

Riga, 30th of April, 2020  
**“LATVIAN BUILDING ENERGY  
EFFICIENCY FACILITY” JSC**

Annual report for year from 01.01.2019 - 31.12.2019  
and an Independent Auditors' Report

Annual Report for the period 01.01.2019 - 31.12.2019 of "LATVIAN BUILDING ENERGY  
EFFICIENCY FACILITY" JSC

Registration No. 40103960646, Registered office: Krisjana Valdemara iela 45, Riga

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Registration No. 40103960646, Registered office: Krisjana Valdemara iela 45, Riga

**COMPANY INFORMATION**

Name of the Company	"LATVIAN BUILDING ENERGY EFFICIENCY FACILITY" JSC		
Legal status of the Company	Join Stock Company		
Registration No., place and date	40103960646, Rīga, 12.01.2016		
Registered office	Krišjāņa Valdemāra iela 45, Rīga, LV-1010		
Major shareholder	Funding for Future B.V. - 100% Reg. No. 853870317 Reg. address: Stetweg 43 b, 1901JD Castricum, The Netherlands		
Member of the Board	Nicolas Stancioff	–	Board member
Members of the Council	Gunta Cekule	–	Council member
	Fawkes Steven Derrick	–	Council member
	Jūlija Bistrova	–	Council member
	Andris Siliņš	--	Council member until 05.09.2019
	Harijs Švarcs	--	Council member until 05.09.2019
Annual report prepared by	Inese Plūme-Rubiķe SIA" Shared Services" Reģ.Nr. 40103749736 Noliktavas iela 3 -2, Rīga	–	outsourced accountant
Reporting year	from 01.01.2019	to	31.12.2019
Previous reporting year	from 01.01.2018	to	31.12.2018
Type of company's activity	Other financial service activities, except insurance and pension funding n.e.c		
NACE classification code	64.99		
Auditors	Grant Thornton Baltic Audit SIA		Certified Auditor
	Blaumana str. 22 Riga, LV - 1011 License No. 183		Raivis Irbītis Certificate No. 205

**INCOME STATEMENT**  
(classified per function of expenditure)

	Note	<b>01.01.2019 -</b>	<b>01.01.2018-</b>
	number	<b>31.12.2019</b>	<b>31.12.2018</b>
		EUR	EUR
<b>Gross profit or loss</b>		-	-
Administrative expenses	2	(7 586)	(6 412)
Other operating expenses	3	(1 602)	(9 573)
Other interest and similar income:	4	45 812	11 758
b) from other persons.		45 812	11 758
Interest payments and similar expenses:	5	(11 710)	(9 688)
b) to other persons.		(11 710)	(9 688)
<b>Profit or loss before the corporate income tax</b>		<b>24 914</b>	<b>(13 915)</b>
Corporate income tax for the reporting year		(50)	(50)
<b>Profit or loss after calculating the corporate income tax</b>		<b>24 864</b>	<b>(13 965)</b>
<b>Profit or loss of the reporting year</b>		<b>24 864</b>	<b>(13 965)</b>

Notes on pages 7 to 12 form are integral part of these financial statements.

Nicolas Stancioff  
(Board member)

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*signature*

30th of April, 2020

**Annual report prepared by:**

Inese Plūme-Rubiķe  
(outsourced accountant)

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*signature*

**BALANCE SHEET**

<b>ASSETS</b>	Note number	<b>31.12.2019</b> EUR	<b>31.12.2018</b> EUR
<b>Long-term investments</b>			
<b>Long-term financial investments</b>			
Other securities and investments	6	655 445	688 076
<b>Total long-term financial investments</b>		<b>655 445</b>	<b>688 076</b>
<b>Total long-term investments</b>		<b>655 445</b>	<b>688 076</b>
<b>Current assets</b>			
<b>Receivables</b>			
Other receivables	7	-	96
<b>Total receivables</b>		<b>-</b>	<b>96</b>
<b>Short-term financial investments</b>			
Other securities and investments	6	32 631	30 583
<b>Total short-term financial investments</b>		<b>32 631</b>	<b>30 583</b>
<b>Cash and cash equivalents</b>		<b>69 362</b>	<b>59 152</b>
<b>Total current assets</b>		<b>101 993</b>	<b>89 831</b>
<b>TOTAL ASSETS</b>		<b>757 438</b>	<b>777 907</b>

**BALANCE SHEET**

<b>EQUITY AND LIABILITIES</b>	Note number	<b>31.12.2019</b> EUR	<b>31.12.2018</b> EUR
<b>Equity</b>			
Share capital	8	452 163	395 000
Retained earnings or uncovered losses of previous years		(94 558)	(80 593)
Profit or loss of the reporting year		24 864	(13 965)
<b>Total equity capital</b>		<b>382 469</b>	<b>300 442</b>
<b>Long-term liabilities</b>			
Borrowings from credit institutions	10	320 778	360 886
<b>Total long-term liabilities</b>		<b>320 778</b>	<b>360 886</b>
<b>Short-term liabilities</b>			
Shares convertible loans	9	-	57 163
Borrowings from credit institutions	10	40 187	40 187
Trade payables		781	781
Taxes and mandatory state social insurance contributions	11	50	50
Other liabilities	12	8 014	13 013
Accrued liabilities	13	5 159	5 385
<b>Total short-term liabilities</b>		<b>54 191</b>	<b>116 579</b>
<b>Total liabilities</b>		<b>374 969</b>	<b>477 465</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>757 438</b>	<b>777 907</b>

Notes on pages 7 to 12 form are integral part of these financial statements.

Nicolas Stancioff  
(Board member)

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*signature*

30th of April, 2020

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Registration No. 40103960646, Registered office: Krisjana Valdemara iela 45, Riga

### **Receivables**

Receivables are recognized according to the amount of initial invoices, less accruals for doubtful debts. Accruals are made if receipt of full amount of the debt is doubtful. Debts are written off if their recovery is considered as impossible.

### **Cash**

Cash is non-cash in payment accounts and deposit accounts. Company doesn't have transactions in cash.

### **Accrued liabilities**

Accrued liabilities are clearly known trade liability sums for the goods or services received within the reporting year when a relevant payment document (an invoice) has failed to be received on the date of drawing up the balance sheet. The liability sums are calculated, based on the price, which is defined in the relevant agreement, and on the documents that approve actual receipt of the goods or services.

### **Recognition of income**

Revenue recognition from the sale of goods is recognised as soon as a significant portion of ownership and risks of goods are transferred to the customer, and the reward can be measured reliably. Revenue from rendering of services is recognised in proportion to the stage of completion of the order. Dividend income is recognised when the shareholder's right to receive payment is established. Interest income is recognised in the corresponding period of time.

### **Corporate income tax**

The corporate income tax for the reporting period consists of the calculated tax for such period. The corporate income tax is recognised in the profit or loss statement. The tax for the reporting period is calculated according to the provisions of the law "Enterprise Income Tax Law".

Since taxation year of 2018, corporate income tax is calculated for distributed profit (dividends) and conditionally distributed profit by applying the rate of 20%. Corporate income tax is recognised at the moment when the participants of the Company will make a decision on distribution of profit, or when the costs not promoting further development of the Company (conditionally distributed profit) will be recorded.

Since 2018, when the taxable basis for the corporate income tax changes, temporary differences in provision on depreciation of the fixed assets do not form; differences for debts of debtors are insignificant; but tax losses to be transferred to the next reporting periods are limited in time and options of use thereof (for 50% from the calculated dividends may be used for no longer than 5 years). On the basis of above, since 2017 the Company does not form deferred tax.



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**(2) Administrative expenses**

	<b>01.01.2019 - 31.12.2019</b>	<b>01.01.2018- 31.12.2018</b>
	EUR	EUR
Audit expenses	4 658	5 595
Accounting expenses	2 178	617
Lawyers expenses	605	-
Bank charges	133	134
Other administration costs	12	66
<b>Total</b>	<b>7 586</b>	<b>6 412</b>

**(3) Other operating expenses**

	<b>01.01.2019 - 31.12.2019</b>	<b>01.01.2018- 31.12.2018</b>
	EUR	EUR
Commission Charge (Nasdaq)	1 600	1 350
Paid fines and penalties	2	-
Commission Charge (EBRD)	-	8 223
<b>Total</b>	<b>1 602</b>	<b>9 573</b>

**(4) Other interest and similar income:**

	<b>01.01.2019 - 31.12.2019</b>	<b>01.01.2018- 31.12.2018</b>
	EUR	EUR
Interest income	45 812	11 758
<b>Total</b>	<b>45 812</b>	<b>11 758</b>

**(5) Interest payments and similar expenses:**

	<b>01.01.2019 - 31.12.2019</b>	<b>01.01.2018- 31.12.2018</b>
	EUR	EUR
Interest expenses	11 710	9 688
<b>Total</b>	<b>11 710</b>	<b>9 688</b>

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(6) Other securities and investments

	31.12.2019	31.12.2018
	EUR	EUR
<b>Opening balance</b>	718 659	-
Acquisition in the reporting year (+):	-	726 000
Repaid in the reporting year (-):	(30 583)	(7 341)
<b>Other securities and investments at the end of the period</b>	<b>688 076</b>	<b>718 659</b>
<b>Including:</b>		
<b>Long-term part</b> to receive after more than 1 years	<b>655 445</b>	<b>688 076</b>
<b>Short-term part</b> to receive in 1 year	<b>32 631</b>	<b>30 583</b>
<b>Total</b>	<b>688 076</b>	<b>718 659</b>

**Information long-term financial investments**

Long-term financial investments consists of monthly pay amortizing Energy Performance Contracts backed financial instrument. The financial instrument is with monthly amortization, 6.69% interest rate, maturity - 15 years, acquisition value - 726,000.00 EUR.

(7) Other receivables

	31.12.2019	31.12.2018
	EUR	EUR
VAT overpayment	-	96
<b>Total</b>	<b>-</b>	<b>96</b>

(8) Share capital

	31.12.2019	31.12.2018
	EUR	EUR
Share capital at the beginning of the year	395 000	395 000
Changes within the reporting year	57 163	-
<b>Share capital at the end of the year</b>	<b>452 163</b>	<b>395 000</b>

On 31 December 2019, the share capital has been fully paid. It consists of 452 163 shares with the nominal value of 1,00 EUR. On September 26, 2019, the share capital was increased by EUR 57,163 by a shareholder of the Company investing a property investment, paying the share capital with a property investment (previously issued loan) and receiving a corresponding number of new shares.

(9) Shares convertible loans

	31.12.2019	31.12.2018
	EUR	EUR
Loans without a fixed repayment term	-	57 163
<b>Total</b>	<b>-</b>	<b>57 163</b>

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**(10) Borrowings from credit institutions**

	% rate	Date of payment	31.12.2019 Currency	31.12.2019 EUR	31.12.2018 EUR
<b>Long-term borrowings (from 1 to 5 years)</b>					
A loan from the European Bank for Reconstruction and Development > 1 year	3	01.06.2030	320 778	320 778	360 886
<b>Total</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>320 778</b>	<b>360 886</b>
<b>Total long-term borrowings</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>320 778</b>	<b>360 886</b>

<b>Including long-term:</b>	31.12.2019 EUR	31.12.2018 EUR
The loans covered by security — type and form of the security.	320 778	360 886

	% rate	Date of payment	31.12.2019 Currency	31.12.2019 EUR	31.12.2018 EUR
<b>Short-term borrowings</b>					
A loan from the European Bank for Reconstruction and	3	31.12.2020	40 187	40 187	40 187
<b>Total</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>40 187</b>	<b>40 187</b>

*The outstanding amounts of loans at the end of the reporting period are shown in the table above. The repayment of the remaining loan amount is determined according to the payment schedule with maturity set in 2030. The loan is priced with a ratio linked interest rate (ceiling 3% p.a.) and 6 month EURIBOR (floor of 0%). The Company has pledged all of its assets current and future as a security for its obligations.*

**(11) Taxes and mandatory state social insurance contributions**

	31.12.2019 EUR	31.12.2018 EUR
Corporate income tax	50	50
<b>Total</b>	<b>50</b>	<b>50</b>

**(12) Other liabilities**

	31.12.2019 EUR	31.12.2018 EUR
<b>Short-term other creditors</b>		
Security and storage money	8 014	8 013
Other creditors	-	5 000
<b>Total short-term other creditors</b>	<b>8 014</b>	<b>13 013</b>

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**(13) Accrued liabilities**

	<b>31.12.2019</b>	<b>31.12.2018</b>
	EUR	EUR
Audit expenses	4 477	5 203
Accounting expenses	182	182
Commission Charge (Nasdaq)	500	-
<b>Total</b>	<b>5 159</b>	<b>5 385</b>

**(14) Average number of employees**

	<b>01.01.2019 - 31.12.2019</b>	<b>01.01.2018- 31.12.2018</b>
Average number of employees	-	-

**(15) Important events after the end of the report year**

During the period between the last day of the reporting year and the date of signing this financial statement, there have been no events that would require adjustment or explanation in the financial statement. Current situation with COVID-19 pandemy does not attact the Company.

**(16) Going concern**

For the reporting year, the Company has incurred a profit of EUR 24 864. Compared to 2018, the company's liquidity has significantly improved and will continue to improve and the liquidity of the Company will improve year on year as the income from forfeiting and/or transactions with financial instruments will increase faster than the expense of purchasing the same. By forfeiting transactions the Company will buy future receivables stemming form Energy Performance Contracting (EPC contracts) signed between energy efficiency service providers and building owners. Similarly, by investing in financial instruments the Company will buy bonds issued by energy efficiency service providers and backed by EPC contracts. The Company will use the EBRD loan and private capital invested by equity investors to carry out transactions in future.

Nicolas Stancioff  
(Board member)

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signature

30th of April, 2020

**Annual report prepared by:**

Inese Plūme-Rubiķe  
(outsourced accountant)

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