

ANNUAL REPORT

beginning of financial year: 01.01.2019
end of the financial year: 31.12.2019

business name: EnergyKey AS

register code: 14305370

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city: Tallinn
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Management report

We continued to grow and onboard customers in Sweden and Finland. The turnover increased with over 344% (to EUR 18 223 606) and the operation profit increased but not in the same pace due to large cost for the companies bond listing in Frankfurt and investments in trading systems.

The annual accounts

Statement of financial position

(In Euros)

	31.12.2019	31.12.2018	Note
Assets			
Current assets			
Cash and cash equivalents	310 433	135 147	2
Receivables and prepayments	1 916 052	1 737 863	3,4
Total current assets	2 226 485	1 873 010	
Non-current assets			
Investments in subsidiaries and associates	0	4 849	
Total non-current assets	0	4 849	
Total assets	2 226 485	1 877 859	
Liabilities and equity			
Liabilities			
Current liabilities			
Loan liabilities	250 000	0	7
Payables and prepayments	119 122	252 412	8,9
Total current liabilities	369 122	252 412	
Non-current liabilities			
Loan liabilities	1 245 648	1 395 148	7
Total non-current liabilities	1 245 648	1 395 148	
Total liabilities	1 614 770	1 647 560	
Equity			
Issued capital	25 000	2 500	
Statutory reserve capital	2 500	0	
Retained earnings (loss)	202 800	13 636	
Annual period profit (loss)	381 415	214 163	
Total equity	611 715	230 299	
Total liabilities and equity	2 226 485	1 877 859	



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Income statement

(In Euros)

	2019	2018	Note
Revenue	18 223 606	5 300 137	10
Other income	21 348	2 426	
Raw materials and consumables used	-17 493 238	-4 967 738	11
Other operating expense	-205 277	-59 458	
Employee expense	-83	0	12
Other expense	-11 043	-804	
Operating profit (loss)	535 313	274 563	
Profit (loss) from subsidiaries	-4 848	0	
Interest income	30 694	10 452	14
Interest expenses	-176 613	-58 253	13
Other financial income and expense	-3 131	-12 599	15
Profit (loss) before tax	381 415	214 163	
Annual period profit (loss)	381 415	214 163	



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Notes

Note 1 Accounting policies

General information

Accounting principals.

Note 2 Cash and cash equivalents

(In Euros)

	31.12.2019	31.12.2018
Money on accounts	310 433	135 147
Total cash and cash equivalents	310 433	135 147



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Note 3 Receivables and prepayments

(In Euros)

	31.12.2019	Within 12 months
Accounts receivable	1 422 234	1 422 234
Accounts receivables	1 422 234	1 422 234
Receivables from related parties	80 657	80 657
Tax prepayments and receivables	204	204
Other receivables	87 445	87 445
Loan receivables	70 835	70 835
Accrued income	16 610	16 610
Prepayments	320 644	320 644
Deferred expenses	99 653	99 653
Other paid prepayments	220 991	220 991
Other receivables	4 868	4 868
Total receivables and prepayments	1 916 052	1 916 052

	31.12.2018	Within 12 months
Accounts receivable	1 379 381	1 379 381
Accounts receivables	1 379 381	1 379 381
Tax prepayments and receivables	769	769
Other receivables	147 206	147 206
Loan receivables	145 785	145 785
Accrued income	1 421	1 421
Prepayments	147 638	147 638
Deferred expenses	139 925	139 925
Other paid prepayments	7 713	7 713
Other receivables	62 869	62 869
Total receivables and prepayments	1 737 863	1 737 863

Note 4 Tax prepayments and liabilities

(In Euros)

	31.12.2019		31.12.2018
	Tax prepayments	Tax liabilities	Tax prepayments
Corporate income tax		436	
Social tax		172	
Prepayment account balance	204		769
Total tax prepayments and liabilities	204	608	769



Note 5 Investments in subsidiaries and associates

(In Euros)

	31.12.2019	31.12.2018
Shares of subsidiaries	0	4 849
Total investments in subsidiaries and associates	0	4 849

Note 6 Shares of subsidiaries

(In Euros)

Shares of subsidiaries, general information					
Subsidiary's registry code	Name of subsidiary	Country of incorporation	Principal activity	Ownership interest (%)	
				31.12.2018	31.12.2019
559166-7489	EK Finance AB	Sweden	Finantsvahendus	100	0

Shares of subsidiaries, detailed information:			
Name of subsidiary	31.12.2018	Disposal	31.12.2019
EK Finance AB	4 849	-4 849	0
Total shares of subsidiaries, at end of previous period	4 849	-4 849	0

Disposed ownership interests:			
Name of subsidiary	Disposed ownership interest %	Disposed ownership interest at selling price	Sales profit (-loss) on disposed ownership interest
EK Finance AB	100	0	0



Note 7 Loan commitments

(In Euros)

	31.12.2019	Allocation by remaining maturity			Interest rate	Base currencies	Due date
		Within 12 months	1 - 5 years	Over 5 years			
Current loans							
Bond	250 000	250 000			10%	EUR	25.11.2020
Current loans total	250 000	250 000					
Non-current bonds							
Bond	1 245 648		1 245 648		12%	EUR	25.05.2023
Non-current bonds total	1 245 648		1 245 648				
Loan commitments total	1 495 648	250 000	1 245 648				

	31.12.2018	Allocation by remaining maturity			Interest rate	Base currencies	Due date
		Within 12 months	1 - 5 years	Over 5 years			
Non-current bonds							
Bond	1 395 148		1 395 148		12%	EUR	25.05.2023
Non-current bonds total	1 395 148		1 395 148				
Loan commitments total	1 395 148		1 395 148				

Note 8 Payables and prepayments

(In Euros)

	31.12.2019	Within 12 months
Trade payables	97 543	97 543
Tax payables	608	608
Prepayments received	3 565	3 565
Other received prepayments	3 565	3 565
Muud võlad	17 406	17 406
Total payables and prepayments	119 122	119 122

	31.12.2018	Within 12 months
Trade payables	250 273	250 273
Prepayments received	2 139	2 139
Other received prepayments	2 139	2 139
Total payables and prepayments	252 412	252 412



Note 9 Trade payables

(In Euros)

	31.12.2019	31.12.2018
Trade payables	97 259	250 273
Total trade payables	97 259	250 273

Note 10 Net sales

(In Euros)

	2019	2018
Net sales by geographical location		
Net sales in European Union		
Sweden	2 061 487	1 541 416
Finland	16 162 119	3 758 721
Total net sales in European Union	18 223 606	5 300 137
Total net sales	18 223 606	5 300 137
Net sales by operating activities		
Electricity	18 223 606	5 300 137
Total net sales	18 223 606	5 300 137

Note 11 Goods, raw materials and services

(In Euros)

	2019	2018
Goods purchased for resale	17 493 238	4 967 738
Total goods, raw materials and services	17 493 238	4 967 738

Note 12 Labor expense

(In Euros)

No employees.

Note 13 Interest expenses

(In Euros)

	2019	2018
Interest expense from bonds	176 613	57 480
Interest expense from loans	0	773
Total interest expense	176 613	58 253



Note 14 Interest income

(In Euros)

	2019	2018
Interest income from loans	30 675	10 445
Other interest income	19	7
Total interest income	30 694	10 452

Note 15 Other financial income and expense

(In Euros)

	2019	2018
Profit (loss) from exchange rate differences	-3 131	-4 368
Bond fee	0	-8 231
Total other financial income and expense	-3 131	-12 599

Note 16 Related parties

(In Euros)

Related party balances according to groups

	31.12.2019		31.12.2018	
	Receivables	Liabilities	Receivables	Liabilities
Subsidiary				2 139
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	97 269	16 828	1 421	

Purchases and sales of goods and services

	2019	
	Purchases of goods and services	Sales of goods and services
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	17 492	8 096

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Remuneration and other significant benefits calculated for members of management and highest supervisory body

	2019	2018
Remuneration	63	0



Note 17 Events after the reporting date

The first reports of the new coronavirus SARS-CoV-2 (COVID-19) reached from China to the World Health Organization (WHO) in December 2019, and in the first quarter of 2020, an outbreak of coronavirus also reached Estonia.

On March 11, 2020, the WHO declared an outbreak of a coronavirus a pandemic, and therefore the Government of the Republic of Estonia declared an emergency situation within the meaning of § 20 of the Emergency Act to address an emergency caused by the spread of an infectious disease.

Today, COVID-19 is spread all over the world, and many countries have now declared a state of emergency. Among other things, the crossing of the internal and external Schengen borders has been temporarily restricted and border controls in Europe have been re-established in order to prevent the spread of the coronavirus. At the same time, countries and governments have confirmed that trade and transport will continue without restrictions.

National measures and restrictions to prevent the spread of the coronavirus have caused problems for businesses and thus for general economic activity, leading to a significant slowdown in economic development.

We treat the outbreak and the cause thereof as a non-corrective event after the reporting date.

At the time of preparing and approving this report, we believe that it is impossible to predict how the situation will change and develop in the future, which creates significant uncertainty about the economic outlook, and therefore we do not consider it possible to make realistic quantitative estimates of its potential future financial performance. At present, we have continued our economic activity, fulfilling our obligations under the terms of legislation and agreements.

Like other countries, the Republic of Estonia has implemented aid packages to mitigate the economic effects. However, at the time of preparing the 2019 annual report, it is still unclear what form of state aid measures (eg wage subsidies, deferral or deferral of state taxes, etc.) will be implemented, but in case of effective state measures, the company seeks state aid to reduce economic damage to the company.

The management has implemented the following measures to ensure the sustainability of business operations: review of credit terms granted to Customers in order to avoid non-receipt of receivables;

We constantly monitor the state of economic development and regularly analyze risks, but as a result of current considerations, we assess that our economic activity will continue and / or we will be able to restore normal economic activity and ensure long-term sustainability. The possible financial effects, if they have become clear, will be reflected in the preparation of the 2020 financial statements.

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Aruande allkirjad

Aruande lõpetamise kuupäev on: 16.10.2020

EnergyKey AS (registrikood: 14305370) 01.01.2019 - 31.12.2019 majandusaasta aruande andmete õigsust on kinnitanud:

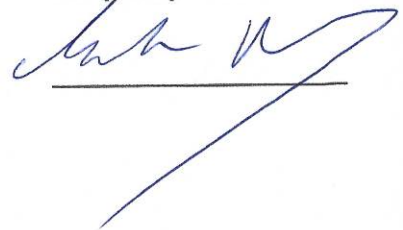
Allkirjastaja nimi

Allkirjastaja roll

Kuupäev ja allkiri

Knut Arne Markus Winfridsson

Juhatuse liige

A handwritten signature in blue ink, consisting of stylized initials and a surname, written over a horizontal line.



INDEPENDENT AUDITOR'S REPORT

to the Shareholders of EnergyKey AS

translation of Estonian original

Opinion

We have audited the financial statements presented on pages 4 - 12 of annual report of EnergyKey AS (the Company), which comprise the statement of financial position as at 31 December 2019, and the income statement, 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 the Company as at 31 December 2019, and its financial performance for the year then ended in accordance with Estonian financial reporting standard.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia) (ISAs (EE)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants (Estonia), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the management report, but does not include 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.

Assertum Audit OÜ

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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 Estonian financial reporting standard, 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 ISAs (EE) 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 ISAs (EE), 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.

(Estonian original digitally signed)

Sergei Tšistjakov

Certified Public Accountant

auditor's certificate number: 481



Assertum Audit OÜ

Auditing Activities' Permission number: 62

A. H. Tammsaare tee 47,

Tallinn 11316

Estonia

16 October 2020