(26)	(26)
Interest (paid)		(584)	(720)
Dividends (paid)		(1 680)	(899)
<b>Net cash flows from (to) financing activities</b>		<b>(2 290)</b>	<b>(3 272)</b>
<b>Net increase (decrease) in cash</b>		<b>708</b>	<b>55</b>
Cash at the beginning of the period	8	2 831	2 776
Cash at the end of the period	8	<b>3 539</b>	<b>2 831</b>

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



## NOTES TO THE FINANCIAL INFORMATION

All amounts are presented in EUR thousand unless otherwise stated

### 1 General information

Tuuleenergia OÜ (hereinafter: the Company) is a private limited liability company registered 24 September 1998 in the Republic of Estonia. The company has been established for an indefinite period. The legal address of the Company is Keskus, Helmküla küla, Varbla vald, Pärnu maakond, 88208, Estonia. The sole owner of the Company is AB Ignitis Grupė, Lithuanian state-owned energy group.

The company's main activity is the operation of 6 wind power plants in Mäli and Tamba wind farms, Varbla parish, western Estonia.

### 2 Accounting policies

#### 2.1 Basis of preparation of the annual financial information

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the Estonian regulatory legislation on accounting and financial reporting.

The financial statements have been prepared on a historical cost basis.

#### Adoption of new and (or) amended IFRS and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

The following new or revised standards and interpretations became effective from 1 January 2020:

- **IFRS 3: Business Combinations (Amendments)**

The IASB issued amendments in to the definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. These Amendments have not yet been endorsed by the EU. Management has assessed that these changes will not significantly affect company's financial statements

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

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

- **COVID-19-Related Rent Concessions (Amendments to IFRS 16)**

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

- (a) 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;
- (b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

Management has assessed that these changes will not significantly affect company's financial statements

The remaining new or amended standards or interpretations that became effective for the first time on 1 January 2020 are not expected to have a material impact on the Company:

- **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.

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

The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the

## NOTES TO THE FINANCIAL INFORMATION

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basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. Management has assessed that these changes will not significantly affect company's financial statements

The IASB has issued a series of amendments entitled "Annual Improvements to IFRSs 2018-2020". Management has estimated that the change in this standard will not have an impact on the company's financial statements:

- **FRS 1 First-time Adoption of International Financial Reporting Standards**

This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts IFRS Standards later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS Standards.

- **IFRS 9 Financial Instruments**

This amendment clarifies that – for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- **IFRS 16 Leases**

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.

- **IAS 41 Agriculture**

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.

### Standards issued but not yet effective and not early adopted

- **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. The amendments have not yet been endorsed by the EU. Management has assessed that this changes will not significantly affect company's financial statements

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These Amendments have not yet been endorsed by the EU. Management has assessed that this changes will not significantly affect company's financial statements

### 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)**

The 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)**

The 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.

- **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)**

The 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 changes will not significantly affect company's financial statements

- **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

## NOTES TO THE FINANCIAL INFORMATION

All amounts are presented in EUR thousand unless otherwise stated

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 changes will not significantly affect company's financial statements

### 2.2 Property, plant and equipment

Property, plant and equipment are such items of assets, which are under the Company's ownership and control; which are reasonably expected to bring economic benefits in future periods; which are going to be used longer than one year; the acquisition cost of which can be reliably measured.

Property, plant and equipment is recorded at acquisition (production) cost less accumulated depreciation and impairment losses, if any. Depreciation of property, plant and equipment is calculated on a straight-line basis over the entire useful life established for property, plant and equipment.

Land is not depreciated.

The Company recognizes lease agreements related to building rights on plots of land based on wind farms for the next 20 years as lease assets. Lease payments that were previously recognized as operating expenses in operating expenses are now recognized in operating expenses as depreciation expense. Assets arising from the right of use are depreciated on a straight-line basis over their useful lives.

The following useful lives are applied to different categories of property, plant and equipment:

Category of property, plant and equipment	Average useful life (in years)
Wind turbines	20 years
Wind farm infrastructure	10-20 years
Other property, plant and equipment	2-3 years

The expected useful lives of items of property, plant and equipment are reviewed annually when subsequent expenditures are recognised and in the case of significant changes in development plans. When the estimated useful life of an asset differs significantly from the previous estimate, it is treated as a change in the accounting estimate and the remaining useful life of the asset is changed, as a result of which the depreciation charge of the following periods also changes.

Gains and losses on disposals of property, plant and equipment are included in profit or loss of the year in which the assets were disposed.

Starting from 2021 the following useful lives are applied to different categories of property, plant and equipment:

Category of property, plant and equipment	Average useful life (in years)
Wind turbines	30 years
Wind farm infrastructure	10-20 years
Other property, plant and equipment	2-3 years

Comparison of depreciation after change in useful life:

Average useful life (in years)	Depreciation expense
20 years	1 288
30 years	841
Difference	447

### 2.3 Financial assets

Company classification of financial assets is as follows:

- Financial assets are classified and measured at fair value (through comprehensive income or through other comprehensive income);
- Financial liabilities are measured at amortised cost.

Classification is based on the entity's business model for managing the asset and the asset's contractual cash flow characteristics.

*Recognition and derecognition*

Purchases and sales of financial assets under normal market conditions are recognised at the trade date, i.e. when the entity assumes the obligation to purchase or sell the asset. Financial assets are derecognised when the rights to the cash flows resulting from the transfer end, and when the enterprise transfers substantially all the risks and rewards.

*Measurement*

## NOTES TO THE FINANCIAL INFORMATION

All amounts are presented in EUR thousand unless otherwise stated

Financial assets are recognised at first at fair value plus transaction costs that are directly related to the acquisition of a financial asset, except in the case of financial assets that are measured at fair value through changes in equity statement. Transaction fees of financial assets at fair value are recognised as an expense in the comprehensive income statement.

### *Debt instruments*

The future recognition of debt instruments depends on the Company's business model for managing financial assets and the contractual cash flows of financial assets. All debt instruments of the Company are classified under the amortised cost measurement category.

Assets held for the collection of contractual cash flows and the cash flows of which are only interest calculated on the principal and the unpaid part are recorded at amortised cost. Interest income on these assets is recognised as financial income using the effective interest rate method.

The effective interest rate method is used to calculate the carrying value of financial assets and to allocate interest income in the corresponding period. The effective interest rate discounts the expected future cash flow through of the financial asset's expected life (or a shorter period of time).

Upon derecognition, the resulting gain or loss is recognised in other income/expense. Foreign exchange gains and losses and credit loss are recognised in the income statement on separate lines.

### *Equity instruments*

The Company does not have investments in equity instruments.

### *Impairment*

The Company assesses the expected credit losses of the debt instruments at amortised cost and at fair value in the comprehensive income statement on the basis of future information. The applicable impairment methodology depends on the significant increase in credit risk.

Measurement of expected credit losses takes into account: (i) an impartial and probability weighted amount, which is determined by estimating a number of possible different results, (ii) The time value of the money and (iii) at the end of the reporting period without excessive costs or effortlessly available reasonable and substantiated information on past events, current conditions and forecasts of future economic conditions.

For trade receivables and contractual assets where there is no qualifying financing component, the Company applies a simplified approach permitted by IFRS 9 and takes into account the impairment of receivables at the initial recognition. The Company uses a discount matrix, where the discount is calculated according to the requirements of different aging periods.

## 2.4 Cash

Cash is recognized in the statement of financial and cash flow statement in cash, current account balances (excluding overdrafts) and deposits of up to 3 months. In the cash flow statement, cash consists of bank account deposits.

## 2.5 Financial liabilities

Financial Liabilities are initially recognised at cost, which is the fair value of the consideration received for the financial liability. Thereafter, financial liabilities are measured at their amortised cost using the effective interest rate. Transaction Costs are taken into account when calculating the effective interest rate and are expensed over the lifetime of the financial commitment. Interest expenses on financial Liabilities are recognised on an accruals basis as a period expense, except for credit costs related to the financing of the property, plant and equipment under construction. The recognition of a financial Liability is terminated when the obligation has been paid, cancelled or expired.

An obligation is classified as short-term if the due date is less than 12 months after the balance sheet date or if the company does not have an unconditional right to postpone the payment of the obligation more than 12 months after the balance sheet date. Loan liabilities with a repayment term of 12 months after the balance sheet date but which are refinanced as long-term after the balance sheet date but before the approval of the annual report are recognised as short-term. The loan liabilities that the lender was entitled to recall at the balance sheet date as a result of a breach of the conditions set out in the loan agreements are also recognised.

## 2.6 Taxation

Under 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 accounted for as a liability and expense in the period in which dividends are declared, regardless of the actual payment date or the period for which the dividends are paid. The income tax liability is due on the 10th day of the month following the payment of dividends.

Starting from 2019, it is possible to apply a tax rate of 14/86 to dividend distributions. This more favourable tax rate can be used for dividend payments extending to the average dividend payment of up to three previous financial years, taxed at 20/80. For the purposes of calculating the average dividend payment for the preceding three financial years, considering 2018 as the first year.

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

## NOTES TO THE FINANCIAL INFORMATION

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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.

Tax authorities have the right to check the company's tax records for up to 5 years after the filing date of the tax declaration and upon finding errors, impose additional taxes, interest and fines. The company's management estimates that there are no circumstances which would lead the tax authority to impose significant additional taxes on the company.

## 2.7 Revenue recognition

### *Sales revenue from customer contracts*

Revenue is the income generated by the company's normal business activities. Revenue is recorded in the transaction price. The transaction price is the total fee that a company is entitled to receive for the transfer of promised goods or services to a customer, less any amounts collected on behalf of third parties. The company recognises the revenue when control of the goods or services is transferred to the customer.

### *Sale of services - electricity*

The company provides electricity sales services under contracts at fixed and variable prices. Revenue from the provision of services is recognised during the period when services are provided. For fixed-price contracts, revenue is recognised according to the services actually rendered at the end of the reporting period, as the customer benefits from the service at the same time as it is provided. Revenue is calculated on the basis of actual units delivered.

If there is a variable fee in the contract, it will be recognised as revenue only if it is very likely that it will not be cancelled at a later date.

## 2.8 Leases

Leases are recognized in accordance with IFRS 16.

On initial recognition, an enterprise has recognized the asset that is the subject of the right of use for leases that were previously classified as operating leases in accordance with IAS 17. Upon application of the standard as of 1 January 2019, lease payments were discounted using the incremental borrowing interest rate of 3.05%.

In first-time adoption of IFRS 16, the Company has used the following simplifications permitted by the standard:

- the use of a single discount rate for leases with similar characteristics;
- Recognition as a short-term lease if the remaining lease period on 1 January 2019 is less than 12 months;
- the exclusion of the initial direct costs of measuring the right - of - use assets at the date of initial application; and
- Ex-post consideration when determining the lease term, if the contract includes options to extend or terminate the lease.

The Company recognizes lease agreements related to building rights on plots of land based on wind farms for the next 20 years as lease assets. Lease payments that were previously recognized as rental expenses in operating expenses are now recognized in operating expenses as depreciation and in finance expenses as interest expense. The lease liability is measured periodically on the basis of lease payments. Assets arising from the right of use are depreciated on a straight-line basis, while liabilities arising from leases are settled at the effective interest rate.

## 2.9 Offsetting

For the purpose of the financial statements, assets and liabilities, income and expenses are not offset, unless such offsetting is required by IFRS.

## 2.10 Government grants and subsidies

### *Government grants for assets*

Grants received for the acquisition of property, plant and equipment in accordance with paragraphs 24, 26-27 of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance are recognized as grants.

Assets acquired through government grants are recorded in the balance sheet at their acquisition cost and the amount received to finance the acquisition of assets is recognized in the balance sheet as a liability. In the statement of comprehensive income, the depreciation expense of the fixed assets related to the grant is reduced by the depreciation of the government grant.

## 2.11 Contingent liabilities and assets

Contingent liabilities are not recognised in the financial statements. They are disclosed in the financial statements, save for the cases when probability of resources generating economic benefits will be lost is very low.

A contingent asset is not recognised in the financial statements but disclosed when an inflow of income or economic benefits is probable.

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### 2.12 Related parties

Related parties are defined as shareholders, Board members, their close family members 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 such relationship empowers one of the parties to exercise control or significant influence over the other party in making financial and operating decisions.

### 2.13 Share capital and statutory reserve capital

The Commercial Code requires the Parent Company to set up statutory reserve capital from annual net profit allocations, the minimum amount of which is 1/10 of share capital. The amount of allocation to annual statutory reserve capital is 1/20 of the net profit of the financial year until the reserve reaches the limit set for reserve capital. Reserve capital may be used to cover a loss that cannot be covered from distributable equity, or to increase share capital.

### 2.14 Fair value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three levels in the fair value hierarchy:

Level 1: fair value of assets is based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair value of assets is based on other observable market data, directly or indirectly.

Level 3: fair value of assets is based on non-observable market data.

### 2.15 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 INFORMATION

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### 3 Financial assets and financial liabilities risk management

As at 31 December 2020 and 2019, the Company's financial assets comprised trade and other receivables, cash and financial liabilities included trade payables for acquired renewable energy and services related to the renewable energy supply and for other goods and services, and other current amounts payable and liabilities.

The table below provides division of Company's financial instruments.

Financial assets			
	Note	At 31 December 2020	At 31 December 2019
Trade and other receivables	7	294	612
Cash	8	3 539	2 831
<b>Total</b>		<b>3 833</b>	<b>3 443</b>

  

Financial liabilities			
	Note	At 31 December 2020	At 31 December 2019
Trade and tax payables	13	350	405
Borrowings	10,20	19 119	19 119
Leases	11.13	366	380
<b>Total</b>		<b>19 835</b>	<b>19 904</b>

#### Credit risk

Credit risk arises from the deposit of money in banks and other credit institutions on the one hand, as well as the possibility that clients will not be able to meet the agreed payment obligations to the company arising from their claims.

The Company's accounts receivable exposed to credit risk as of balance days were as follows:

Analysis of accounts receivable			
	Note	At 31 December 2020	At 31 December 2019
Accounts receivable from related parties	20	1	1
Accounts receivable from existing customers (over 12 month relationship) that are not overdue		287	308
Accounts receivable from Elering AS that are not overdue		6	302
<b>Total</b>		<b>294</b>	<b>611</b>

In 2020 and 2019 the Company did not write off any receivables.

Company has only one key client which historically pays within agreed periods. No delays have been detected so far.

The credit risk on the money in the bank account is limited as the Company conducts transactions with internationally highly rated banks. The company kept money in bank current accounts with a rating no lower than "AA-" according to Fitch's rating.

Bank			
	Fitch	At 31 December 2020	At 31 December 2019
AS SEB Bank	AA-	3 268	2 560
Luminor Bank AS	AA-	271	271
<b>Total</b>		<b>3 539</b>	<b>2 831</b>

As of 31.12.2020, the Company has one key customer who has always paid at the agreed time. In the management's opinion, this will not change.

The maximum amount exposed to the credit risk as at the balance sheet date was at follows:

	Note	At 31 December 2020	At 31 December 2019
Trade receivables	7	294	612
Cash at banks	8	3 539	2 831
<b>Total</b>		<b>3 833</b>	<b>3 443</b>

For the measurement of the expected credit loss, the trade receivables are grouped according to the common characteristics of the credit risk and the period of expiry. The Expected credit loss rates are based on the last 12 months to 31 December, December 2020 or under 1 January 2020 the payment discipline and the historical credit losses that occurred during the respective periods. Historical losses have been adjusted to reflect current and future information regarding macroeconomic factors and the ability of purchasers to pay claims. The Company has assessed that GDP and unemployment rates in countries where the sale of its goods and services take place are the most appropriate indicators and adjusts according to historical loss rates, based on the expected change in these indicators.

Impairment losses on the basis of the principles described above were irrelevant as of 31 December 2020 and 2019.

Although cash and cash equivalents are also part of the expected credit loss model of IFRS 9, the decline in the observed value was negligible as of 31 December 2020 and 2019.

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### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk arises from floating rate debt and involves the risk that financial expenses will increase as interest rates rise.

All of the Company's financial liabilities are carried at a fixed interest rate and do not expose the Company to cash flow interest rate risk, although they may affect the fair value of debt liabilities.

Loan is provided from the Parent Company, therefore Tuuleenergia OÜ does not expect any risks related changes of Loan fair value, interest rates, FX rates, or other market conditions.

### Liquidity risk

Liquidity risk refers to the inability of the company to perform its liabilities in a specified period. Liquidity risk is managed by management, forming an adequate cash reserve.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on undiscounted contractual payments.

	Note	Less than 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 year	Total
Interest-bearing related party borrowings	10	-	-	19 119	-	19 119
Interest from related party borrowings	10	144	439	2 917	312	3 812
Trade and other payables	13	350	-	-	-	350
Short-term leases	13	-	15	-	-	15
Land leases	11	-	-	351	-	351
<b>Balance as at 31 December 2020</b>		<b>494</b>	<b>454</b>	<b>22 387</b>	<b>312</b>	<b>23 647</b>

	Note	Less than 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 year	Total
Interest-bearing related party borrowings	10	-	-	19 119	-	19 119
Interest from related party borrowings	10	145	439	2 917	895	4 396
Trade and other payables	13	405	-	-	-	405
Short-term leases	13	-	14	-	-	14
Land leases	11	-	-	366	-	366
<b>Balance as at 31 December 2019</b>		<b>550</b>	<b>453</b>	<b>22 402</b>	<b>895</b>	<b>24 300</b>

### Foreign currency risk

The activities of the Company are aimed at the market of the Republic of Estonia and all transactions are denominated in EUR. Thus, no significant foreign currency risk exists.

### Fair value of financial assets and financial liabilities

The Company's are measured at fair value. All other financial assets and liabilities are recognised initially at cost and subsequently measured at amortised cost, less impairment loss.

The value of the company's financial assets and liabilities coincided with their fair value as of 31 December 2020 and 2019. As the loan received from the parent company was taken on 04.12.2017, there will be no changes in such a short time, the loan has a fixed interest rate.

### Landowners and leases

The Company has a number of land leases with landowners providing rights to erect wind turbines, cable lines and other necessary infrastructure on the property of such landowners. The duration of land leases concluded with private and juridical persons is 33 years. According to the land lease agreements the Company has a priority right to extend the agreements for 33 years after the land lease duration. If the utilisation period was to exceed the contracted duration of the land lease, there can be a risk that the Company would be unable to continue to operate in the leased location as the land lease would expire unless a new agreement on extension will be concluded with the landowner. Please also refer to Note 5.

Operating leases are disclosed in accordance with the rules of IFRS 16, which is dealt with in Section 2.8 (2.8. "Leases").

### Price risk of commodities

Volatility of electricity market price is relevant, however company knows and accepts this risk without applying any specific financial instruments.

### Capital risk management

For the purpose of capital risk management, the management uses equity as reported in the statement of financial position.



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Pursuant to the Estonian applicable laws, the issued capital of a private limited liability company must be not less than 2.5 thousand Euros, and the shareholders' equity must be not lower than 50% of the company's issued capital. As at 31 December of 2019 and 2020, The Company complied with these requirements.

When managing the capital risk in a long run, the Company seeks to maintain an optimal capital structure to ensure a consistent implementation of capital cost and risk minimization objectives. The Company forms its capital structure in view of internal factors relating to operating activities, the expected capital expenditures and developments and in view of business strategy of the group companies, as well as based on external current or expected factors significant to operations relating to markets, regulation and local economic situation.

On 15 December 2020 the Board of the parent company AB Ignitis Group approved the updated dividend policy of companies owned by Ignitis Group. The provisions of the policy shall be followed when making decisions regarding the allocation of dividends by the subsidiaries. According to the updated Dividend Policy of Owned Companies, a subsidiary owned by the AB Ignitis Group shall allocate dividends for the financial year or a period shorter than the financial year using at least 80 per cent of the net profit of the subsidiary received during the financial period for which the dividends are offered. Exclusions for paying dividends by subsidiaries may apply if certain conditions are met.

## 4 Significant accounting estimates and judgements

The reports have been prepared using a number of accounting estimates and assumptions that affect the assets and liabilities recognised in the report and the financial statements of off-balance sheet assets and contingent liabilities. Although these estimates have been made according to management's best knowledge, they may not coincide with a subsequent actual result. Changes in management's estimates are recognised in the income statement of the change period.

### *Assessment of useful lives of Property, plant and equipment*

The useful life of a tangible asset is determined on the basis of management's assessment of the effective period of use of the property. As at 31 December 2020 the net book value of property, plant and equipment owned by company was 22 569 thousand euros (as at 31 December 2019 : 24 272 thousand). Depreciation accumulated during 2020 was 1 684 thousand euros (during 2019 : 1 684 thousand euros).(Note 5). If depreciation rates would change 10%, annual depreciation expense changes 168 thousand euros (2019 168 thousand euros).

The maturity of land leases recognized in accordance with IFRS 16 is in 2039. Under the lease agreements the company has the right to erect wind turbines, cable lines and other objects necessary for the infrastructure. According to the lease agreements, the Company has the priority right to extend the land lease agreements for another 33 years upon their expiration. Liabilities arising from leases are amortized at an internal rate of 3.05% per annum based on management's estimates.

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### 5 Property, plant and equipment

As at 31 December 2020 and 2019, the movement of the Company's property, plant and equipment was as follows:

	Land	Buildings	Other tangible fixed assets	Total
<b>Balance as at 1 January 2019</b>	100	25 482	-	25 582
Depreciation	-	(1 684)	-	(1 684)
<b>Balance as at 31 December 2019</b>	<b>100</b>	<b>23 798</b>	-	<b>23 898</b>
<b>As at 31 December 2019</b>				
Acquisition cost	100	32 733	11	32 844
Accumulated depreciation	-	(8 936)	(11)	(8 947)
<b>Balance as at 31 December 2019</b>	<b>100</b>	<b>23 797</b>	-	<b>23 897</b>
<b>Period ended on 31 December 2020</b>				
<b>Balance as at 1 January 2020</b>	100	23 797	-	23 797
Depreciation	-	(1 684)	-	(1 684)
<b>Balance as at 31 December 2020</b>	<b>100</b>	<b>22 113</b>	-	<b>22 113</b>
<b>As at 31 December 2020</b>				
Acquisition cost	100	32 733	11	32 844
Accumulated depreciation	-	(10 620)	(11)	(10 631)
<b>Balance as at 31 December 2020</b>	<b>100</b>	<b>22 113</b>	-	<b>22 213</b>

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### 6 Right-of-use assets

As at 31 December 2020, movement of the Company's right-of-use assets was as follows:

	Land	Total
<b>Period ended on 31 December 2019</b>		
Balance as at the beginning of the period	-	-
Impact of application of IFRS 16 – recognition of right-of-use assets	394	394
Depreciation	(19)	(19)
<b>Balance as at 31 December 2019</b>	<b>375</b>	<b>375</b>
<b>As at 31 December 2020</b>		
Acquisition cost	394	394
Accumulated depreciation	(19)	(19)
<b>Balance as at 31 December 2019</b>	<b>375</b>	<b>375</b>
<b>Period ended on 31 December 2020</b>		
Balance as at the beginning of the period	375	375
Depreciation	(19)	(19)
<b>Balance as at 31 December 2020</b>	<b>356</b>	<b>356</b>
<b>As at 31 December 2020</b>		
Acquisition cost	394	394
Accumulated depreciation	(38)	(38)
<b>Balance as at 31 December 2020</b>	<b>356</b>	<b>356</b>

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### 7 Trade and other receivables

	Note	At 31 December 2020	At 31 December 2019
Trade receivables		294	612
<b>Total</b>	<b>3</b>	<b>294</b>	<b>612</b>

Trade receivables are non-interest bearing and are generally with terms up to 30 days.

The ageing analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	30-60 days
At 31 December 2020	294	294	-
At 31 December 2019	612	612	-

### 7.1 Prepayments

	At 31 December 2020	At 31 December 2019
Prepayments for services	282	163
<b>Total</b>	<b>282</b>	<b>163</b>

Trade receivables and other current receivables are carried at amortized cost in the ordinary course of business or consist of prepayments to wind farm operators and wind farm insurance and accrued expenses, tax prepayments or prepayments to employees and suppliers.

### 8 Cash

	Note	At 31 December 2020	At 31 December 2019
Cash at bank		3 539	2 831
<b>Total</b>	<b>3</b>	<b>3 539</b>	<b>2 831</b>

### 9 Share capital

	At 31 December 2020	At 31 December 2019
Share capital	499	499
Share premium	576	576
Legal reserve	50	50
<b>Total</b>	<b>1 125</b>	<b>1 125</b>

As at 31 December 2020, the retained earnings of the Company were EUR 928 thousand, compared EUR 1 680 thousand as at 31 December 2019. Share capital consists 50 thousand Euros legal reserves. Legal reserve was formed from annual net profit transfers entered in the legal reserve pursuant to law or the articles of association.

Shareholders	At 31 December 2020	At 31 December 2019
AB Ignitis Grupė	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

As at 31 December 2020, the share capital of the Company was 499 thousand Euros and consisted of one share with a nominal value of 499 thousand euros. The share capital has been paid in full. As more was paid for the share capital than the nominal value of the shares, a premium arose in the amount of 576 thousand euros. Compared to 2019, there are no changes.

### 10 Borrowings

The Company's borrowings by maturities were as follows:

	Note	At 31 December 2020	At 31 December 2019
<b>Non-current borrowings</b>			
Long-term bank loan received from Parent Company, to be repaid by 14 July 2027	3,20	19 119	19 119
<b>Total non-current borrowings</b>		<b>19 119</b>	<b>19 119</b>

Long-term loan from the Parent Company has a fixed interest rate of 3.05%.

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Reconciliation of borrowings balance and cash flows from financing activities of 2020 and 2019:

	Borrowings	Total
As at 1 January 2019	20 746	20 746
Loans repaid	(1 627)	(1 627)
As at 31 December 2019	19 119	19 119
As at 1 January 2020		
Loans repaid	-	-
Total borrowings as at 31 December 2020	-	-

Long-term loan as of 31 December 2020	Loan balance as of 31 December 2020	Interest rate	Base currency	Last repayment
AB "Ignitis Grupe"	19 119	3.05% fixed	EUR	14.07.2027
Total	19 119			

Interest rate risk is hedged by fixing the interest rate.

## 11 Other long term liabilities

Other long term liabilities	Note	At 31 December 2020	At 31 December 2019
Lease liabilities	3	351	366
Total		351	366

## 12 Grants and subsidies

### Grants related to assets

Investment Support Agreement between KIK Environmental Investment Centre and the Company was concluded in July 2011 for the purpose of construction, development and other investments related to the Tamba Wind Park Project. The total amount of grant received according KIK Investment Support was EUR 7.459 thousand. Amortisation of grants is accounted for under the line item "Depreciation and amortisation" in the statement of profit or loss and other comprehensive income. Depreciation charges of the related property, plant and equipment are reduced by the amount of amortisation of grants. The grant is classified as current and non-current liability in the statement of financial position, there the non-current liability is the unamortized part of the current financial period.

	At 31 December 2020	At 31 December 2019
Balance at the beginning of the period	5 169	5 541
Amortization of grant	(373)	(373)
Balance at the end of the period	4 796	5 169
Grants long-term part	4 422	4 796
Grants short-term part	373	373

## 13 Trade and other payables

	Note	At 31 December 2020	At 31 December 2019
Trade payables		306	307
Tax payable	13.1	44	98
Lease liabilities		15	14
Total	3	365	405

### 13.1 Current tax liabilities

	Note	At 31 December 2020	At 31 December 2019
Value added tax		44	97
Other taxes		-	1
Total	13	44	98

According to the Taxation Act of Estonia tax authority can request for information and documents related to transactions and payments relevant for taxation purposes for at least five years as of 1 January of the year following the preparation or receipt of the document.

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### 14 Revenue

	2020	2019
<b>Electricity related income</b>		
Sale of electricity	1 861	2 320
Sale of GoOs*	11	9
Other income	1 965	
Feed in-premium**		1 852
<b>Total</b>	<b>3 837</b>	<b>4 181</b>

<b>Geographic areas</b>	2020	2019
Estonia	3 826	4 172
Lithuania	11	9
<b>Total</b>	<b>3 837</b>	<b>4 181</b>

\*GoOs - Guarantees of Origin for electricity from renewable energy sources. GoOs are certificates that prove that one MWh of electricity was produced using renewable energy sources.

\*\*Elering AS (Estonian Interconnected System Operator) pays support for electricity produced by operating wind farms and directed to the networks in accordance with § 59 and § 108 (3) of the Electricity Market Act.

The Company's revenue based on the timing of transfer of goods or services:

	2020	2019
Performance obligation settled during the period	3 837	4 181
<b>Total</b>	<b>3 837</b>	<b>4 181</b>

### 15 Purchase of electricity and related services

	2020	2019
Electricity transaction fees	97	87
Costs related to wind farm development	-	11
Purchased energy cost	4	4
<b>Total</b>	<b>101</b>	<b>102</b>

### 16 Other expenses

	2020	2019
Repair and maintenance	403	322
Insurance expenses	34	33
Consulting and legal services	22	16
Accounting and auditing expenses	17	16
Other expenses	9	12
<b>Total</b>	<b>485</b>	<b>399</b>

### 17 Finance costs

	Note	2020	2019
Interest on borrowings	20	583	655
<b>Total</b>		<b>583</b>	<b>655</b>

### 18 Commitments and contingencies

#### Legal disputes

In 2006, the Varbla Parish Government issued a permit to the Company to erect two Tamba wind turbines. In 2013, an appeal was filed with the Tallinn Administrative Court to revoke the operating permit issued by the Varbla Parish Government on the grounds that the erected wind turbines do not comply with the detailed space plan and the noise generated by the wind turbines does not meet satisfactory conditions. The

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Tallinn Administrative Court did not satisfy the appeal, nor did the Tallinn Circuit Court in 2015. The appeal in cassation was satisfied by the Supreme Court in 2016. As a result, the licenses were revoked. In July 2017, the Varbla Parish Government issued new temporary operating permits to Tuuleenergia.

On 3 July 2017 the applicant filed a complaint with the Tallinn Administrative Court with the following claims: 1) to establish the illegality of the delay of the Varbla Parish Government in processing the applicant's application of 23 December 2016 and to oblige the respondent to resolve the application within 30 days from the entry into force of the court decision; 2) establish the illegality of the procedure for issuing operating licenses for Tamba wind turbines initiated by the Varbla Parish Government and prohibit the continuation of this procedure; 3) to establish the illegality of the inaction of the Varbla Parish Government, which consists in non-compliance with the Supreme Court Decision No. 3-3-1-15-16, which has entered into force, and to order the non-proprietary damage caused by the delay at the discretion of the court. At the end of 2017 the applicant withdrew from the case.

In October 2017, the same person filed a complaint against the Varbla rural municipality government with the aim of revoking the temporary use permit.

On 14 December 2020, in case no. 3-18-1300, the Tallinn Circuit Court decided to dismiss the appeal. January 18, 2021, the losing parties appealed the negative decisions to the Supreme Court. The Supreme Court has not yet decided whether to accept the appeal.

The year 2019 has begun a new lawsuit over the violation of the share purchase agreement. The plaintiffs Tuuleenergia Osaühing and AB Ignitis grupē filed an action with the defendants OÜ E.L.TERMINAL, OÜ Track Consult and BaltCap Private Equity Fund L.P. on 11 October 2019 in Harju County Court.mits.

Tuuleenergia Osaühing has submitted a claim in the amount of 47,683.45 euros. The case is still pending.

## 19 Paid and possible dividends

AB "Ignitis" Grupe				
Paid dividends		Income tax rate	2020	2019
Net Dividend			1 680	889
Income tax	20/80		344	225
Income tax reduced rate	14/86		49	-
<b>Total</b>			<b>2 073</b>	<b>1 114</b>

AB "Ignitis" Grupe			
Possible dividends		Income tax rate	2021
Net Dividend			798
Income tax	20/80		-
Income tax reduced rate	14/86		130
<b>Total</b>			<b>928</b>

## 20 Transactions with related parties

The Company's transactions with related parties for the period from January to December of 2020 and the balances arising on these transactions as at 31 December 2020 were as follows:

Related parties	Note	Borrowings*	Amounts receivable	Interest expenses	Sales
		At 31 December 2020	At 31 December 2020	2020	2020
AB "Ignitis"		-	1	-	11
Parent company AB "Ignitis Grupē"	3, 17	19 119	-	583	-
<b>Total</b>		<b>19 119</b>	<b>1</b>	<b>583</b>	<b>11</b>

\*Amount includes accrued interest.

The Company's transactions with related parties for the period from January to December of 2019 and the balances arising on these transactions as at 31 December 2020 were as follows:

Related parties	Note	Borrowings*	Amounts receivable	Interest expenses	Sales
		At 31 December 2020	At 31 December 2020	2019	2019
AB "Ignitis"		-	1	-	9
Parent company AB "Ignitis Grupē"	3, 17	19 119	-	655	-
<b>Total</b>		<b>19 119</b>	<b>1</b>	<b>655</b>	<b>9</b>

\*Amount includes accrued interest.

## NOTES TO THE ANNUAL FINANCIAL INFORMATION

All amounts are presented in EUR thousand unless otherwise stated

### 21 Compensation to key management personnel

	2020	2019
Wages, salaries and other benefit to key management personnel	-	-
Whereof: other significant payments to key management personnel (EUR thousand)	-	-
Number of key management personnel	1	2

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

Receivables from related parties have not been written down in 2020 (also in 2019). Receivables from related parties are non-interest bearing

### 22 Subsequent events

The company has a long-term fixed-price contract with an Estonian state-owned company operating electricity transmission networks. In addition, the electricity produced by the company is traded on the NordPool power exchange, which is one of the largest exchanges of its kind in Europe, therefore the company sees no reason to decrease sales volumes.

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Translation of the Estonian Original

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Tuuleenergia Osäühing

### *Opinion*

We have audited the financial statements of Tuuleenergia Osäühing, 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 Tuuleenergia Osäühing 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, 26 February 2021



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