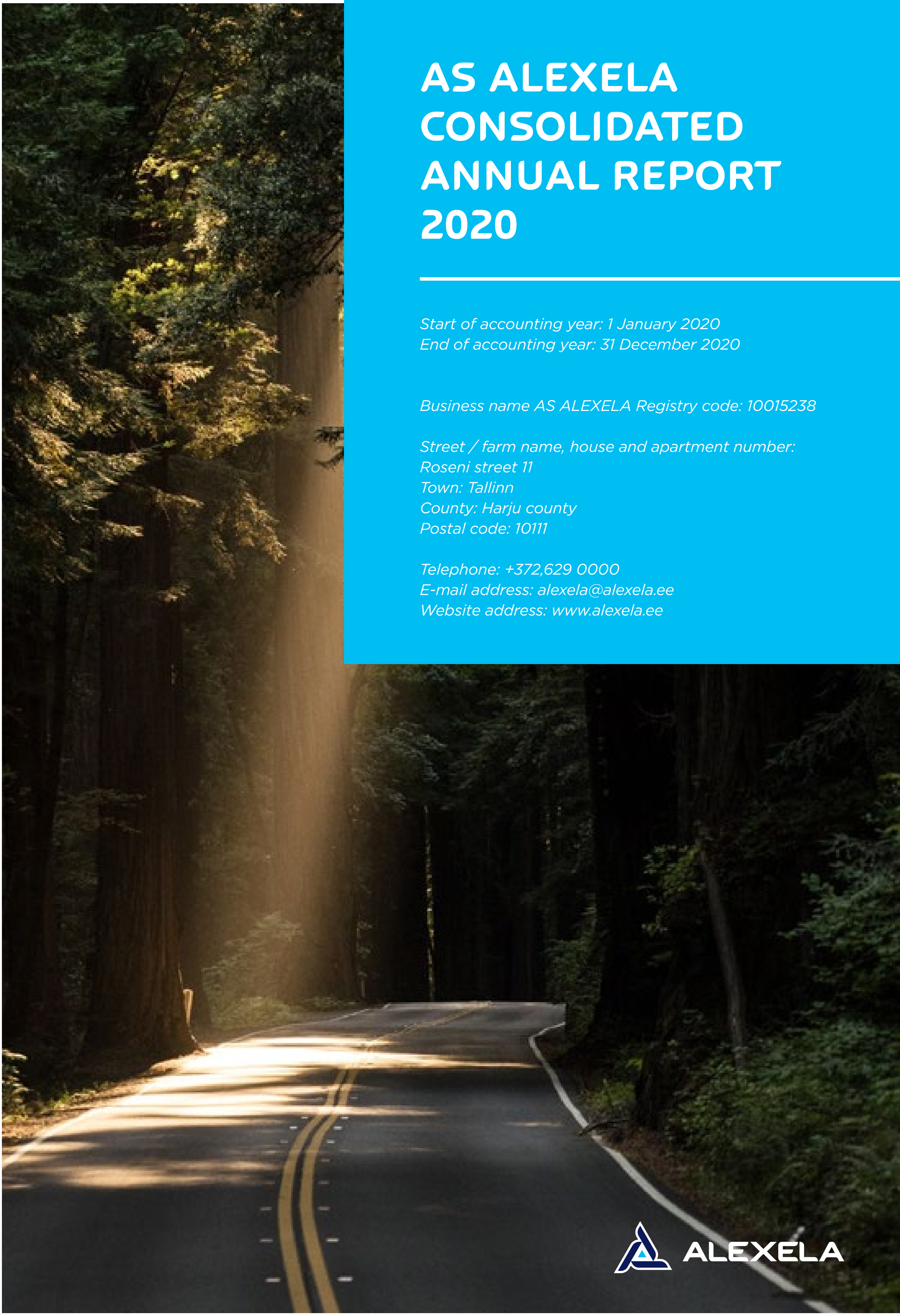
AS ALEXELA CONSOLIDATED ANNUAL REPORT 2020

Start of accounting year: 1 January 2020
End of accounting year: 31 December 2020

Business name AS ALEXELA Registry code: 10015238

Street / farm name, house and apartment number:
Roseni street 11
Town: Tallinn
County: Harju county
Postal code: 10111

Telephone: +372,629 0000
E-mail address: alexela@alexela.ee
Website address: www.alexela.ee



CONTENTS

PART 1.

Management report

PART 2.

Annual accounts

ALEXELA

PART 1. MANAGEMENT REPORT

1.1 ABOUT THE COMPANY

1.1 ABOUT THE COMPANY

ADDRESS BY THE CHAIRMAN OF THE MANAGEMENT BOARD

Aivo Adamson,
Chairman of the Management board of AS Alexela

Today, there are no companies whose economic activities do not reflect the effects of covid-19. AS Alexela is no exception here, and probably before the onset of the health care crisis in March 2020, the expectations for the whole year were different. However, these expectations were realised in different ways in the companies. AS Alexela has not changed its strategic direction, investing among the first ones in the production of environmentally friendly fuels in the form of biomethane and in the sale of less polluting fuels.

Strange as it may be, 2020 was once again a year of growth and readjustment for AS Alexela. While the initial expectations, in line with the emergency situation set by the government in March 2020, were ominous, everything turned out to be the opposite. Instead, our retail sales volumes in fuels increased, as did market shares in petrol, diesel and LPG. It is true that the reduction in excise duty on diesel fuel on May 1, 2020 played a role here, bringing back a significant amount of litres from neighbouring countries. It is gratifying to note that while the market generally consumed various types of fuel in an increasing amount (for example, diesel, B98, LPG and CNG), AS Alexela grew faster than the market. There were also months where the market shrank, but Alexela grew. It was also characteristic of the whole market that fuel margins remained stable and there were significantly fewer price corrections in the market than in previous years.

2020 - YEAR OF GROWTH AND READJUSTMENTS

In the face of intense competition, there is all the more reason to rejoice that the foundation laid in previous years is strong and, figuratively speaking: building the skyscraper, new floors are completed. The fact that the right decisions and strategic choices have been made is proved by the Alexela brand survey conducted by Kantar Emor, according to which our spontaneous awareness was 78% (2019 result 75%). We consider the activation of our customers to be one of the important indicators in our activities, and the number of these active customers is no less important. We are pleased to say that due to the activation of our customers and the addition of new customers, we have significantly increased our market shares.

Operating in the energy sector and selling various fuels, electricity and natural gas to our customers, we qualify as a vital service provider. The latter characterizes why the emergency situation and the health crisis did not have a negative impact on the management of the company operating in the energy trade. All these products are vital for people. However, the above did not mean that the organization does not undergo any rearrangements. Rather, these rearrangements are adjustments to the situation and look into the future. Adapting to the situation was rather organizational, such as implementing a home office and moving meetings and business meetings to e-channels. It should be noted here, that it has been even more beneficial when we consider the efficient use of time. The cost management exercise in April was a natural move to critically review our resources, and true - emotionally more difficult decisions include redundancy decisions, which resulted in a reduction of 23 employees. In the summer, we made another strategic and tactical decision to separate service from retail. The aim of the latter is to significantly improve the quality of Alexela's customer service and the sales mastery of service staff on how to sell in rural municipalities. The role of trade continues to be making choices on which goods to buy and what to sell.

As it is customary to say in the financial world that you have to invest when there is blood on the streets, then also when coping with the virus, the situation can be used to make various investments. People's norms of behaviour changed last year both due to the restrictions imposed by legislators as well as in the light of self-preservation. AS Alexela invested in contactless technological solutions, for example, we developed a completely new self-service environment, started with the development of our Alexela app, which included the possibility of renting smart trailers, and went along with the e-store concept.

I AM A FORCE, WE HAVE POWER,

We also continued with innovative investments, where, before the start of the crisis, we installed the first in Estonia ultra-fast 160 kW electric charger, in addition to one 50 kW charger, at the Alexela filling station in Paia (Imavere) on the Tallinn-Tartu-Tallinn highway. We are pleased to note that chargers have found widespread use by electric car owners (as many as there currently are on the market). We have promised to continue building and investing in electric charger infrastructure. We continued to invest in the production of domestic biomethane and emphasize the negative CO_2 impact of this product on the environment, and we are able to reduce the import of fossil natural gas through this. As for other investments, due to the emergency situation we were forced to make time changes in our plans, but we were still able to establish new convenience stores in Tõdva on the old Viljandi highway, Sõle Street in Tallinn and to renovate the Riisipere filling station. As for construction, we completed a new CNG filling station in Tartu Lõunakeskus, which is definitely an additional support for our Jalaka 77 CNG filling station. As a new product, we launched a Home Credit Card in cooperation with LHV Pank, which is interest-free for 45 days and allows our customers to use instalment payment when purchasing Alexela products. We have not had any major changes in foreign markets, and there were restrictions due to COVID-19. At the same time, we mutually integrated our card payments with Viada and Virši in the Baltics.

The clear desire of the owners and the management of the Estonian energy company Alexela is to make the local life better. This applies directly in terms of improving the environment around us, the communities, cultural and sporting activities, as well as promoting the circular economy and, of course, the economy as such. We clearly understand that we operate in a sector that has a great impact on the environment - this is how we launched the Community Program, within the framework of which every Alexela customer has the opportunity to contribute to the improvement of the Estonian natural environment by planting trees. The easiest way is to contribute a small part of the Alexela Home Card discount (1 cent), to which Alexela adds the same amount, and in this way four trees can be planted in Estonian forests with one full tank. In this way, every responsible Alexela customer can offset the CO_2 emissions from their fuel consumption. We have started a green innovation program within the organization, where we want to reduce our CO_2 footprint, because the long-term goal is to become a CO_2-neutral company by 2030.

People at Alexela are characterized by Alexela values: „I am a force", „We have power", „We change the world". These values are the best explanation for our 2020 activities, thanks to which we were able to successfully tackle the global year of crisis.

ABOUT ALEXELA IN BRIEF

Alexela is an Estonian company born together with the newly independent Estonia. We are one of the largest private companies and employers in Estonia. Our main activities are export-oriented metal industry, oil shale chemistry and energy. The growing, six-digit number of customers, the growth of customer loyalty and the 98% awareness show that we have found our way into the hearts of Estonian people and companies and into everyday life. We operate on the principle of sustainability, which has made us among the best in Estonia in its fields of activity. According to the results of the Sustainable Brand Index survey published at the end of March 2021, we are the most sustainable company in Estonia in the eyes of consumers in our field, which is a great recognition for us. Alexela will become carbon neutral by 2030 at the latest, developing the circular economy, contributing to energy security and launching truly carbon-neutral projects.

ENERGY

We are pioneers of green energy, producing climate-negative fuel biomethane on the principle of circular economy, developing gas terminals and building an Energy Storage Facility Energiasalv in Paldiski. The Pumped-Hydro Energy Storage, named Energiasalv, is essentially a huge battery, which solves the challenge of large-scale storage of renewable energy and paves the way for the triumph of clean energy, thus ensuring additional energy security for Estonia.

We are developing a sustainable filling station network, creating a strong refuelling facility for biomethane, LNG, electricity and in the near future for hydrogen. Together with our customers, we have made it a priority to reduce the carbon footprint of transport with the Community Program, in the framework of which we plant carbon storing trees in Estonian forests.

Alexela is an energy department store, offering a unique selection of fuel, electricity, natural gas and bottled gas, and making the world better for customers with the help of high quality coffee and a refreshing break every time they visit our convenience stores.

WE GIVE STRENGTH

We understand that as a large company we play an important role both in the Estonian economy and in the lives of the people here. That is why we support Estonia by giving strength to culture, sports and charity.

We make the world better. Come on, let’s do it together!

2020 – A YEAR FOCUSED ON CUSTOMER COMFORT

Alexela is a constantly growing and developing company, for which it is very important to offer customers quality products and services and excellent service. We are constantly striving for this. We also pay attention to environmental protection in all our activities and follow the principles of social responsibility.

One of Alexela's main competitive advantages is that we can offer all energy products conveniently from one place, which makes the customer's life easier. Through the Home Card and Home Package - the solutions representing the private customer loyalty program - we can offer our products and services on the best terms.

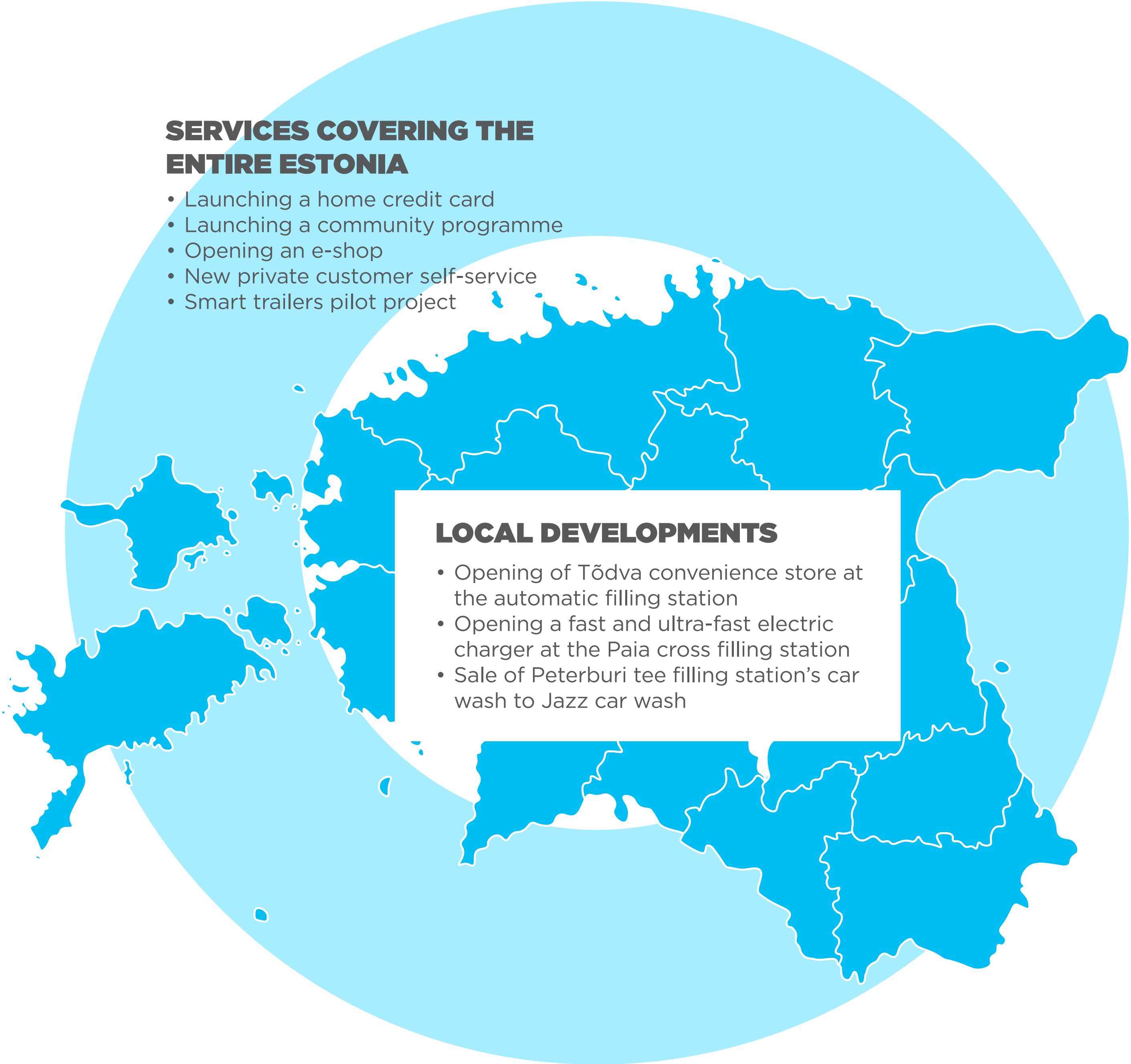
In order to increase customer comfort, AS Alexela has nvested in contactless technological solutions. For example, we developed a completely new self-service environment, started with Alexela app developments, which included the possibility of renting smart trailers, and went along with the e-store concept. We also continued with innovative investments by installing electric chargers at the Alexela's Paia petrol station on the Tallinn-Tartu highway. In order to improve customer comfort, we are constantly investing in raising the level of customer service. An example of this is the structural restructuring within the company, as a result of which service and trade units are separate thematic areas.

As a result of services, servicing, user-friendliness and brand development, Alexela's spontaneous reputation among the Estonian population has grown by 28 places or 66% since 2014, which is the highest growth number in terms of Estonia's largest filling station chains.

The development of convenience stores and the development of new concepts continued. Attractive campaigns and high-quality products helped to add both loyal customers as well as new customers.

GROWTH, DEVELOPMENT, QUALITY

2020 MAIN EVENTS



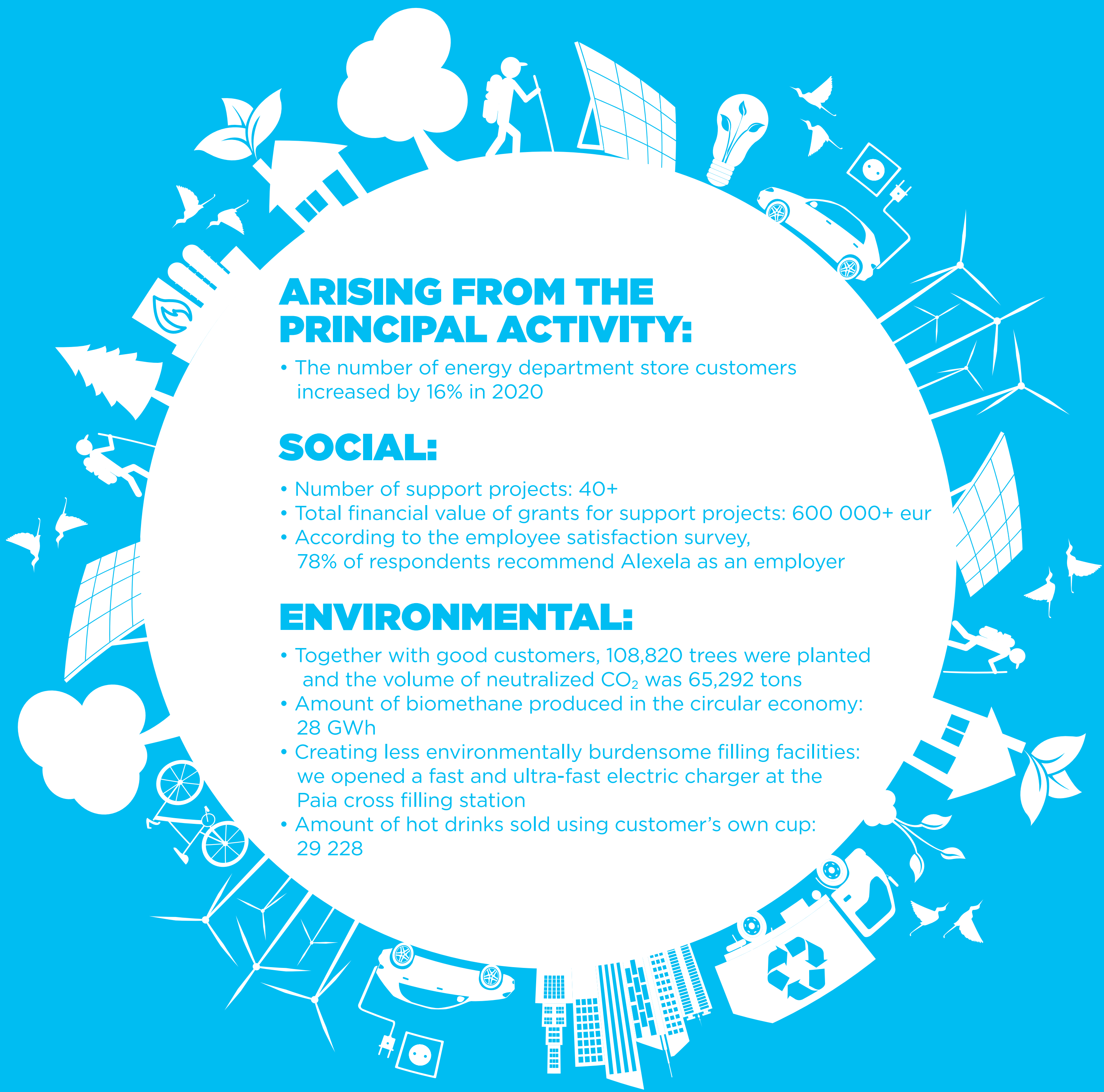
SERVICES COVERING THE ENTIRE ESTONIA

- Launching a home credit card
- Launching a community programme
- Opening an e-shop
- New private customer self-service
- Smart trailers pilot project

LOCAL DEVELOPMENTS

- Opening of Tõdva convenience store at the automatic filling station
- Opening a fast and ultra-fast electric charger at the Paia cross filling station
- Sale of Peterburi tee filling station's car wash to Jazz car wash

HOW DO WE MAKE THE WORLD A BETTER PLACE.



ARISING FROM THE PRINCIPAL ACTIVITY:

- The number of energy department store customers increased by 16% in 2020

SOCIAL:

- Number of support projects: 40+
- Total financial value of grants for support projects: 600 000+ eur
- According to the employee satisfaction survey, 78% of respondents recommend Alexela as an employer

ENVIRONMENTAL:

- Together with good customers, 108,820 trees were planted and the volume of neutralized CO_2 was 65,292 tons
- Amount of biomethane produced in the circular economy: 28 GWh
- Creating less environmentally burdensome filling facilities: we opened a fast and ultra-fast electric charger at the Paia cross filling station
- Amount of hot drinks sold using customer's own cup: 29 228

STRATEGY AND DIRECTION

ALEXELA KEEPS PACE WITH CHANGING MOBILITY AND CHANGING CUSTOMER NEEDS.

Reducing the footprint with innovative products and services

Social support activities

Circular economy

Supporting communities

Energy security

THE MOST SUSTAINABLE COMPANY IN ITS FIELD

(Sustainable Brand Index 2020)

In 2020, we produced 28 GWh of biomethane, which is a climate-negative car fuel, on the principle of a circular economy. In the coming years, we will see the need to multiply production and its wider use, as biomethane as a car fuel will help reduce the carbon footprint of the transport sector.

GREEN INNOVATOR ALEXELA

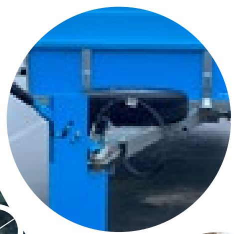
WE MAKE THE WORLD BETTER!

Carbon neutral by 2030

WE ARE ESTABLISHING SOLAR PARKS ALL OVER ESTONIA TO REDUCE OUR CARBON FOOTPRINT.

ENERGY DEPARTMENT STORE

- All energy conveniently from one place (car fuels, including BCNG, LNG, LPG, electricity, natural gas, bottled gas, hydrogen, convenience stores)
- A filling station that puts less burden on the environment
- Green energy for home and business
- We take electro-mobility to a new, unprecedented level
- We are creating opportunities for the use of hydrogen as a fuel
- Trade that supports reuse (coffee in one's own cup is cheaper, water bottle refilling stations)
- Together with our customers, we reduce our carbon footprint by planting trees



ALEXELA'S SMART RENTAL TRAILERS

make our customers' lives easier through innovation.

In Viljandi with the help of handicrafts by people with disabilities, Alexela's advertising banners are turned into

REUSABLE SHOPPING BAGS.

OUR PEOPLE– THE GREATEST VALUE OF AS ALEXELA IS ITS EMPLOYEES

At the end of 2020, AS Alexela had 277 employees, (including 12 employees with a contract under the Law of Obligations Act) and 200 of them in the filling station network.

In 2020, the number of employees decreased by 4% due to COVID. The average voluntary turnover of the company in a month in 2020 was 2.8%, the voluntary turnover of the whole year was 35.5%. In the future, we have set ourselves the goal of reducing voluntary turnover by at least 5% each year, which means that retaining employees is a priority for us. This is also shown by the annual review and updating of our benefits package according to the wishes of the employees.

We value our people in every position. We value both long-term employees who share their experience and new employees who bring new knowledge to the company.

When recruiting and managing employees, we follow the company's values, which were developed and implemented in 2019. Every employee of our company knows our core values, they live with us in the working life every day: „I am a force“, „We have power“, „We change the world“. We already involved employees at all levels in the development of the values, because that is the only way they will survive - and that was a very right decision.

In 2020, Alexela completed a good practice of service and behaviour, which is a tool and code of conduct for each of our employees, as are our values.

The greatest value of AS Alexela is the employees and we deal with it every day so that each of our employees feels that a lot depends on him/her in the company. Every year we recognize the best ones at Alexela's annual gala.

We have realized that the best employer's marketers are our employees, based on this we deal with our work culture, where employees feel that they are taken care of.

There are two events a year where we don't think much about work and we enjoy each other's company: the annual gala and the summer days.

We give strength to our employees and their loved ones with the help of various benefits.

EMPLOYEE DEVELOPMENT

Alexela values self-improvement and lifelong development. We offer our employees the opportunity to improve their skills through professional and vocational training in order to develop themselves as professionals. We also encourage participation in trainings that support personal development. We are happy to invest in employees if they are open and interested and also contribute in return.

Every year, Alexela holds “We give strength” conversations, where the manager and the employee give feedback to each other, and, among other things, the fulfilment of the goals set for the previous period is reviewed and new goals are set for the new period. During the interviews, the employees also provide information about the desired trainings and this way they can have a say in their development.

In 2020, the establishment of a service unit and the focus on service quality began. A special focus was placed on the development of customer service in the customer service centre and convenience stores, and we began to map where we are now, where we want to be and how we will reach that desired level.

We encourage movement within the company and create offspring for managers through a development program. We thank our customer service representatives with an annual thank you event. Intra-team as well as inter-team events and workshops increase our proactivity and efficiency.

Alexela can offer career opportunities across the group.

VALUES

AS Alexela is a company of the Alexela group, we share common values with all other companies in the group. Behind the formulation of Alexela's values are our own people from different companies of the Alexela group, and from different positions.

The Alexela Group employs more than 1,000 people from ten different nationalities and we operate in five different countries.

During the value creation period that began in 2018, it became clear to us that each of our employees is a force with the power to change the world. Our common values characterize what we have in common and inherent in the Alexela Group, as well as what we strive for. Our common values are not taken from textbooks or from consultants.

Andreas Laane, Chairman of the Management Board of Alexela Group

COMMON VALUES OF THE ALEXELA GROUP

I AM A FORCE

- I work with pride, I work well and celebrate success
- I am honest, courageous and innovative
- I consciously share information, value the time of myself and others
- The safety, well-being and success of us all depend on me
- An agreement is an agreement!

WE HAVE POWER

- We are powerful and we take care of each other
- We share experiences, involve and learn from each other
- We notice and acknowledge
- We are open, we listen and we trust each other We must also have fun!

WE CHANGE THE WORLD

- We are pioneers in our fields and we encourage the implementation of new solutions
- We achieve our goals by acting responsibly and in an environmentally friendly manner
- We give strength to the development of Estonian life
- We have a lot to offer - we make the lives of our employees, customers and partners better
- Sure it's possible!

1.2 SUSTAINABILITY

1.2 SUSTAINABILITY

SUSTAINABILITY MANAGEMENT

Global change has contributed to the Alexela Group's strategy, and we have set ourselves the goal of being climate-neutral by 2030 at the latest. Our biggest challenge for climate neutrality is to reduce emissions from the use of our products and to ensure that the risks to the sustainability of value chains are well managed.

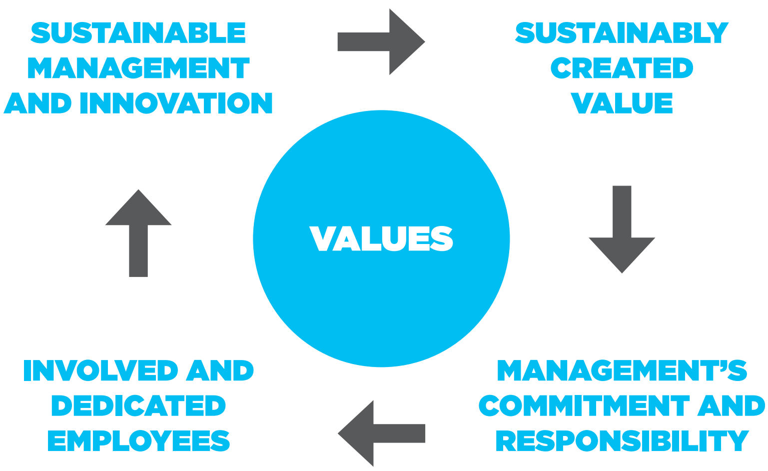
Alexela takes clear responsibility for reducing its consumption and related emissions. Our priority is to eliminate or minimize the negative impact of the environmental impact of our activities. We have started a group-wide project where we are developing a systematic and comprehensive approach to environmental issues that is in line with both national and European norms and rules.

We take into account the stakeholders who may be affected by our actions.

Through the analysis of the environmental aspects of the significance of our activities, we believe that our activities will have a sustainable framework. The goal of the framework is also defined by our ambition to be climate-neutral and sustainable in our activities. The framework covers the environmental performance of the value chains of products and fields of activities, people and safety, climate issues, and provides guidance for process management.

Today's sustainable operations are supported by various management systems that have been certified by a third party and are one of the most necessary tools in everyday work.

SUSTAINABILITY AT ALEXELA:



STAKEHOLDER INVOLVEMENT AND THE IMPORTANCE OF SUSTAINABLE MANAGEMENT

In setting our sustainability focus topics, we have followed the areas most affected by us, while monitoring trends among our stakeholders. This approach helps us to find opportunities for development, but at the same time to map possible risks.

We understand that as a large company we play an important role both in the Estonian economy and in the lives of the people here.

That is why we support Estonian life by sponsoring several cultural, sports and charity projects and empowering local communities.

One of Alexela's largest areas of activity is energy, and therefore several sustainability focus areas belong to the field of energy.

OUR 5 FOCUS TOPICS:

Purpose: CO_2 neutral by 2030

So far, in cooperation with Kantar EMOR, we have mapped the views of stakeholders in the framework of an annual customer survey, we also monitor the results of the Sustainable Brand Index and take into account the constant feedback from our customers. In terms of narrower topics, we have conducted focus group research. As we are active members in various associations concerning our fields of activity, we also receive information about the views and opinions of regulators through them, which we take into account when planning our activities.

Alexela is also a founding member of the Rohetiiger. The Rohetiiger is a collaborative platform aimed at raising environmental awareness and laying the foundations for a balanced economy, just as the Tiigrihüpe launched the development of the technology sector. The Rohetiiger brings together a cross-sectoral societal order to achieve a balanced economy.

CARBON FOOTPRINT

ALEXELA'S VALUE

WE ACHIEVE OUR GOALS BY ACTING RESPONSIBLY AND IN AN ENVIRONMENTALLY FRIENDLY MANNER

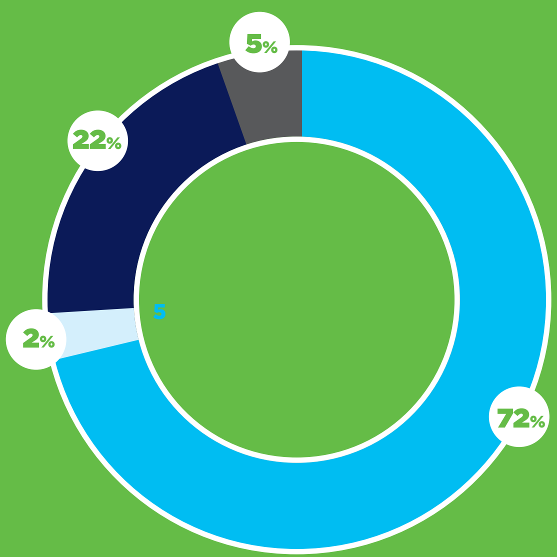
The EU's climate goals are extremely ambitious. In December 2020, EU leaders set a new and higher target of reducing CO_2 emissions by 55% by 2030 (compared to 1990). The pressure to introduce new habits is increasingly coming from other stakeholders as well. In essence, a social order has been placed on companies: investors, customers, employees and partners expect contribution to sustainability and the transparency of companies. In international business, the standards of sustainable development are already very high and every export company should take this into account. Climate goals serve the greatest goal that the humanity has ever had - to preserve the life on earth - and sustainable management is the only way to succeed.

Alexela has set itself the goal of becoming CO_2-neutral by 2030 at the latest. In this regard, we started to map Alexela's carbon footprint in 2020, followed by the preparation of an action plan to reduce the carbon footprint, continuous monitoring of the situation and annual communication of the results.

AS ALEXELA AND ALEXELA MOTORS AS CARBON FOOTPRINT IN 2020

	Source of KHG	Quantity of KHG (t CO_2-ekv)	% of KHG footprint
Skoop 1	–	–	–
Skoop 2	Electricity	4,290.21	69.10
	Thermal energy (natural gas)	166.57	2.68
Skoop 3	Purchased materials	-15.16	-0.24
	Waste	43.41	0.70
	Recycled material (packaging)	-19.80	-0.32
	Disposable packaging	-15.16	-0.24
	Paper and cardboard	-5.21	-0.08
	Ferrous metal (unusable cylinder containers)	-22.39	-0.36
	Water (to be added to the 2021 report)	–	–
	Business trips with a company vehicle	101.2	1.63
	Business trips with an employee's vehicle	21	0.34
	Transport of fuels / LNG	329.90	5.31
	Transport of fuels / DK	1,031.58	16.61
	Transportation of goods (to be added to the 2021 report)	–	–
	Travel to and from work	302.88	4.88
Total	Skoop 1–3	**6,209.03**	
Intensity	Per customer	0.05	
	Per unit of energy sold (TWh)	1757.44	

6209 t CO_2-ekv



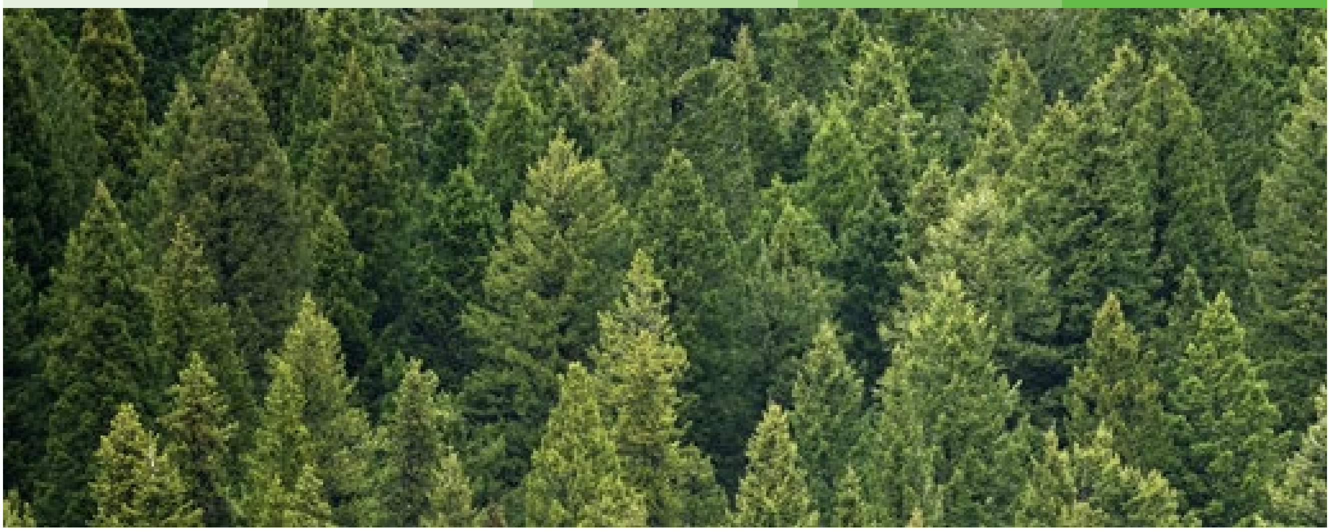
- 72% Electricity and thermal energy
- 0% Purchased materials
- 0% Waste
- 2% Business trips
- 22% Transportation of fuels
- 5% Travel to and from work

HOW DO WE ACHIEVE CARBON NEUTRALITY

As a large company, Alexela plays an important role in the lives of Estonian people and that is why we are also an opinion leader for many. In a situation where the world is in a climate crisis, we consider it important that large companies, such as Alexela, take the lead in changes that help reduce the negative impact of modern life on the environment. In the summer of 2020, Alexela set a goal to achieve carbon neutrality by 2030, which we plan to achieve primarily by making our companies, but also supply chains, carbon neutral in the future. We also plan to continue to engage customers in initiatives that help them reduce their carbon footprint, such as planting trees under the Community Program. In 2020, we started measuring our carbon footprint, and in 2021 we will set an action plan and short- and long-term goals for achieving carbon neutrality. We realize that in order to achieve such an ambitious goal, we need the help of all our employees, as well as other important stakeholders, such as customers and partners. That is why we have decided to start publicly reporting our activities and achievements every year on the road to CO_2-neutrality.

OUR ROAD TO 0 CO_2

2020	2021	2022–2029	2026	2030
WE SET A GOAL TO ACHIEVE CLIMATE NEUTRALITY BY YEAR 2030. WE SET OUR FOCUS TOPICS. WE BEGAN TO MAP OUR CO_2 FOOTPRINT.	REPORTING ON CO_2 FOOTPRINT FOR THE FIRST TIME. MAKING AN ACTION PLAN ON HOW WE SHALL REDUCE OUR FOOTPRINT. SELECTION OF AN UNIVERSAL CLIMATE EFFECT MANAGEMENT STANDARD.	ANNUAL REPORTING ON CO_2 FOOTPRINT. ACTION PLAN COMPLIANCE INSPECTION AND ADAPTION OF GOALS.	DEADLINE FOR ACHIEVING THE INTERMEDIATE. GOALS BASED ON THE CLIMATE. EFFECT MANAGEMENT STANDARD.	WE HAVE ACHIEVED CARBON-NEUTRALITY.



CUSTOMER INVOLVEMENT / HOW DO WE HELP CUSTOMERS REDUCE THEIR FOOTPRINT

HOW DOES ALEXELA HELP ITS CUSTOMERS REDUCE THEIR CARBON FOOTPRINT

1. During year 2020, we planted 108,820 trees under the Community Program, which neutralize 65,292 tons of CO_2 during their lifetime.

2. During 2020, we expanded our biomethane filling station chain and sold 68.9 GWh of biomethane, which is a climate-negative car fuel, thus reducing the carbon footprint of the transport sector.

3. We started producing biomethane from agricultural waste on the principle of circular economy. Biomethane is a climate-negative fuel: one car running on green gas makes another diesel car carbon neutral in addition to itself.

4. We expanded our network of electric chargers to accelerate the transition to alternative car fuels.

ALEXELA – ESTONIAN GREEN INNOVATOR

AS Alexela belongs to the Alexela group, which is one of the largest private companies and employers in Estonia. The growing, six-digit number of customers, the growth of customer loyalty and 98% awareness show that we have found our way into the hearts of Estonian people and companies and into everyday life. We operate on the principle of sustainability, which has made us among the best in Estonia in our fields of activity. According to the results of the Sustainable Brand Index survey published at the end of March 2021, we are the most sustainable company in Estonia in the eyes of consumers in our field, which is a great recognition for us. We understand that as a large company we play an important role both in the Estonian economy and in the lives of the people here. That is why we support Estonia by giving strength to culture, sports and charity.

Alexela has set itself the goal of becoming CO_2-neutral by 2030 at the latest. In order to meet our climate goals, we have placed the main focus on developing the circular economy, developing environmentally friendly fuels and filling solutions, and contributing to energy security. In addition, we have launched a Community program in which we encourage customers to do good to the environment and reduce their ecological footprint by planting trees: a tree of one 1 cubic meter neutralizes the same amount of carbon dioxide as is emitted during driving 3700 kilometres by car.

FOCUS TOPICS

GOAL: CO_2-NEUTRAL BY 2030

Development of environmentally friendly filling solutions

Alexela has set a goal to become CO_2-neutral by 2030 at the latest. In order to meet our climate goals, we have placed the main focus on the development of environmentally friendly filling solutions.

The development of CNG filling stations allows us to offer 100% renewable biomethane to the market. We also develop sustainable filling solutions for transport companies in the form of LNG filling stations.

Development of car electric charger infrastructure - We will install high-speed and ultra-fast car chargers at filling stations and important centres along the main roads.

Development of the circular economy

Through the parent company, we are involved in the production of biomethane mainly from agricultural waste, with which we make a major contribution to the development of the Estonian circular economy and the creation of jobs in rural areas.

Contributing to energy security

Through the parent company, we are involved in the construction of a pump hydro accumulation station facility in Paldiski, which will enable us to solve the challenge of storing renewable energy in the future and thus overcome the main brake on the way of achieving climate neutrality. The construction of this natural battery will account for about 7% of the total volume of Estonian infrastructure construction in eight years, creating approximately 700 direct and indirect jobs and bringing the state tax revenue worth 200 million euros. The operation of the plant will reduce Estonia's CO_2 emissions by 8.5 million tons.

Supporting communities

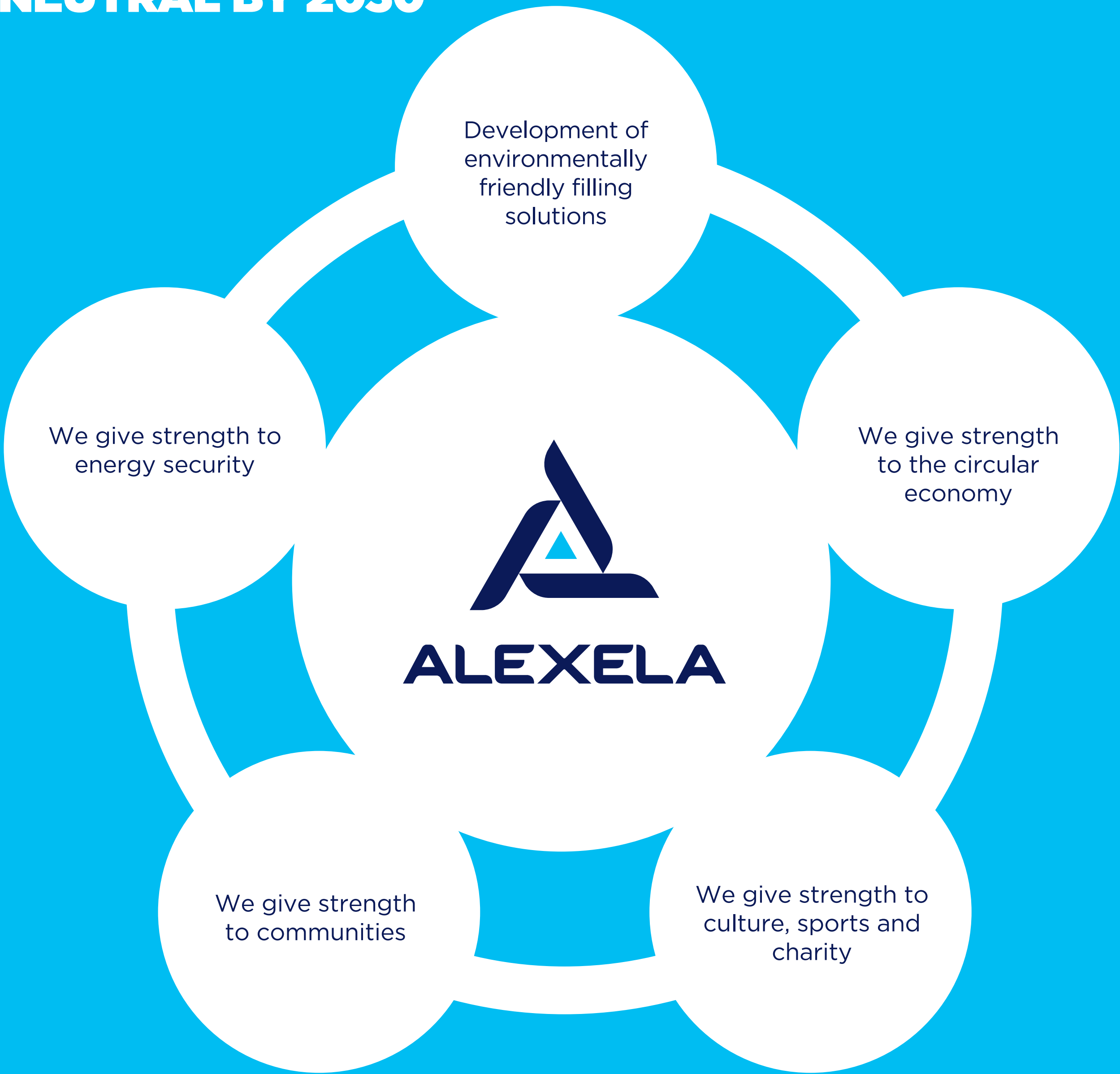
We believe that Estonian people and communities have the power to change the world. The most successful way to change the world is for a large number of people to do even the small right things. That is why in June 2020, we launched the Alexela Community programme, the root project of which - the tree planting programme - aims to plant one tree for every Estonian resident with the help of our customers. Such activities allow our customers to significantly reduce their ecological footprint. A tree with a trunk volume of 1 cubic metre neutralizes 917 kg of carbon dioxide during its lifetime - such a volume of CO_2 is emitted by the average car, travelling about 7900 km.

Support for culture, sports and charity

Alexela has been awarded the title of Friend of Culture by the Ministry of Culture and has given and continues to give strength to several cultural and sports organizations, including:

- Estonian Basketball Association
- Estonian Equestrian Association
- Tallinn International Horse Show
- Estonian Ski Association
- Estonian Tennis Association
- Tallinn Kalev Yacht Club and Muhu strait regatta
- World Offshore Sailing Championships and sailboat Forte team
- Estonian Chess Association
- Tallinn Kalev football club
- Épée fencer Nikolai Novosjolov
- Nordic Symphony Orchestra
- Alexela Concert Hall
- Music festival Rock in Haapsalu
- Foundation Maarja Küla
- Foundation Tartu University Hospital Children's Fund
- Estonian Association of People with Mobility Disabilities
- Estonian Association of Parents of Hearing Impaired Children
- Alexela Creative Stage in Tartu
- Feature Film "Class Reunion 3"
- Basketball club Rakvere Tarvas
- Tammistu family home in Tartu County

GOAL: CARBON NEUTRAL BY 2030



IMPACT ON SDGS (UN SUSTAINABLE DEVELOPMENT GOALS)

With its five focus topics, Alexela influences eight SDGs the most. The activities in our focus topics have the greatest impact on the following areas:

- Employment and economic growth
- Industry, innovation and infrastructure
- Sustainable energy
- Sustainable cities and locations
- Sustainable production and consumption
- Measures to combat climate change
- Life on Earth, diversity
- Health and well-being

FOCUS TOPIC — **THE UN SUSTAINABLE DEVELOPMENT GOAL (SDG) AFFECTED**

DEVELOPMENT OF ENVIRONMENTALLY FRIENDLY FILLING SOLUTIONS

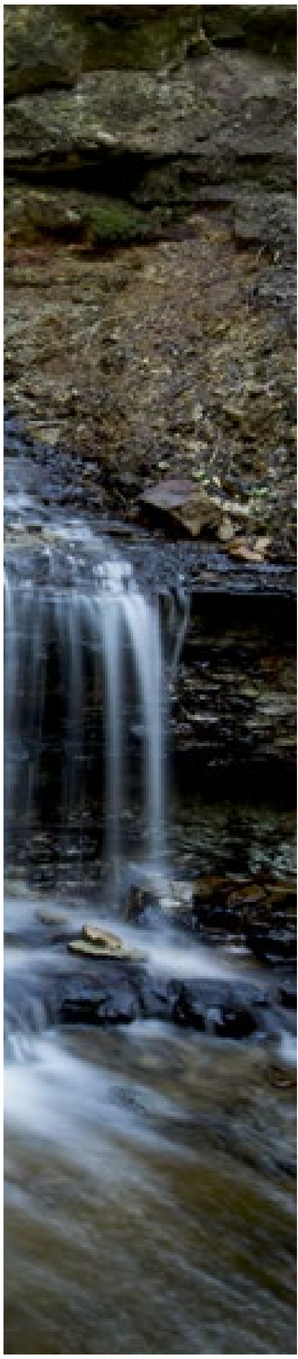
DEVELOPMENT OF THE CIRCULAR ECONOMY

FOOKUSTEEMA	MÕJUTATAV ÜRO KESTLIKU ARENGU EESMÄRK (SDG)
CONTRIBUTING TO ENERGY SECURITY	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 8 DECENT WORK AND ECONOMIC GROWTH
SUPPORTING COMMUNITIES	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 15 LIFE ON LAND
SUPPORT FOR CULTURE, SPORT AND CHARITY	3 GOOD HEALTH AND WELL-BEING

1.3 FINANCIAL RESULTS

1.3 FINANCIAL RESULTS

COMPANY DEVELOPMENT



In the Alexela Group, we still follow a five-year strategy, which we review every year and adjust according to the circumstances. Our goal is to continue to grow strongly organically and invest in environmentally friendly fuels. There are also plans to go public on the stock market in order to increase investment capacity and to expand. New business lines - such as electric car chargers, which are still commercially investment-intensive and with longer term profitability, and the increasingly powerful introduction of hydrogen into the market - are forcing corrections and adjustments in the organization. Especially in terms of skills. Looking back to 2020, we have been rather conservative in our five-year plans, because we have significantly exceeded our current targets.

RETAIL SALE OF FUELS

The synergy created by the merger of AS Alexela Oil and AS Alexela Energia, the new exterior appearance of filling stations, new functionalities created by the replacement of payment terminals and active work on increasing brand awareness have helped to increase the market share of all fuels as well as the customer base. We have the largest number of filling stations in Estonia and the widest coverage, having filling stations in ports as well as on small Estonian islands, such as Kihnu, Muhu, Vormsi and Prangli, where no other filling station chain has filling stations.

Petrol and diesel sales were excellent, despite the general decline in liquid fuel sales caused by the declaration of an emergency situation last spring, accompanying the COVID-19 crisis. Fuel sales recovered rapidly in May after the end of the emergency situation. The decrease in the excise duty on diesel fuel to the level of the Lithuanian excise duty rate contributed to the growth of sales, which gave the transport sector a good opportunity to bring its refuelling back to Estonia. We can see that Alexela was more successful than other market participants in increasing the retail sales volumes of petrol and diesel fuel.

In gaseous fuels, we have set ourselves the goal of being the market leader. As far as we know, in 2020 we were the only LNG retailer refuelling with LNG (liquefied natural gas). It is certainly not a goal to maintain 100% market share, but we will certainly be aggressive in increasing volumes in the future as well. The overall development of LNG retail depends mainly on how the transport sector embraces the new cleaner transport fuel and how truck manufacturers shape their pricing policies. Today, LNG is the only solution to make long-distance transport more environmentally friendly already in the next years. The environmental savings of LNG are particularly high when selling and consuming LNG based on a high biomethane mixture. However, in order for liquefaction of biomethane to be economically reasonable, it is first

necessary to create large-scale LNG consumption in Estonia, but it will take many more years to achieve this.

In the European Union, Directive 2014/94 / EU stipulates that by 2025 at the latest, there will be CNG filling stations on European main roads every 150 km and LNG filling stations every 400 km. These objectives have strongly contributed to the large-scale growth of the trans-European gas station network. During 2020, 300 new CNG and 150 LNG filling stations were opened in Europe, i.e. the number of CNG and LNG filling stations increased by 8.1% and 60%, respectively. However, in April 2021, we witnessed the number of CNG and LNG filling stations already reaching 4,000 and 400, respectively, and the goal is that by 2030 there will already be as many as 10,000 CNG and 2,000 LNG filling stations in Europe. It is noteworthy that as much as 25% of the gas sold in Europe as a transport fuel was biomethane. Estonia is clearly at the forefront of Europe here, because in the second half of 2020 the share of biomethane in Estonia increased to 75 percent – due to two new biomethane plants launched in cooperation between Alexela and Infortar, the production of which Alexela sells at its CNG filling stations.

It should be noted that the environmental benefits of gaseous fuels are high, because, unlike diesel, even fossil natural gas-based CNG and LNG burn much cleaner, not to mention biomethane, for which CO_2 emissions are even negative. It should be noted, for example, that a heavy-duty diesel vehicle traveling 100,000 km per year emits 100 tonnes of CO_2 per year, but driving with biomethane produced from animal manure would emit -125 tonnes of CO_2. It is also important here that emissions of sulphur compounds and fine soot particles are almost completely missing. Due to the high environmental savings, both LNG and CNG trucks are exempt from tolls in several countries in the European Union.

It is gratifying that just as the sales of gaseous fuels in Europe as a whole are growing, the sales volumes of CNG and LNG are growing in Estonia, and also at Alexela's filling stations.

We are pleased that we achieved a significant increase in CNG sales last year, which shows that consumers (both business and private) have embraced CNG. In May last year, we celebrated the one year anniversary of the opening of the first LNG filling station in Estonia and the entire Baltics at the Alexela Jüri filling station. These sales have exceeded all planned expectations, as both new and imported LNG trucks have entered the market. It is noteworthy that the only LNG filling station in the Baltics has also been found to be suitable by Latvian transport companies, which transport goods in the direction of Finland and fill the fuel tanks of their LNG trucks at the Alexela Jüri filling station. This is proof that LNG is the best substitute for diesel and is suitable for use as a long-distance transport fuel. It also clearly marks the beginning of a transformation in the market for the transition to cleaner fuels.

What is significant is that CNG is suitable for both private consumers and businesses, which is also shown by the trend of sales growth of CNG vehicles. The comparison of the Baltic countries also shows that Estonians are fond of gas cars. Although the volume of gas-powered cars in Estonia is close to 3.5% of the total market, it is 1.3% in Latvia and less than 1% in Lithuania. Estonia's success is certainly due to the fact that there are significantly more gas stations in Estonia than our southern neighbours have. Beside CNG, we are the market leader in LPG car gas sales. It is good that the LPG market is still growing and it can be seen that more and more competitors are thinking about LPG and building new

LPG filling stations. This development is very positive for the market as a whole, as it adds attractiveness and attracts potential new customers to install a gas appliance in their petrol car. The addition of new LPG retailers will certainly mean some loss of market share, but today we positively acknowledge that Alexela's sales growth exceeds the growth of the entire LPG market. This means that Alexela managed to further increase its LPG market share.

WHOLESALE OF FUELS

In addition to LPG retail, Alexela's portfolio also includes LPG wholesale, the sales volume of which is strongly dependent on the weather, both during the heating season in winter and during the late summer harvest period. In 2020, we sold 17% more LPG in wholesale than a year earlier. In addition to LPG wholesale, we also deal with the wholesale of bottled gas and liquid fuels. While the sales volume of bottled gas increased by 1% in 2020, the wholesale sales of liquid fuel increased by as much as 60% compared to the sales volumes in 2019.

SALES OF ELECTRICITY AND NATURAL GAS

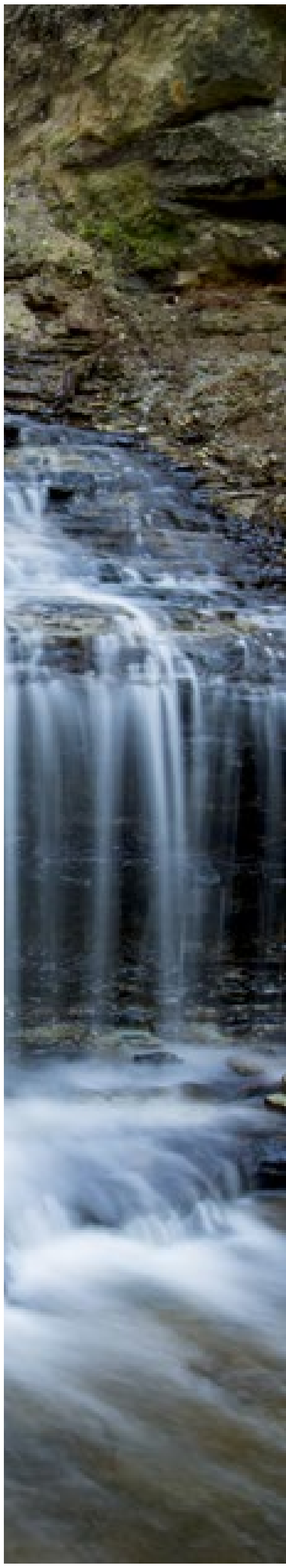
We expect our market share in electricity and natural gas sales to be 10% in the medium term. Competition in the electricity market is completely different than in the fuel market. The goal of AS Alexela is to combine different products, offer them to customers and make them attractive to customers. According to Elering, Alexela's electricity sales market share increased from 6.4% to 7.7% and natural gas market share from 7.4% to 9.7%. In electricity, we were more conservative in taking risks than our competitors, which is why we are particularly pleased with the increase in the market share.

RETAIL

In retail, we have set a goal in the medium term with Alexela's convenience stores that 1/4 of the profits of AS Alexela will come from retail in shops. This is an ambitious goal, given the investments in convenience stores and the timing of their launch. 2020 was a successful year for retail, despite the constraints imposed by COVID-19. The business process in convenience stores is constantly evolving to ensure both customer expectations and economic ambitions. We put our focus on customer service.

EXTERNAL MARKETS

In addition to the retail sale of fuels at Alexela's own filling stations in Estonia, we have also entered foreign markets through foreign partners, thus offering the possibility of refuelling both liquid fuels and gaseous fuels in Latvia, Lithuania, Poland and Sweden. The reason for moving to foreign markets was the increase in diesel fuel excise duties in 2016 and 2017. While 2019 was a record year in terms of sales volumes in foreign markets, in 2020 sales volumes in Latvia and Lithuania started to decrease due to the temporary reduction of the excise duty on diesel fuel to the level of the Lithuanian excise duty rate. The direct reason for this was the rapid relocation of refuelling volumes of transport companies back to Estonia, which was reflected in a 12% increase in the total retail sales of diesel fuel in Estonia in the summer period, a 17% increase in the autumn months and as much as 23% increase in December. The refuelling volumes of Alexela's customers also moved back to Estonia from foreign mar-



kets. Despite the fact that sales volumes in Sweden and Poland increased in 2020, the decline in sales volumes in Latvia and Lithuania led to a general decline in sales volumes abroad. To put it simply, the fuel markets of different countries are connected tanks, where refuelling litres of fuel "flow by themselves" wherever the price is the lowest at that moment. In this case, these litres moved to Estonia, as a result of which Alexela's sales volumes in Estonia increased and, in addition, it was succeeded to gain additional volume from competitors.

Today, where the foreign sales system has been successfully launched and the necessary integrations have been fully implemented, it is clear that as soon as the diesel excise duty in Estonia rises to the previous level in May 2022, the litres returned to Estonia will instantly move back to neighbouring countries.

However, 2020 was a successful year in the sale of gaseous fuels abroad, where we gained new customers and increased sales volumes. It is important to note that the supply of gaseous fuels to Finnish customers is guaranteed from Alexela's gas terminal in Vana-Kuuste.

SUMMARY

By the end of 2020, the operating profit of AS Alexela amounted to 6.63 million euros, increasing almost four times. It can be said that the ambitions of AS Alexela to be a one-stop-shop in the field of fuel and energy, i.e. a place where everything can be conveniently obtained in one place, will be successful thanks to the excellent working team of the company's employees and successful choice of business strategy. Together we have power and together we can make the life in Estonia better.

OUTLOOK AND KEY TRENDS FOR 2021

In today's competitive environment and in order to meet climate goals, we have placed the main focus on the development of environmentally friendly filling solutions. Due to the global health crisis in 2020, Alexela slowed down its own investments, and the plans set in 2020 have largely been carried over to 2021. Next year, we will continue to focus on the development of CNG filling stations, which will enable us to offer the market 100% renewable biomethane, the production of which is increasing in Estonia. We are also developing sustainable filling solutions for transport companies with LNG filling stations.

We will continue to develop convenience stores in existing automatic filling stations and to install self-service checkouts. We will install high-speed and ultra-fast car electric chargers in filling stations and necessary centres along the main roads.

INVESTING

INVESTMENTS IN 2020 AND PLANS FOR 2021

In the financial year 2020, AS Alexela invested a total of almost 4.9 million euros in filling stations and related infrastructures (see Note 8).

The most important investments were:

- Reconstruction of Tõdva filling station and opening of a new convenience store
- Opening of a new convenience store at Sõle filling station
- Reconstruction of the tank park and technology of the Riisipere filling station, construction of additional filling stations
- IT investments for better customer service: private customer self-service, e-shop and development and improvement of internal programs
- Construction of new LPG facilities and investments made in the LPG terminal to improve quality
- LNG trailer for growing the field in Estonia
- Construction of Tartu Ringtee 75b CNG refuelling solution

The direction in 2021 is to continue developing both new filling stations and convenience stores to existing automatic filling stations. We will complete the procedures of the pending detailed plans. At filling stations, where we plan reconstructions or extensions, we will start preparing preliminary projects.

We will continue to contribute to the development of environmentally friendly compressed gas filling stations (CNG) and promote the sale of pure biomethane at these filling stations.

We are developing the infrastructure of electric chargers, we will start installing the first fast chargers for electric cars in filling stations near the main roads. For this purpose, we will introduce 160 kW ultra-fast chargers and 55 kW quick chargers.

SIGNIFICANT FINANCIAL RATIOS

Financial ratio	2020	2019	2018
Sales revenue (thousand €)	249,839	247,539	216,144
Sales revenue growth (%)	0.9%	14.5%	33.3%
Net profit (thousand €)	3,382	-1,630	805
Net profitability (%)	1.4%	-0.6%	0.4%
Current liabilities coverage ratio	0.91	0.83	0.79
ROA (%)	2.1%	-1.0%	1.0%
ROE (%)	4.7%	-2.9%	2.6%

Formulas used to calculate the ratios:
Revenue growth (%) = (sales revenue 2020 - sales revenue 2019) / sales revenue 2019 * 100
Net profitability (%) = net profit / sales revenue * 100
Current liabilities coverage ratio (in times) = current assets / current liabilities
ROA (%) = net profit / total assets * 100
ROE (%) = total net profit / total equity * 100

1.4 MANAGEMENT

1.4 MANAGEMENT

AIVO ADAMSON ***Chairman of the management board Alexela AS***

Long-term experience in management of large companies. Has built larger and smaller organizations, carried out major restructurings and developed a number of organizations.
Chairman of the Management Board of AS Alexela.

Previously held senior and advisory positions in the following companies: Bytelife Solutions OÜ, AS Verso-bank, AS Starman, Road Administration, AS Swedbank, Telag. He has also been an adviser on digitization for the United Nations Development Program in New York.

Graduated from Tallinn University of Technology with a degree in accounting and financial analysis and has held an auditor's certificate No. 196.

Alan vaht ***Member of the management board Alexela AS***

Experienced liquid fuel inventory manager and energy sector expert. Fuel market enthusiast and blogger. Head of business sales and logistics at AS Alexela.

Previous work experience in the following companies: Alexela Group, AS Olerex, AS Eesti Kütusevaru Agentuur, Ministry of Economic Affairs and Communications, Eesti Energia AS.

Graduated from Tallinn University of Technology, Institute of Thermal Engineering, with a master's degree.

AIVAR RÄIM ***Member of the management board Alexela AS***

Long-term experience in the retail and wholesale market of liquid fuels. Participated in the preparation of development strategies as well as in mergers and acquisitions. Head of development projects and administration and maintenance of AS Alexela.

25 years of work and management experience in AS Alexela and its preceding companies.

Graduated from Tallinn University of Technology with a master's degree in construction economics.

MEMBERS OF THE MANAGEMENT BOARD

KARMO PIIKMANN ***Member of the management board***

Experienced in financial management and analysis: budgeting, cash flow management, cost-benefit analysis and projections. Chief Financial Officer of AS Alexela.

Previous work experience in Alexela Group and AS SEB Pank. Graduated from the Estonian Business School with a master's degree in international business management.

ANDRUS HORM ***Member of the management board Alexela AS***

Extensive experience in developing and modernizing business models in various markets. Head of purchasing and foreign markets for AS Alexela.

Previous work experience in leading positions in companies Interlight LLC, Domina Business Estonia OÜ, LampGustaf LLC, Moodne Valgustus AS.

Graduated from St. Petersburg State University of Economics with a degree in international business management.

Member of the Management Board of AS Alexela until 06.11.2020.

QUALITY MANAGEMENT SYSTEM

MANAGEMENT AND ISO STANDARD

Alexela is an Estonian company whose quality management system covers the sale of liquefied and natural gas, filling and requalification of cylinders, equipment rental and sale, system project management, electricity sales, gas mixture production, fuel wholesale, fuel retail at filling stations and retail in convenience stores.

The scope of this quality management system has been checked and the internal and external audit has found that the management system of AS Alexela complies with the requirements of the international standard ISO 9001: 2015.

The performed internal audit and external audit provide the management of AS Alexela with a complete overview of the processes and assurance that the developed processes are working. Employees follow developed processes, guidelines and instructions.

The purpose of the quality management system is to ensure:

- continuous improvement of the company's activities and results;
- improvement of product quality;
- increase in customer satisfaction;
- improvement of work organization.

The functioning of the management system is extremely important for the Management Board, as it enables us to offer our customers high-quality products, services and excellent service, and an excellent working environment for our employees.

Updating the management system is an ongoing process that is indirectly or directly addressed on a daily basis. The changes are also constantly reviewed by the Management Board, which coordinates or approves them if necessary.

PART 2.

ANNUAL ACCOUNTS

2.1 ANNUAL ACCOUNTS

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET (in EUR)

	31 December 2020	31 December 2019 adjusted	31 December 2019 2019 annual report	Note nr
Assets				
Current assets				
Cash	468,642	320,842	320,842	2
Short term investments	6,801,101	0	0	6
Receivables and advances	22,192,946	23,101,756	23,101,756	3, 5
Inventories	8,777,022	31,099,028	31,099,028	4
Total current assets	**38,239,711**	**54,521,626**	**54,521,626**	
Fixed assets				
Investments into subsidiaries and associate entities	321,836	306,182	306,182	7
Receivables and advances	10,607,526	146,741	146,741	3
Property, plant and equipment	109,807,423	103,486,539	103,486,539	8
Intangible assets	3,437,446	3,212,879	3,212,879	9
Total fixed assets	**124,174,231**	**107,152,341**	**107,152,341**	
Total assets	**162,413,942**	**161,673,967**	**161,673,967**	
Liabilities and equity				
Liabilities				
Current liabilities				
Loan commitments	17,423,312	27,712,293	27,712,293	10, 12
Payables and prepayments	24,321,209	37,947,191	37,947,191	5, 13, 14
Appropriations	182,640	123,857	123,857	15
Targeted financing	111,841	66,481	66,481	16
Total current liabilities	**42,039,002**	**65,849,822**	**65,849,822**	
Long-term liabilities				
Borrowings	45,484,527	39,333,476	39,333,476	10, 12
Debts and advances	2,401,338	669	669	13
Deferred income tax liability	70,195	38,174	0	5
Provisions	8,302	11,097	11,097	15
Targeted financing (grants)	564,956	699,477	699,477	16
Total long-term liabilities	**48,529,318**	**40,082,893**	**40,044,719**	
Total liabilities	**90,568,320**	**105,932,715**	**105,894,541**	
Owner's equity				
Equity attributable to equity holders of the parent				
Share capital at nominal value	1,619,410	1,619,410	1,619,410	17
Share premium	280,000	280,000	280,000	
Legal reserve	161,941	161,941	161,941	
Other reserves	60,613,316	50,912,020	50,912,020	8, 17
Retained earnings	5,788,803	4,397,783	4,397,783	
Profit (loss) for the year	3,382,152	-1,629,902	-1,591,728	
Equity attributable to equity holders of the parent	**71,845,622**	**55,741,252**	**55,779,426**	
Total owners' equity	**71,845,622**	**55,741,252**	**55,779,426**	
Total liabilities and owners' equity	**162,413,942**	**161,673,967**	**161,673,967**	

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (in EUR)

	2020	2019 adjusted	2019 2019 annual report	Note nr
Revenue	249,839,020	247,539,462	247,539,462	18
Other operating income	269,821	585,236	585,236	19
Raw materials and consumables used	-221,184,579	-228,657,822	-228,657,822	20
Miscellaneous operating expenses	-4,607,555	-4,151,882	-4,151,882	21
Labour costs	-6,918,457	-6,471,304	-6,471,304	22
Depreciation and impairment of fixed assets	-10,366,605	-6,902,363	-6,902,363	8, 9
Other operating expenses	-404,055	-365,180	-365,180	23
Business profit (loss)	**6,627,590**	**1,576,146**	**1,576,146**	
Profit (loss) from subsidiary and affiliate entity	-234,310	-296,591	-296,591	6, 7
Interest income	649,715	152,693	152,693	24
Interest expenses	-3,489,569	-2,875,964	-2,875,964	25
Other financial income and expenses	-139,253	-147,022	-147,022	26
Profit (loss) before income tax	**3,414,173**	**-1,590,738**	**-1,590,737**	
Income tax	-32,021	-39,165	-991	5
Profit (loss) for the year	**3,382,152**	**-1,629,902**	**-1,591,728**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in EUR)

	2020	2019 adjusted	2019 2019 annual report	Note nr
Profit (loss) for the year	3,382,152	-1,629,902	-1,591,728	
Other comprehensive profit (loss)				
Other comprehensive profits (losses)	12,722,218	26,215,782	26,215,782	8,17
Total other comprehensive profit (loss)	**12,722,218**	**26,215,782**	**26,215,782**	
Comprehensive profit (loss) for the accounting year	**16,104,370**	**24,585,880**	**24,624,054**	
Including comprehensive profit (loss) attributable to the equity holder of the parent	16,104,370	24,585,880	24,624,054	

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS (in EUR)

	2020	2019	Note nr
Cash flows from operating activities			
Operating profit (loss)	6,627,590	1,576,147	
Adjustments			
Depreciation and impairment of fixed assets	10,366,605	6,902,363	8,9
Profit (loss) from the sale of fixed assets	-1,665	-90,692	8,9,19
Other adjustments	-33,173	-127,768	15,16
Total adjustments	**10,331,768**	**6,683,903**	
Change in trade receivables and advances	905,446	-246,277	
Change in inventories	22,322,006	-24,680,125	4
Change in trade payables and advances	-12,240,893	13,397,302	
Net cash inflow/outflow from operating activities	**27,945,916**	**-3,269,050**	
Cash flows from investing activities			
Paid at acquisition of property, plant and equipment and intangible fixed assets	-4,508,194	-4,455,661	8,9
Received from sale of property, plant and equipment and intangible fixed assets	381,255	388,281	8
Paid at acquisition of affiliates	-250,000	-560,000	7
Received from sale of subsidiaries	2,500	0	6
Net cash flow at sale of subsidiaries	-2,464	0	6
Acquisition of other financial investments	-4,401,101	0	
Loans granted to other parties	-11,885,000	-1,381,000	3
Repayment of loans granted	848,025	369,833	3
Interests received	111,312	172871	
Net cash inflow/outflow from investing activities	**-19,703,667**	**-5,465,676**	
Cash flows from financing activities			
Loans received	59,437,667	40,481,377	12
Repayment of loans received	-60,780,185	-25,538,534	12
Increase/decrease in overdraft balance	-171,403	-1,765,657	12
Repayments of the principal of financial lease	-3,124,107	-1,965,834	10
Interest paid	-3,456,421	-2,773,840	
Receipts from targeted financing (grants)	0	161,093	16
Net cash inflow/outflow from financing activities	**-8,094,449**	**8,598,605**	
Net increase/decrease in cash	**147,800**	**-136,121**	
Cash and cash equivalents at beginning of period	320,842	456,963	2
Change in cash and cash equivalents	**147,800**	**-136,121**	
Cash and cash equivalents at end of period	468,642	320,842	2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(in EUR)

	Equity attributable to equity holders of the parent					Total
	Share capital at nominal value	Share premium	Legal reserve	Other reserves	Retained earnings	
31 December 2018	**1,619,410**	**280,000**	**161,941**	**25,229,455**	**3,864,566**	**31,155,372**
Profit (loss) for the year	0	0	0	0	-1,629,902	-1,629,902
Changes in reserves	0	0	0	25,682,565	533,217	26,215,782
31 December 2019	**1,619,410**	**280,000**	**161,941**	**50,912,020**	**2,767,881**	**55,741,252**
Profit (loss) for the year	0	0	0	0	3,382,152	3,382,152
Changes in reserves	0	0	0	9,701,296	3,020,922	12,722,218
31 December 2020	**1,619,410**	**280,000**	**161,941**	**60,613,316**	**9,170,955**	**71,845,622**

The revaluation reserve for fixed assets is recorded in the equity item “Other reserves”. Additional information on changes in the reserve is provided in Note 8. More detailed information on share capital and other equity items is provided in Note 17.

NOTES TO THE ANNUAL ACCOUNTS

NOTE 1 ACCOUNTING POLICIES

GENERAL INFORMATION

AS Alexela is a public limited company registered in Estonia and operating in Estonia, the main activity of which is the retail sale of motor fuels, including the operation of filling stations. The company's office is located at Roseni 11, Tallinn, Estonia.

The consolidated financial statements for 2020 reflect the financial indicators of AS Alexela (parent company) and its subsidiaries 220 Energia OÜ and Alexela Energia Teenused AS and their subsidiaries (the structure of the group is presented in Note 6).

This consolidated report was signed by the Management Board on June 30, 2021.

According to the requirements of the Estonian Commercial Code, the annual report prepared by the Management Board (which also includes the consolidated annual accounts/financial statements) must be approved by the Supervisory Board and approved by the General Meeting of Shareholders. Shareholders may decide not to approve the annual report, which has been prepared by the management board, and may demand that a new annual report be prepared.

BASIS FOR PREPARING THE ANNUAL REPORT

The consolidated annual accounts of AS Alexela for 2020 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The functional and presentation currency of AS Alexela and its subsidiaries is the euro and the data in the consolidated financial statements are presented in euros.

The report has been prepared on a historical cost basis, except as described in the accounting policies below.

The principal accounting policies applied in the preparation of these annual accounts are set out below.

IMPLEMENTATION OF NEW OR AMENDED STANDARDS AND INTERPRETATIONS

The Group's consolidated annual accounts for 2020 have been prepared in accordance with new standards, amendments to standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) and which are applicable to the Company's operations and became effective for the reporting period beginning on 1 January 2020.

IAS 12 "Income Tax"

Pursuant to paragraph 52A of IAS 12, the Group has not previously recognized income tax on profits and dividends to be announced in the future, because according to the standard, under distribution-based tax regimes, income tax is paid on distribution of profit rather than on its accrual. Deferred tax on the profits of subsidiaries and associates dealt with in paragraphs 39-40 of IAS 12 is not recognized, because the previous view was that the treatment of those paragraphs was inconsistent with paragraph 52A of that standard.

In June 2020, the IFRS Interpretations Committee decided that the paragraphs of the IFRS also apply to dividend-based tax systems and, consequently, the deferred tax expense and liability on retained earnings in subsidiaries must be recognized.

The amendment resulting from the interpretation of the standard has been introduced retrospectively and the income tax on retained earnings of the Estonian and Latvian subsidiaries as of 31.12.19 was 38,174 euros. The item "Deferred income tax liability" and the item "Income tax" in the income statement have been adjusted accordingly.

"Amendments to IFRSs when referring to a conceptual framework" - Amendments to IFRSs

The purpose of the amendments is to update the references to a number of standards or their interpretations to refer to the revised conceptual framework and not to previous frameworks. In the Group's opinion, there is no significant impact on the Group's financial statements.

„Definition of materiality" - Amendments to IAS 1 and IAS 8

The amendment clarifies the notion of materiality to help companies decide on materiality and to improve the relevance of the information disclosed in the notes to the financial statements. Information is material if it can be expected that its omission, misstatement or concealment could influence the decisions that major users of general purpose financial statements make on the basis of those statements. According to the estimation of the Group, there is no significant impact on the financial statements of the group.

"Definition of Business" – amendments to IFRS 3

The purpose of the amendment is to clarify the concept of business in order to simplify the application of IFRS 3 "Business Combinations". A business is an integrated set of activities and assets designed to provide goods or services or to generate revenue. According to the estimation of the Group, there is no significant impact on the financial statements of the group.

"Lease Benefits Due to COVID-19" - Amendments to IFRS 16

The amendments provide tenants with an opportunity to assess whether or not the lease benefit arising from COVID-19 should be treated as a change in the lease contract or not. If, as a result of a change in lease payments, the total lease payment is substantially the same as before the change, the reduction in lease payments only affects payments with an original term of 30.06.2021 and no other significant changes are made to the lease contract, such a lease benefit may be recognized as if it were not an amendment to the lease contract. If this measure is applied, it must be applied consistently under similar conditions. The Group did not apply the lease benefits received under COVID-19 as an amendment to lease agreements, and the effect of the amount of such benefits on the financial statements was insignificant.

"Reference interest rate reform" - amendments to IFRS 9, IAS 39 and IFRS 7

The amendments introduce temporary derogations from the application of specific hedge accounting requirements in order to avoid the termination of hedge accounting due to the uncertainties arising from the reference interest rate reform. The Group estimates that the amendments will not have an impact on the Group's financial statements.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO BE APPLIED

New standards, amendments or interpretations have been adopted, the implementation of which is mandatory from 01.01.2021 or later and which the Group has not applied before the deadline:

"Reference interest rate reform - Phase 2" - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - the second phase of the reform of interest rate benchmarks. Applies to accounting periods beginning on or after 1 January 2021.

The amendments address issues that may affect financial reporting as a result of the reform of interest rate benchmarks, including the effects of changes in contractual cash flows or hedging relationships resulting from the transition from an interest rate benchmark to an alternative benchmark. The amendments provide, as a practical measure, an exemption from certain requirements of IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16:

- Changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and leases, where the changes require an update of the internal rate of return of a group financial asset or financial liability if the basis for determining the contractual cash flows of financial assets or financial liabilities changes due to the interest rate benchmark reform.
- The hedge accounting provides for exceptions to the hedge accounting requirements:

  - It is permitted to change the definition of the hedging relationship to reflect the changes required by the reform.
  - If the hedged item in the cash flow hedge accounting is changed to reflect the changes required by the reform, the accumulated amount of the cash flow hedge reserve is considered to be the alternative benchmark against which the hedged future cash flows are determined.
  - If a group of several objects is defined as a hedged item and some of the items in the group are changed to reflect the changes required by the reform, the hedged items are subdivided according to the hedged benchmarks.
  - If an entity expects with sufficient certainty that an alternative benchmark will be separately identifiable within 24 months, it may designate that interest rate as a non-contractual risk component if it cannot be separately identified at the date of designation.

The amendments require the Group to disclose additional information to enable users of the report to understand the impact of the interest rate benchmark reform on the Group's financial instruments, including information about the reform's corporate / group exposures and related risk management activities.

The Group does not expect the amendments to have a material impact on the Group's financial statements upon initial application.

"Classification of Liabilities as Current or Non-current" - Amendments to IAS 1 - effective for accounting periods beginning on or after 1 January 2023. Not yet adopted by the European Union.

The amendments clarify that the classification of liabilities as current or non-current is based solely on the entity's right to defer settlement at the end of the reporting period. The company's right to defer settlement for at least 12 months from the reporting date need not be unconditional, but it must have substance. The classification is not affected by management's intentions or expectations as to whether and when the entity exercises its right. The amendments also clarify the situations that would be considered as payment of a liability.

The Group does not expect the amendments to have a material impact on the Group's financial statements upon initial application.

"Revenue before Efficient Use, Harmful Contracts - Contract Performance Costs, Reference to Conceptual Framework – Limited Amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRS 2018–2020 – Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.

Applicable for accounting periods beginning on or after 1 January 2022, not yet adopted by the European Union.

- The amendment to IAS 16 requires revenue from the sale of items produced during taking to the required location and operating conditions of items of property, plant and equipment to be recognized in income statement together with the costs associated with those items and measured in accordance with IAS 2 measurement requirements.
- The amendments to IAS 37 require an enterprise to consider all costs that are directly attributable to the performance of a contract to determine the cost of performing the contract. The amendments clarify that the costs of performing a contract include both the costs necessarily incurred to perform a particular contract and as well as part of the other costs that are directly attributable to performing the contracts. An entity shall apply those amendments to contracts for which it has not yet performed all of its obligations at the beginning of the reporting period in which it first applies the amendments (the date of initial application). The company does not adjust the information for the comparable period. Instead, the company recognizes the cumulative effect of the initial application of the amendments as an adjustment to the opening balance of retained earnings or another relevant equity item at the date of initial application.
- The amendment to IFRS 3 updates the reference to the 2018 conceptual framework for financial reporting instead of the 1989 framework, and a new paragraph is added clarify-

ing that contingent assets cannot be recognized at the acquisition date.

- Annual Improvements to IFRS 2018-2020 include the following changes:

    - First-time Adoption of IFRS 1 "International Financial Reporting Standards - The amendment allows entities, that adopt IFRSs later than their parent and that measure their assets and liabilities at carrying amount as in the parent's consolidated financial statements, to measure also cumulative adjustment differences, using the sums recognized at the parent.

    - The amendments to IFRS 9 Financial Instruments specify which fees are to be taken into account in assessing the derecognition of a financial liability using the 10% test.

    - The amendments to IFRS 16 Lease contracts remove the Illustrative Example Number 13, which in practice creates confusion for both the lessee and the lessor regarding the recognition of improvements to leased assets. The purpose of the amendment is to remove a confusing illustrative example.

    - The amendment to IAS 41 Agriculture removes the requirement to use pre-tax cash flows to measure the fair value of agricultural assets. Previously, IAS 41 required an enterprise to use pre-tax cash flows to measure fair value, but did not require the use of a pre-tax discount rate to discount those cash flows.

The Group does not expect the amendments to have a material impact on the Group's financial statements upon first time adoption.

REQUIREMENTS FOR ACCOUNTING POLICIES ARISING FROM OTHER LAWS

According to the Electricity Market Act, the Group is an electricity undertaking and on the basis of §17 of the respective Act presents the accounting policies, balance sheet and income statement for electricity-related and other activities in Note 36 to the report. The Estonian Competition Authority supervises compliance with the Electricity Market Act and legislation established on the basis thereof.

According to the Natural Gas Act, the parent company of the group is a gas company and according to § 8 of the same Act, records must be kept of gas transmission, distribution, sales and activities not related to these activities as if companies operating separately in these activities would be obliged to do. The Estonian Competition Authority supervises compliance with the Natural Gas Act and legislation established on the basis thereof.

CORRECTION OF ERRORS

Errors may arise in the recognition, measurement, presentation or disclosure of components of financial statements. The prior period error shall be corrected retrospectively, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error.

Significant prior period errors are corrected retrospectively in the first financial statements, which are certified when the errors are discovered:

- adjusting comparative information for the prior period (s) in which the error occurred, or

- if the error occurred before the earliest prior period presented, adjusting the opening balances of assets, liabilities and equity for the earliest period presented.

PREPARATION OF CONSOLIDATED ACCOUNTS

In the consolidated accounts, the financial indicators of all subsidiaries controlled by the parent company (except for subsidiaries acquired for resale) are consolidated line by line. All intra-group receivables and liabilities, transactions between group companies and unrealized gains and losses arising from them have been eliminated. Minority interests in the results and equity of entities controlled by the parent company are included in equity in the consolidated balance sheet separately from the equity owned by the owners of the parent company and in a separate item in the consolidated income statement. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Subsidiaries

A subsidiary is a company over which the parent company has control. A subsidiary is considered to be under the control of the parent if the Group directly or indirectly owns 50% or more of the voting power of the subsidiary or is otherwise able to control the operating and financial policies of the subsidiary.

Acquisitions of subsidiaries are accounted for using the purchase method (except for business combinations under common control, which are accounted for using the adjusted purchase method). Under the purchase method, the assets, liabilities and contingent liabilities (i.e. net assets acquired) of the acquired subsidiary are recognized at their fair value. The difference between the acquisition cost of the holding and the fair value of the net assets acquired is recognized as positive or negative goodwill.

From the date of acquisition, the Group's interest in the assets, liabilities and contingent liabilities of the acquiree and the goodwill arising are recognized in the consolidated balance sheet and the interest in the revenue and expenses of the acquiree in the consolidated income statement. Positive goodwill is recognized in the consolidated balance sheet as an intangible asset.

If a subsidiary is sold during the reporting period, the income and expenses of the subsidiary sold are recognized in the consolidated income statement until the date of sale. The difference between the sale price and the carrying amount of the subsidiary's net assets in the group's balance sheet (including goodwill) at the date of sale is recognized as profit or loss from the sale of the subsidiary.

If the partial sale of a subsidiary reduces the Group's control of the company to less than 50%, but the influence over the company does not disappear completely, the consolidation of the company is terminated from the date of sale, and the remaining holding in the assets, liabilities and goodwill of the subsidiary is recognized as an associate, joint venture or other financial investment. The carrying amount of the remaining part of the investment at the date of sale is considered to be its new acquisition cost.

Upon the decision to sell a subsidiary, the subsidiary is classified as assets held for sale and recognized as other financial investment until the end of the sale process.

Associates

An associate is an entity over which the Group has significant influence but not control. As a rule, an associate is an entity in which the Group has an interest of between 20% and 50% of its voting shares.

The Group recognizes investments in associates using the equity method. Under the equity method, an investment is initially recognized at acquisition cost and subsequently adjusted with profit or loss of the associate.

If the Group's interest in an associate using the equity method is less than the carrying amount of the associate, the carrying amount of the associate is reduced to zero and no further losses are recognized unless the Group guarantees that they will be covered.

Business combinations between entities under common control

Business combinations between entities under common control are accounted for using the adjusted purchase method, whereby the acquired holding is recognized in the carrying amount of the net assets acquired in another entity (i.e. as the acquired assets and liabilities were recognized in the acquiree's balance sheet). The difference between the acquisition cost and the carrying amount of the net assets acquired is recognized as a decrease or increase in the equity of the acquiree.

Unconsolidated financial statements of the parent company presented in the notes to the consolidated annual accounts

According to the Estonian Accounting Act, the separate unconsolidated primary financial statements of the consolidating entity (parent company) must be disclosed in the notes to the consolidated annual accounts. The primary financial statements of the parent company have been prepared in accordance with the same accounting policies that have been applied in the preparation of the consolidated annual accounts, except for investments in subsidiaries and associates, which are recognised in the unconsolidated statement at acquisition cost.

Subsequent recognition of subsidiaries is made on a line-by-line basis in the consolidated financial statements and at acquisition cost in the non-consolidated financial statements.

Transactions in which an entity increases or decreases its holding in a subsidiary that it already controls (transactions with a minority interest) are accounted for as transactions between owners that do not give rise to goodwill or a gain or loss. Any differences between the purchase or sale price and the changed carrying amount of the minority interest are recognized directly in equity (similar to the differences between the purchase and sale of own shares).

FINANCIAL ASSETS

Classification

The Group classifies its financial assets in the following measurement categories:

- the ones to be measured at fair value (either with an amendment through comprehensive income statement or an amendment through income statement)
- the ones to be measured at adjusted acquisition cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Recognition and derecognition

Ordinary purchases and sales of financial assets are recognized on transaction date, i.e. on the date when the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Measurement

Financial assets (other than receivables from the buyer that do not have a significant financing component and which are initially measured at transaction price) are measured initially at fair value. In the case of an asset that is not recognized at fair value through changes in income statement, transaction costs that are directly attributable to the acquisition of the asset are added.

Debt instruments

Subsequent recognition of debt instruments depends on the Group's business model for managing financial assets and on the contractual cash flow of the financial asset.
Assets that are held for collection of contractual cash flows and where those cash flows represent solely payments of principal and interest on due principal, are measured at depreciated cost, using the effective interest method. Impairment losses are deducted from the adjusted acquisition cost. Interest income, foreign exchange gains and losses and impairment are recognized in the income statement.

Gains or losses arising on derecognition are recognized in the income statement.

Equity instruments

The Group has no investments in equity instruments.

Impairment of financial assets

The impairment loss model is applied to financial assets at restated cost. Financial assets carried at restated cost comprise trade receivables, cash and cash equivalents.

Expected credit losses are probability-weighted estimated credit losses. A credit loss is the difference between the contractual cash flows of a group and the cash flows expected to be received by the group, discounted at the original effective interest rate.
The measurement of expected credit losses reflects:

- an impartial and probability-weighted amount that determines a number of possible different outcomes,
- the time value of money,
- reasonable and reasoned information available at the end of the reporting period, without undue expense or effort, about past events, current conditions and forecasts of future economic conditions.

The Group measures impairment as follows:

- trade receivables in an amount equal to expected credit losses over lifetime;
- cash and cash equivalents with low credit risk during the reporting period, in an amount equal to the expected credit losses over a 12-month period;
- for all other financial assets, the amount of expected credit losses over a 12-month period, unless the credit risk (i.e. the default risk over the expected life of the financial asset) has increased significantly since initial recognition. If the risk is significantly increased, the credit loss is measured at an amount equal to the expected credit losses over the life.

CASH

Cash and cash equivalents include cash on hand and in banks, demand deposits and short-term bank deposits, which can be converted into a known amount of cash within three months based on the actual maturity of the transaction and have a low risk of significant changes in market value. Overdrafts are recognized in the balance sheet under short-term borrowings.

In preparing the cash flow statement, cash flows from operating activities have been recognized using the indirect method and cash flows from investing and financing activities have been recognized using the direct method, starting with operating profit.

TRANSACTIONS IN FOREIGN CURRENCY AND FINANCIAL ASSETS AND LIABILITIES IN FOREIGN CURRENCY

Recognizing Group's transactions denominated in a foreign currency is based on the official exchange rates of the European Central Bank prevailing on the date of the transaction. Monetary financial assets and liabilities denominated in foreign currencies are retranslated into euros at the official exchange rates of the European Central Bank ruling at the balance sheet date.

Gains and losses on foreign currency transactions are recognized in the income statement as income in the period offset against the related expenses, in which the foreign exchange gains and losses related to the settlements of suppliers and buyers are recognized in operating income and expenses. Other gains and losses on foreign currency transactions are recognized in the income statement in financial income and expenses.

RECEIVABLES AND PREPAYMENTS

Receivables and prepayments are recognized as current assets unless they are due to be settled more than 12 months after the balance sheet date. Such assets are recognized as non-current assets. Short-term receivables arising in the ordinary course of the Group's operations are recognized as trade receivables. Trade receivables are recorded at stated cost (i.e. nominal value less repayments and write-downs, if any).

Receivables are written down 50% if the maturity of the receivables is exceeded by 90-180 days, and 100%, if the payment term of the receivables is exceeded by more than 180 days. At the end of the reporting period, the receivables are inventoried and, if there is objective evidence or circumstances that indicate that the receivable is hopeless, the receivables are derecognised.

Receivables from previously written-down doubtful receivables are recognized as a reduction of the cost of doubtful debts.

INVENTORIES

Inventories are initially recorded at their acquisition cost, which consists of purchase costs, production costs and other costs necessary to bring the inventories to their existing location and condition.

Purchase costs of inventories include, in addition to the purchase price, customs duties on the purchase of inventories, other non-refundable taxes and transport costs directly related to the acquisition of inventories, less discounts and subsidies.

Production costs of inventories include direct costs related to products: the price of raw materials and supplies. As the inventories produced are highly tradable and the balance of these inventories at the balance sheet date is immaterial, other direct and indirect costs associated with production are recognized on an accrual basis in the cost of goods and other operating expenses for the period.

The weighted average acquisition cost method is used to expense inventories and calculate the carrying amount of inventories. Inventories are valued in the balance sheet at the lower of cost and net realizable value.

Inventories also include gas cylinders acquired for long-term operating activities, which are depreciated over their useful lives.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Property, property, plant and equipment

Property, plant and equipment are assets used in the Group's own economic activities that have a useful life of more than one year and a cost of more than 1,000 euros. Low-value objects are expensed upon acquisition.

Property, plant and equipment are initially recognised at cost, which consists of the cost of the asset and the expenditure required to take it into use. Property, plant and equipment subject to a finance lease and assets subject to the right of use are accounted for similarly to purchased fixed assets.

Land and buildings of the Group's revenue objects are stated at revalued amount and other assets at acquisition cost less accumulated depreciation and impairment losses. At the revaluation date, the previous acquisition cost of the revalued asset is replaced by its fair value at the revaluation date and the previous accumulated depreciation is reversed. If, as a result of a revaluation, the carrying amount of an asset increases, the difference between the new carrying amount and the old carrying amount is recognized in other comprehensive income and accumulated in the revaluation surplus. If the carrying amount of an asset decreases as a result of a revaluation, the difference between the old value and the new value is recognized in the income statement as loss from fixed asset write-downs, except for the part of the write-down that reverses the previously recognized write-up and that is recognized in equity as a change in the revaluation surplus. Each year, the difference between the depreciation based on the revalued carrying amount of the asset and the depreciation based on the original cost of the asset is transferred to retained earnings from the revaluation surplus.

Expenditure on repairs and maintenance of fixed assets are recognized as an expense in the period in which it is incurred. Renovation costs of fixed assets that meet the definition of property, plant and equipment and the criteria for recognition in the balance sheet are added to the cost of the fixed assets. Renovation costs are depreciated over the remaining useful life of the asset.

The carrying amount of an item of property, plant and equipment is derecognized on transfer or when no future economic benefits are expected from its use or sale. Gains or losses on transfer of property, plant and equipment are recognized in the income statement in other operating income or other operating expenses.

Depreciation is calculated using the straight-line method. The depreciation rate is determined for each item of fixed assets separately, depending on its useful life. For assets with a significant residual value, only the depreciable amount between acquisition cost and residual value is depreciated over its useful life.

If an item of property, plant and equipment consists of distinguishable components that have different useful lives, those components are accounted for as separate assets and depreciated separately over their useful lives.

Depreciation is calculated from the time the asset is available for the use intended by the management and ends when the residual value exceeds its carrying amount until the asset is permanently withdrawn from use or reclassified as fixed assets held for sale.

Intangible assets

Intangible assets include long-term licenses, patents and computer software that are not related to a specific property, plant and equipment.

Computer software development costs are recognized as an intangible asset if they are directly related to the development of such software objects that are identifiable, controllable by the company and the use of which will generate future economic benefits for more than one year.

Software attached to an item of property, plant and equipment is recognized as property, plant and equipment.

Acquired intangible assets are stated at acquisition cost. The acquisition cost of an intangible asset acquired through a business combination is its fair value at the time of acquisition. After recognition, intangible assets are stated at acquisition cost less accumulated depreciation and impairment losses.

Intangible assets are depreciated on a straight-line basis over their estimated useful lives.

Goodwill

Goodwill is the excess of the cost of an acquisition over the fair value of the net assets acquired in a business combination. It reflects the portion of the acquisition cost paid for the acquired assets of the enterprise that cannot be distinguished and accounted for separately. At the date of acquisition, goodwill is recognized in the balance sheet at acquisition cost as an intangible asset.

Subsequent to initial recognition, goodwill is stated at acquisition cost less any possible impairment losses. Goodwill is not depreciated. Instead, an impairment test is performed annually (or more frequently if an event or change in circumstances indicates that goodwill may be impaired). To test for impairment, goodwill is allocated to those cash-generating units or groups of units that are expected to benefit from the particular business combination. An independent cash-generating unit (group of units) is considered to be the smallest identifiable group of assets that is not larger than the business segment used in segment reporting. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. If the recoverable amount of the cash-generating unit is less than its carrying residual value (including goodwill), an impairment loss is recognized for goodwill and, in proportion, the impairment of other assets related to that cash-generating unit. Goodwill write-downs are not reversed.

The minimum threshold for recognising fixed assets is 1,000 euros.

USEFUL LIFE BY GROUPS OF FIXED ASSETS (in EUR)

Name of the fixed asset group	Useful life
Buildings and constructions	10-25 years
Machinery and equipment	5-10 years
Filling station inventory and equipment	5-10 years
Computing technology	5 years
Office furniture	5 years
Tools and other inventory	3-10 years
Computer programs	3-5 years
Licenses, patents	3 years

Items with indefinite useful life (land) are not depreciated.

LEASES

The Group as a lessor

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Other leases are recognized as operating leases.

The Group recognizes assets leased out under operating leases using the restated cost method (acquisition cost less depreciation).

Revenue from operating leases is recognized on a straight-line basis or on an accruals basis. Rental income with an irregular period (e.g. bicycle or trailer rental at filling stations) is recognized on an accrual basis. Expenses incurred to earn rental income are recognized as an expense.
Assets leased out under finance leases are recognized in the balance sheet as a receivable in the amount of the net investment in the finance lease.

The Group as a lessee

Lease payments of short-term leases or leases where the value of the underlying assets as new is small are recognized on a straight-line basis over the lease term.
For other leases, the assets and lease liabilities that are the subject of the right of use are recognized as of the beginning of the lease term.

The initial value of the asset subject to the right of use includes the present value of the lease payments outstanding at the beginning of the lease term, the lessee's initial direct costs and the estimated costs of restoring the asset to its original condition according to the conditions of the lease. The initial value of the lease liability is equal to the present value of the lease payments, which is determined by discounting the lease payments at the effective interest rate of the lease or at the lessee's alternative borrowing rate.

Assets that are subject to the right of use are subsequently recognized:

- at acquisition cost less accumulated depreciation and impairment losses, adjusted for the amount of revaluation of the lease liabilities when the terms of the lease change;
- at fair value using the revaluation model if the asset with right of use belongs to the class of property, plant and equipment for which the entity uses the revaluation model.

The carrying amount of lease liabilities is increased by the interest on the lease liabilities and decreased by the lease payments made. When the lease agreement changes, the carrying amount of the lease liability is revalued.

Short-term lease payments reduced due to COVID-19 are not recognized as a change in the lease.

FINANCIAL LIABILITIES

All financial liabilities (trade payables, borrowings, accrued liabilities, issued bonds and other current and non-current liabilities) are recorded at restated cost.

The restated cost of current financial liabilities is generally equal to their nominal value, therefore current financial liabilities are recognized in the balance sheet in the amount payable. To calculate the restated cost of non-current financial liabilities, they are initially recognized at the fair value of the consideration received (less transaction costs), calculating interest expense on liabilities during subsequent periods using the effective interest method. A financial liability is classified as current if it is due to be settled within 12 months after the balance sheet date; or the entity does not have an unconditional right to defer settlement of the liability for more than 12 months after the balance sheet date.

Loan commitments that are due to be settled within 12 months after the balance sheet date but which are refinanced as non-current after the balance sheet date but before the annual accounts are authorized for issue are classified as current. Loan commitments that the lender had the right to call back on the balance sheet date due to a breach of the terms and conditions set out in the loan agreement are also recognized as current.

DERIVATIVE INSTRUMENTS AS HEDGING INSTRUMENTS

Derivative instruments arising from hedging agreements that reflect future settlements (forwards, futures, swaps, options) are recognized in the balance sheet at their fair value.

The effects of changes in the fair value of hedging instruments on the reporting period are reflected in the change in the income statement item "Goods, raw materials, supplies and services", in the case of price risk mitigation agreements, in other cases in financial income and / or expenses.

The positive market value of derivative instruments is reflected in the balance sheet as current assets; however, the negative market value of derivatives as part of current liabilities.

PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when the Group has a present legal or constructive obligation as a result of an obligation that arises before the balance sheet date, it is probable that it will be required to settle the obligation, and a reliable estimate can be made of the amount. The provision is recognized in the balance sheet in the amount that management estimates is necessary to settle the obligation related to the provision or to transfer it to a third party as of the balance sheet date.

If the provision is likely to be realized later than 12 months after the balance sheet date, it is recognized at the discounted value (the sum of the present value of the payments related to the provision), unless the effect of discounting is immaterial.

Contingent liabilities are not recognized as liabilities if they are:

- contingent liabilities that arise from a past event, the existence of which is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

- there are liabilities arising from past events but not recognized because:
- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the liability cannot be measured with sufficient reliability.

TARGETED FINANCING (GRANTS)

Grants received for which the conditions for recognition as income are not met are recognized as a liability in the balance sheet. Government grants are not recognized until it is sufficiently certain that the recipient of the grant meets the conditions of the grant and the targeted financing takes place.

Targeted financing of assets is recognized on a gross basis. Assets acquired through targeted financing are recorded in the balance sheet at acquisition cost.

Grants received are recognized as a liability in the balance sheet and are recognized in profit or loss in the periods in which the enterprise recognizes the costs associated with the assets acquired through the grant.

Revenue related to grants is recognized in the income statement in the line "Other operating income".

LEGAL RESERVE

According to the Commercial Code of the Republic of Estonia, the company has formed a legal reserve. At least 5% of the net profit must be transferred to the legal reserve in each financial year until the legal reserve constitutes at least 10% of the share capital. Legal reserve can be used to cover losses, as well as to increase share capital. No payments may be made to shareholders from the reserve capital.

REVENUE

Revenue is an economic benefit that arises in the ordinary course of the Group's business. Revenue is measured in the amount of transaction price. Transaction price is the total amount of consideration to which the Group is entitled to in exchange of transferring promised goods or services to a customer, less the amounts collected on behalf of third parties.

Sales of goods and services in the retail chain

Revenue from the sale of goods and services sold in the retail chain is recognized when the customer purchases the goods or services and pays for them in cash, with a bank card or Alexela payment card. The price of a good or service is variable and depends on the price at the point of sale and discounts given on the basis of various discount cards or depending on the customer's consumption volumes. The discounts granted are fixed at the time of recognition of sales revenue and the variable fee is not revalued later. The probability of returning the goods is low and no provisions are made for this.

Wholesale

Wholesale consists of the sale of car and tank fuels to resellers, household customers and for industrial use. Sales are recognized when control of the products has been transferred, i.e. the products have been transferred to the customer, the customer can decide on the marketing and price of the products, and there are no outstanding obligations that could affect the customer's acceptance of the products. Products are delivered when they are sent to the agreed location, the risks of damage and destruction of the products have passed to the customer and the customer has accepted the products in accordance with the sales contract, the acceptance requirement has expired or the company has objective evidence that all acceptance requirements have been met.

The enterprise recognizes a receivable when the goods have been delivered, because at that point in time the unconditional right to receive consideration arises, the payment of which depends only on the passage of time. The probability of returning the goods is assessed as minimal and no provisions are made for this.

Electricity and natural gas sales

The Group sells electricity and natural gas to private and business customers at a fixed or variable price. Revenue is recognized in the period in which the goods are sold and by the units sold and the transaction price. If the customer receives invoices according to actual consumption, the price of variable price transactions is also final when recognizing sales revenue, and the consideration received will not be revalued later.

In addition to fixing the price, customers can fix monthly payments, in which case the customer receives the same invoices every month during the price period, regardless of the actual consumption. In the case of such contracts, the company's sales revenue is adjusted according to the actual consumption and the difference with the submitted invoices is recognized as a contractual debt or receivable of the customer.

Financing component

In the Group's customer agreements, the transaction price is not affected by the payment conditions and therefore they do not contain a significant financing component and the effect of the time value of money is not reflected.

TAXATION

Income tax on dividends

According to the Income Tax Act in force in Estonia, the company's profit for the accounting year is not taxed in Estonia. Income tax is paid on dividends, fringe benefits, gifts, donations, costs of entertaining guests, non-business payments and transfer price adjustments.

The tax rate on profits distributed as dividends in Estonia is 20/80 of the net amount paid out or, in the case of regularly paid dividends, the lower tax rate is 14/86. In Latvia, profits are taxed upon distribution of profit at a rate of 20/80.

Under certain conditions, it is possible to redistribute the received dividends without additional income tax expense. Corporate income tax associated with the payment of dividends is recognized as a liability and an income tax expense in the income statement in the same period as the dividends are declared, regardless of the period for which they are declared or when they are actually paid. The obligation to pay income tax arises on the 10th day of the month following the payment of dividends.

Deferred income tax

Due to the nature of the taxation system, companies registered in Estonia do not have differences between the tax accounting and balance sheet residual values of assets and, consequently, also deferred income tax claims and liabilities. The balance sheet does not reflect a contingent income tax liability that would arise from the payment of dividends from the retained earnings of the parent company. The maximum income tax liability that would result from the distribution of retained earnings as dividends is disclosed in the notes to the annual accounts.

The Group has subsidiaries in Estonia and Latvia. In accordance with the interpretation of IAS 12, deferred income tax expense and liability arising from the payment of possible dividends from retained earnings of subsidiaries and associates at the reporting date are recognized.

Deferred income tax liabilities are not to be recognized if the profit or loss of the subsidiary or associate is not planned to be distributed in the near future and its distribution is under the control of the parent.

RELATED PARTIES

In preparing the annual accounts, the parties are considered to be related if one party has either control over the other party or significant influence over the other party's business decisions. The Group's related parties are:

- owners (parent company and persons controlling or having significant influence over the parent company);
- other companies belonging to the same consolidation group (incl. other subsidiaries of the parent company);
- executive and senior management;
- close family members of the persons listed above and companies controlled or significantly influenced by them.

SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IRFS requires management to make assumptions, estimates and judgements that affect the application of accounting policies and the recognise assets and liabilities, income and expenses. Estimates and underlying assumptions are based on historical experience and a number of other facts that are based on the circumstances and that form the principles for the valuation of assets and liabilities that are not directly derived from other sources. Actual results may differ from the estimates. The estimates and underlying assumptions are reviewed periodically. The effect of a revision of accounting estimates is recognized in the period of the change if it relates only to a specific period, or in revised and future periods if the change affects both the current period and future periods.

The key management estimates that may have an impact on the financial statements are described below.

Determining the useful life of non-current assets (Note 8)

Management has estimated the useful life of property, plant and equipment. It has been assessed on the basis of historical experience and taking into account the volume of using assets and future prospects.

Determination of revalued value of land and buildings (Note 8)

The Company recognizes land and buildings using the revaluation method. To this end, the Company's management regularly assesses whether the fair value of revalued non-current assets does not differ materially from their carrying amount. The following is an analysis of non-current assets (registered immovables) carried at fair value by valuation method. The different levels are defined as follows:

- quoted prices (unadjusted) in active markets for identical assets (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset, directly or indirectly (Level 2);
- valuation of assets using unobservable inputs (level 3).

Considering the nature of the company's assets, the company's non-current assets (registered immovables) are classified in level 3 and therefore the management has based its assessment of the fair value of land and buildings on its own estimates. The valuation is based on the discounted cash flows of the cash-generating unit related to the non-current assets. They are based on actual and budgetary data, from which the positive impact of Alexela as a complete retail chain on the expected sales results and thus on the value of the asset has been eliminated. As a result of the revaluation, the increase in the value of the asset, based on the management's estimate, is recognized only as an increase in the value of the group of land and buildings.

Valuation of inventories (Note 4)

In valuation of inventories, the Management Board uses the best information available to it, taking into account experience, general background information and possible assumptions and conditions of future events. In determining the impairment of inventories, both the sales potential and the net realizable value of goods purchased for sale are taken into account. Most goods are purchased by the company for sale. Periodically, foodstuffs are written down before the end of the expiry date and written off when they have exceeded the expiry date.

Assessment of doubtful debts (Note 3)

Trade receivables are inventoried once a month and a reserve for doubtful invoices is formed. 100% of receivables that are more than 180 days overdue and 50% of receivables overdue for 90 to 180 days are included in the reserve. At the end of the year, outstanding receivables are assessed individually and bad debts are written off the balance sheet. If the receivable has previously been entered in the reserve for doubtful invoices, the reserve is reduced accordingly. If the receivable was not included in the reserve, it is recognised as an expense. The carrying amount of receivables is reduced by the amount of the write-down for doubtful debts and the impairment loss is recognized in the income statement as miscellaneous operating expenses. Receivables from previously written-down doubtful debts are recognized as a reduction of the cost of doubtful debts.

OTHER RESERVES

Other reserve includes the revaluation reserve for fixed assets. The revaluation reserve for fixed assets is related to the equity portion and is not distributed to shareholders. The revaluation reserve is reduced each year by the depreciation based on the added cost.

This reduction in the revaluation reserve is added to retained earnings from previous periods.

EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the financial year by the weighted average number of shares issued.

Diluted earnings per share are calculated by adjusting both net earnings and the average number of shares with potential shares that have a dilutive effect on earnings per share. As the Group does not have any financial instruments that could dilute earnings per share in the future, basic earnings per share and diluted earnings per share are equal.

EVENTS AFTER THE BALANCE SHEET DATE

The financial statements reflect significant events that affect the measurement of assets and liabilities between the balance sheet date and the date of preparation of the report, but relate to transactions during the reporting period or previous periods.

Events after the balance sheet date, which have not been taken into account in the valuation of assets and liabilities, but which significantly affect the result of the next financial year, are disclosed in the notes to the annual report.

NOTE 2 CASH (in EUR)

	31 December 2020	31 December 2019
Cash in hand	277,955	218,598
Bank accounts	181,541	54,767
Cash on the way	9,146	47,477
Total cash	**468,642**	**320,842**

The item "Cash on the way" reflects the funds in collection.

NOTE 3 RECEIVABLES AND ADVANCES (in EUR)

	31 December 2020	Breakdown by remaining maturity		Note nr
		Within 12 months	Within 1-5 years	
Trade receivables	20,552,292	20,552,292	0	
Accounts receivable	20,649,694	20,649,694	0	
Doubtful debts	-97,402	-97,402	0	
Prepaid and recoverable taxes	13,032	13,032	0	5
Other receivables	11,231,000	793,000	10,438,000	
Loan claims	10,438,000	0	10,438,000	
Interest charges	793,000	793,000	0	
Advances	199,022	199,022	0	
Other advances paid	199,022	199,022	0	
Guarantees and deposits	172,457	95,636	76,821	
Finance lease claims	150,863	58,158	92,705	10
Other receivables	481,806	481,806	0	
Total receivables and advances	**32,800,472**	**22,192,946**	**10,607,526**	

	31 December 2019	Breakdown by remaining maturity		Note nr
		Within 12 months	Within 1- 5 years	
Trade receivables	18,107,971	18,107,971	0	
Accounts receivable	18,485,264	18,485,264	0	
Doubtful debts	-377,293	-377,293	0	
Prepaid and recoverable taxes	30,288	30,288	0	5
Other receivables	806,865	806,865	0	
Loan claims	724,087	724,087	0	
Interest charges	5,320	5,320	0	
Accrued income	77,458	77,458	0	
Advances	211,531	211,531	0	
Other advances paid	211,531	211,531	0	
Guarantees and deposits	3,092,522	3,075,701	16,821	
Finance lease claims	158,147	28,227	129,920	10
Other receivables	841,173	841,173	0	
Total receivables and advances	**23,248,497**	**23,101,756**	**146,741**	

Deposits guarantee tax liabilities in accordance with the VAT Act and Liquid Fuel Act, letters of guarantee and participation in public procurement.

Changes in doubtful debts (in EUR):

	2020	2019
Doubtful debts at the beginning of the period	-377,293	-155,320
Receivables declared as doubtful	-372,282	-605,858
Received doubtful debts	19,448	42,335
Receivables declared as bad debts	632,725	341,551
Doubtful debts at the end of the period	**-97,402**	**-377,293**

The Company's management considers the write-down of receivables to be sufficient to cover possible losses over the life of the receivables and considers the effect of expected credit losses on the report to be insignificant. No additional reserve has been formed.

Timeliness of accounts receivable:

	Total	In time	Overdue up to 30 days	Overdue 31-90 days	Overdue 91-180 days	Overdue more than 180 days
31 December 2020	20,649,694	15,444,908	736,928	422,207	712,069	3,333,582
Including related companies	*5,156,566*	*608,217*	*169,394*	*388,244*	*707,044*	*3,283,667*
31 December 2019	18,485,264	14,533,057	1,482,110	1,061,380	1,248,009	160,708

Other receivables are in time.

Terms of loan claims and interest rates:

31 December 2020	Amount	Interest rate	Base currency	Term
Loans granted	10,438,000	8.00%	€	2023
Total	**10,438,000**			

31 December 2019	Amount	Interest rate	Base currency	Term
Loans granted	78,000	12k €+5.00%	€	2020
Loans granted	511,087	4.00%	€	2020
Loans granted	135,000	6k €+1,00%	€	2020
Total	**724,087**			

As of 31.12.2020, loan claims include receivables from related parties in the amount of 10,438,000 euros (as of 31.12.2019, 589,087 euros).

As of 31.12.2020, the item “Interest charges” includes receivables from related parties in the amount of 793,000 euros (2,459 euros as of 31.12.2019).

As of 31.12.2020, the item “Accounts receivable” includes receivables from related parties in the amount of 6,141,238 euros (as of 31.12.2019, 3,506,990 euros).

As of 31.12.2020, the item “Guarantees and deposits” includes receivables from related parties in the amount of 0 euros (as of 31.12.2019, 3,000,000 euros).

NOTE 4 INVENTORIES (in EUR):

	31 December 2020	31 December 2019
Raw material and supplies	212,198	262,215
Goods for resale	8,142,763	30,513,630
Advances for inventories	422,061	323,183
Total inventories	**8,777,022**	**31,099,028**

Inventories have been written down by 23,609 euros (22,167 euros in 2019) during the reporting period.

All stock is pledged to cover financial obligations under a pledge and a commercial pledge (see Note 12). Information on pledged inventories is provided in Note 35.

NOTE 5 PREPAID TAXES AND TAX DEBTS (in EUR):

	31 December 2020		31 December 2019	
	Advance	Tax debt	Advance	Tax debt
Corporate income tax	0	979	0	991
Value added tax	0	3,183,244	3,099	439,737
Personal income tax	0	126,967	0	130,147
Income tax on fringe benefits	0	8,199	0	2,885
Social tax	0	263,457	0	268,558
Mandatory funded pension	0	14,192	0	14,237
Unemployment insurance payments	0	17,494	0	19,390
Land tax	0	0	0	117
Excise duty	0	90,431	0	84,547
Other prepaid taxes and tax debts	0	921	0	3,264
Advance account balance	13,032	0	27,189	0
Total prepaid taxes and tax debts	**13,032**	**3,705,884**	**30,288**	**963,873**

Prepaid taxes are presented in Note 3 and tax debts in Note 13.

Deferred income tax on retained earnings of subsidiaries:

	2020	2019
Income tax expense	32,021	38,174
	31 December 2020	**31 December 2019**
Deferred income tax liability	70,195	38,174

NOTE 6 SHARES OF SUBSIDIARIES (in EUR)

Shares of subsidiaries, general information:

Registry code of the subsidiary	Name of the subsidiary	Country of location	Principal activity	Interest (%)	
				31 December 2019	31 December 2020
14185894	Alexela Energia Teenused AS	Estonia	Sales of electricity	100	100
12271081	220 Energia OÜ	Estonia	Sales of electricity and natural gas	100	100
14597220	Alexela LNG Scandinavia OÜ (subsidiary of 220 Energia OÜ)	Estonia	Sales of natural gas	100	0
LV-40103752971	Alexela SIA (subsidiary of 220 Energia OÜ)	Latvia	Sales of electricity	100	100

The subsidiary Alexela Energia Teenused AS was established on 28.11.2016, the application was submitted to the register on 21.12.2016, the company was registered in the commercial register on 16.01.2017.

The subsidiary 220 Energia OÜ was acquired on 31.08.2018 at an acquisition cost of 1,831,365 euros. The acquisition of the company generated goodwill of EUR 1,734,259, which is recognized as an intangible asset. In 2020, goodwill was written down by 85,327 euros (see Note 9).

220 Energia OÜ has a 100% shareholding in subsidiary Alexela SIA. The shareholding in the subsidiary Alexela LNG Scandinavia OÜ was sold in 2020 at acquisition cost, a profit of 36 euros was made from the sale.

On 30.04.2020, AS Alexela entered into a purchase and sale contract with Alexela Varahalduse AS in order to acquire a 100% shareholding in Hamina LNG Investeeringud OÜ, which owns a minority holding in the Hamina LNG terminal development company in Finland. The purpose of the purchase and sale contract was to restructure the management of various companies within the group. This does not change the strategy chosen by the group for the development of LNG terminals. On 30 December 2020, AS Alexela entered into a purchase and sale agreement with Tanklate Investeeringud OÜ (parent company), with the aim of selling 100% shareholding of Hamina LNG Investeeringud OÜ to Tanklate Investeeringud no later than on 30 June 2021. This was due to the need to reorganize the shareholding and management structure. The contract does not have a significant impact on the day-to-day business of AS Alexela. Based on the contract, the 100% shareholding of Hamina LNG Investeeringud OÜ has been recognized as a short-term investment.

NOTE 7 SHARES OF ASSOCIATES (in EUR)

Shares of associates, general information

Registry code of associate	Name of associate	Country of location	Principal activity	Interest (%)	
				31 December 2019	31 December 2020
FI-2948219-7	Rohe Solutions OY	Finland	Wholesale of liquid and gaseous fuels	50	50

Shares of associates, detailed information

Name of associate	31 December 2019	Acquisition	Profit (loss) using the equity method	Other changes	31 December 2020
Rohe Solutions OY	306,182	0	-234,346	250,000	321,836
Total shares of associates	**306,182**	**0**	**-234,346**	**250,000**	**321,836**

In 2020, contributions of 250,000 euros were made to the equity reserve of the associated company Rohe Solutions OY (560,000 euros in 2019).

Contributions to the reserve were made in proportion to the other shareholders and the share of the holding in equity did not change.

In 2020, a loss of 234,346 euros (296,591 euros in 2019) was incurred from the holding in Rohe Solutions OY using the equity method.

Rohe Solutions OY financial information (in case of 100% interest):

	31 December 2020	31 December 2019
Current assets	1,394,794	140,564
Fixed assets	523,758	604,529
Current liabilities	1,274,880	132,729
Owner’s equity	643,672	612,364

	2020	19.10.2018-31.12.2019
Revenue	5,289,515	247,233
Profit (loss) for the year	-468,692	-607,636

NOTE 8 PROPERTY, PLANT AND EQUIPMENT (in EUR):

										Total
	Land plots	Construction works			Machinery and Equipment	Other property, plant and equipment			Projects not completed and advances	
			Means of transport	Other machinery and equipment			Projects not completed	Advances		
31 December 2018										
Acquisition cost	20,072,969	19,764,373	755,575	10,328,960	11,084,535	4,077,819	3,402,651	48,900	3,451,551	58,451,247
Accumulated depreciation	0	-1,485,719	-434,362	-6,202,780	-6,637,142	-2,160,476	0	0	0	-10,283,337
Residual value	20,072,969	18,278,654	321,213	4,126,180	4,447,393	1,917,343	3,402,651	48,900	3,451,551	48,167,910
Purchases and improvements	176,000	60,290	355,668	1,093,915	1,449,583	197,725	1,955,761	241,549	2,197,310	4,080,908
Purchase of land and previously used buildings	176,000	0	0	0	0	0	0	0	0	176,000
Purchase of new buildings, new construction, improvements	0	60,290	0	0	0	0	1,955,761	0	1,955,761	2,016,051
Other purchases and improvements	0	0	355,668	1,093,915	1,449,583	197,725	0	241,549	241,549	1,888,857
Cost of depreciation	0	-4,790,221	-80,297	-797,314	-877,611	-396,614	0	0	0	-6,064,446
Impairment discounts	-70,548	-362,681	0	-6,013	-6,013	-119,206	0	0	0	-558,448
Sales (in residual value)	0	-93,518	-190,884	-15,133	-206,017	0	0	0	0	-299,535
Reclassifications	0	33,757,891	0	500,352	500,352	961,556	-3,275,431	0	-3,275,431	31,944,368
Reclassifications from projects not completed	0	1,635,484	0	481,898	481,898	961,556	-3,078,938	0	-3,078,938	0
Other reclassifications	0	32,122,407	0	18,454	18,454	0	-196,493	0	-196,493	31,944,368
Other changes	7,124,978	19,090,804	0	0	0	0	0	0	0	26,215,782
31 December 2019										
Acquisition cost	27,303,399	66,385,832	584,502	10,979,588	11,564,090	4,050,751	2,082,981	290,449	2,373,430	111,677,502
Accumulated depreciation	0	-444,613	-178,802	-6,077,601	-6,256,403	-1,489,947	0	0	0	-8,190,963
Residual value	27,303,399	65,941,219	405,700	4,901,987	5,307,687	2,560,804	2,082,981	290,449	2,373,430	103,486,539
Purchases and improvements	135,594	397,229	110,443	591,393	701,836	123,899	1,192,373	1,641,546	2,833,919	4,192,477
Purchase of land and previously used buildings	135,594	0	0	0	0	0	0	0	0	135,594
Purchase of new buildings, new construction, improvements	0	47,159	0	0	0	0	1,192,373	0	1,192,373	1,239,532
Other purchases and improvements	0	350,070	110,443	591,393	701,836	123,899	0	1,641,546	1,641,546	2,817,351
Cost of depreciation	0	-6,694,094	-117,063	-849,158	-966,221	-458,639	0	0	0	-8,118,954
Impairment discounts	0	-1,615,280	0	-120,948	-120,948	-34,234	-24,392	0	-24,392	-1,794,854
Sales (in residual value)	0	-126,812	-8,226	-360,953	-369,179	0	0	0	0	-495,991
Reclassifications	103,000	771,986	277,081	1,137,949	1,415,030	523,636	-2,470,115	-527,548	-2,997,663	-184,011
Reclassifications from advances	103,000	0	277,081	9,432	286,513	0	0	-389,513	-389,513	0
Reclassifications from projects not completed	0	771,986	0	1,121,169	1,121,169	527,084	-2,420,239	-138,035	-2,558,274	-138,035
Other reclassifications	0	0	0	7,348	7,348	-3,448	-49,876	0	-49,876	-45,976
Other changes	4,700,147	8,022,070	0	0	0	0	0	0	0	12,722,217
31 December 2020										
Acquisition cost	32,242,140	66,920,206	899,064	10,960,015	11,859,079	4,584,508	780,847	1,404,447	2,185,294	117,791,227
Accumulated depreciation	0	-223,888	-231,129	-5,659,745	-5 890 874	-1,869,042	0	0	0	-7,983,804
Residual value	32,242,140	66,696,318	667,935	5,300,270	5 968 205	2,715,466	780,847	1,404,447	2,185,294	109,807,423

Sold property, plant and equipment in sales price (in EUR):

	2020	2019
Land plots	0	0
Construction works	89,818	130,000
Machinery and equipment	407,839	260,227
Means of transportation	22,842	240,633
Other machinery and equipment	384,997	19,594
Other property, plant and equipment	0	0
Total	**497,657**	**390,227**

In 2020, 381,255 euros were received from the sale of fixed assets (388,281 in 2019).

Cash flow adjustment for acquisition of paid property, plant and equipment and intangible fixed assets:

2019	Property, property, plant and equipment	Intangible assets	Total
Acquisition of fixed assets in 2019	4,080,909	537,383	4,681,292
Acquired using finance lease or loan	-106,104	0	-106,104
Trade payables balance 31.12.18 net of VAT	433,549	0	433,549
Trade payables balance 31.12.19 net of VAT	-490,076	0	-490,076
Paid at acquisition of fixed assets in 2019	3,918,278	537,383	4,455,661
2020	**Property, property, plant and equipment**	**Intangible assets**	**Total**
Acquisition of fixed assets in 2020	4,192,476	725,359	4,917,835
Acquired using finance lease or loan	-82,362	0	-82,362
New contracts for rights of use	-425,222	0	-425,222
Trade payables balance 31.12.19 net of VAT	490,076	0	490,076
Trade payables balance 31.12.20 net of VAT	-384,473	-7,660	-392,133
Paid at acquisition of fixed assets in 2020	3,790,495	717,699	4,508,194

At the first-time adoption of IFRS 16, the recognition of assets subject to right of use is recorded in 2019 under the item “Other reclassifications”. Buildings are recorded in the amount of 32,122,407 euros and other machinery and equipment in the amount of 18,454 euros. Contracts for the right to use buildings in the amount of 350,070 euros and equipment contracts in the amount of 75,153 euros, which were added in 2020, are recorded in the item “Other purchases and improvements”.

The share of assets subject to the right of use in fixed asset items is as follows (in EUR):

	Construction works	Machinery and equipment	Total
31 December 2018			
Acquisition cost	0	0	0
Accumulated depreciation	0	0	0
Residual value	0	0	0
Recognition	32,122,407	18,454	32,140,861
Cost of depreciation	-3,188,167	-615	-3,188,782
Discounts due to impairment	-299,580	0	-299,580
Other changes	8,752,458	0	8,752,458
31 December 2019			
Acquisition cost	37,498,604	18,454	37,517,058
Accumulated depreciation	-111,487	-615	-112,102
Residual value	37,387,117	17,839	37,404,956
Purchases and improvements	350,070	75,153	425,223
Cost of depreciation	-4,053,147	-13,962	-4,067,109
Discounts due to impairment	-1,483,641	0	-1,483,641
Sales (in residual value)	-126,812	0	-126,812
Other changes	3,306,351	0	3,306,351
31 December 2020			
Acquisition cost	35,603,826	93,607	35,697,433
Accumulated depreciation	-223,888	-14,577	-238,465
Residual value	35,379,938	79,030	35,458,968

The share of assets leased under finance leases in fixed asset items is as follows:

	31 December 2020	31 December 2019
Machinery and Equipment	1,015,623	214,290
Total	**1,015,623**	**214,290**

The liquefied gas terminal located in Vana-Kuuste and the fixed assets located at the filling stations are recognized at fair value.

As of 31.12.20, the recoverable amount of the assets of the liquefied gas terminal was determined on the basis of future cash flows over five years together with the amount of continuing cash flow (terminal value). The discount rate used was 7.12% and the increase used was 2% per year. The operating profit and growth rates used are conservative and are based on management's experience and an assessment of the competitive situation in the business segment. As a result of the valuation, the value of the fixed assets of the liquefied gas terminal increased by 34,899 euros as of 31.12.20. The increase due to revaluation is recorded as an increase in the equity reserve and in the line "Other changes" in the table of fixed assets. The same rates were used in the previous valuation as of 01.01.18 and then the value of the fixed assets of the liquefied gas terminal increased by 2,206,914 euros, of which 694,965 euros at the expense of goodwill and the revaluation reserve of fixed assets in equity increased by 1,512,949 euros.

The recoverable amount of fixed assets at filling stations was assessed at the end of 2020 and fixed assets were revalued to their fair value. Fair values were determined by management. The fair value was determined using the discounted cash flow method, which was based on actual and budgetary data from filling stations. The discount rate used was 7.12% and the growth rates used are shown in the table below. A growth rate of -5% was used to assess the final value. For some filling stations, other assumptions were used that, in the opinion of the Management Board, best reflect the changes in the respective filling station (starting filling stations, regional changes, etc.). In order to eliminate the impact of Alexela as a complete chain from the actual and budgetary data of the filling stations used to determine the fair value of the fixed assets, the fuel sales margin was reduced by EUR 0,0123 per litre. In addition, a risk margin of 0.03 cents per litre was used, eliminating the extraordinary revenues of 2020 from fuel storage at the end of 2019 due to the tightened biofuel obligation. Due to the revaluation, the value of fixed assets increased by a total of 11,853,611 euros. Of this, EUR 15,098,234 was the write-up adjustment of assets and EUR 2,410,915 was the write-down of previous revaluations, which is recorded as an increase in the equity reserve and in the line "Other changes" of the table of fixed assets. An write-down of assets in the amount of EUR 833,708 was recognized in the income statement under the item "Depreciation and impairment of fixed assets" and in the line "Write-downs due to impairment" in the table of fixed assets.

Assumptions used in 2020	2021	2022	2023	2024	2025	2026
Increase in the volume of filling station fuels	0,0%	2,0%	2,0%	2,0%	2,0%	0,0%
Growth in sales of goods	3,0%	3,0%	3,0%	3,0%	3,0%	0,0%
Marginal growth of goods	1,0%	1,0%	0,0%	0,0%	0,0%	0,0%

When revaluing filling stations to fair value at the end of 2019, the same methodology and a discount rate of 7.12% were used. In addition, the growth rates shown in the table below were used. A growth rate of 1% was used to estimate the final value. For some filling stations, other assumptions were used that, in the opinion of the Management Board, best reflect the changes in the respective filling station (starting filling stations, regional changes, etc.). In order to eliminate the impact of Alexela as a complete chain from the actual and budgetary data of the filling stations used to determine the fair value of the fixed assets, the fuel sales margin was reduced by EUR 0.0108 per litre. The amount of the write-down used was based on historical data and experience. As a result of the revaluation, the value of fixed assets increased by a total of EUR 25,845,654, of which EUR 27,476,030 was the write-up adjustment of assets and EUR 1,260,248 was the write-down of previous revaluations, which is recorded as an increase in the equity reserve and in the line "Other changes" of the table of fixed assets. An write-down of assets in the amount of EUR 370,128 was recognized in the income statement under the item "Depreciation and impairment of fixed assets" and in the line "Write-downs due to impairment" in the table of fixed assets.

Assumptions used in 2019	2020	2021	2022	2023	2024	2025
Increase in the volume of filling station fuels	3,5%	3,0%	2,0%	1,0%	1,0%	1,0%
Growth in sales of goods	9,0%	7,0%	4,0%	3,0%	3,0%	3,0%
Marginal growth of goods	2,2%	1,5%	1,0%	1,0%	1,0%	0,0%

The following is an analysis of non-current assets (registered immovables) carried at fair value by valuation method. The different levels are defined as follows:

- quoted prices (unadjusted) in active markets for identical assets (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset, directly or indirectly (Level 2);
- valuation of assets using unobservable inputs (level 3).

Considering the nature of the company's assets, the company's fixed assets (registered immovables) are classified in level 3. Therefore, in determining the fair value of the land and buildings, the management has relied on its own estimates. The valuation is based on the discounted cash flows of the cash-generating unit related to the non-current assets. They are based on actual and budgetary data of filling stations, from which the positive impact of Alexela as a complete retail chain on the expected sales results and thus on the value of the asset has been eliminated. As a result of the revaluation, the increase in the value of the asset, based on the management's estimate, is recognized only as an increase in the value of the group of land and buildings.

Level 3 inputs used to measure fair value and their sensitivity to the result of measuring fair value:

Unobservable inputs	Estimate used	Sensitivity
Discount rate	7.12%	A 1% increase in the rate reduces the value by € 5.7 million
		A 1% lower rate increases the value by € 6.2 million
Increase in the volume of filling station fuels	According to the table (final value remains the same)	An increase bigger by 1% increases the value by € 5.4 million
		An increase lower by 1% reduces the value by € 5.1 million
Growth in sales and marginal of goods	According to the table (final value remains the same)	An increase and rate bigger by 1% increase the value by € 6.2 million
		An increase and rate lower by 1% reduce the value by € 5.8 million
Final value growth rate	1%	An increase and rate bigger by 1% increase the value by € 2.3 million
		A rate lower by 1% reduces the value by € 1.9 million

Upon revaluation of assets at fair value, the pre-revaluation acquisition cost has been reduced by the accumulated depreciation of fixed assets. Revaluation amounts have been added to the net value and a new acquisition cost has been obtained.

Values of assets recorded at fair value by group of fixed assets (in euros):

	Land plots	Construction works	Machinery and equipment	Total	Including assets with right of use
31 December 2019	27,121,008	65,019,862	3,788,649	95,929,519	36,485,208
31 December 2020	32,242,140	65,853,641	3,628,732	101,724,513	34,569,372

Residual cost of the same assets, eliminating the effect of revaluation:

	Land plots	Construction works	Machinery and equipment	Total	Including assets with right of use
31 December 2019	4,226,766	37,002,084	3,788,649	45,017,499	27,732,750
31 December 2020	4,647,751	32,834,714	3,628,732	41,111,197	23,746,443

Movements in fixed assets revaluation reserve (in EUR):

	Land plots	Construction works	Total	Including assets with right of use
Balance of the reserve on 31.12.2018	**15,769,264**	**9,460,191**	**25,229,455**	**0**
Revaluation	7,124,978	19,090,804	26,215,782	8,752,458
Depreciation adjustment	0	-533,217	-533,217	0
Balance of the reserve on 31.12.2019	**22,894,242**	**28,017,778**	**50,912,020**	**8,752,458**
Revaluation	4,700,147	8,022,071	12,722,218	3,306,351
Depreciation adjustment	0	-3,020,922	-3,020,922	-1,235,880
Balance of the reserve on 31.12.2020	**27,594,389**	**33,018,927**	**60,613,316**	**10,822,929**

Changes in reserves are reflected in equity as follows:

2019	Other reserves	Retained earnings	Total
Revaluation	26,215,782	0	26,215,782
Depreciation adjustment	-533,217	533,217	0
Total changes in reserves	**25,682,565**	**533,217**	**26,215,782**
2020	**Other reserves**	**Retained earnings**	**Total**
Revaluation	12,722,218	0	12,722,218
Depreciation adjustment	-3,020,922	3,020,922	0
Total changes in reserves	**9,701,296**	**3,020,922**	**12,722,218**

The Company's assets are pledged to cover financial liabilities (see Note 12). For additional information on inventories pledged see note 35.

NOTE 9 INTANGIBLE ASSETS (in EUR):

	Goodwill	Other intangible assets	Projects not completed and advances	Total
31 December 2018				
Acquisition cost	1,734,259	1,903,014	109,646	3,746,919
Accumulated depreciation	0	-926,658	0	-926,658
Residual value	**1,734,259**	**976,356**	**109,646**	**2,820,261**
Purchases and improvements	0	95,632	441,751	537,383
Cost of depreciation	0	-278,910	0	-278,910
Write-downs due to impairment	0	-559	0	-559
Sales (in residual value)	0	0	-5,840	-5,840
Reclassifications	0	376,720	-23,6176	140,544
31 December 2019				
Acquisition cost	1,734,259	2,195,766	309,381	4,239,406
Accumulated depreciation	0	-1,026,527	0	-1,026,527
Residual value	**1,734,259**	**1,169,239**	**309,381**	**3,212,879**
Purchases and improvements	0	50,136	675,224	725,359
Cost of depreciation	0	-352,643	0	-352,643
Write-downs due to impairment	-85,327	-14,827	0	-100,154
Reclassifications	0	788,745	-836,742	-47,997
31 December 2020				
Acquisition cost	1,648,932	2,839,889	147,864	4,636,685
Accumulated depreciation	0	-1,199,239	0	-1,199,239
Residual value	**1,648,932**	**1,640,649**	**147,864**	**3,437,446**

Sold intangible assets in the sales prices of fixed assets:

	2020	2019
Projects not completed and advances	0	5,840
Total	**0**	**5,840**

In 2018, the shares of OÜ 220 Energia were acquired in the amount of 1,831,365 euros. The latest tests of the value of goodwill and other assets have been performed as of 31.12.2020. The recoverable amount was determined based on future cash flows over five years together with the amount of continuing cash flow (terminal value). The discount rates used reflect the corresponding risks associated with the business segment.

The reported operating profit and growth rates are conservative and based on the experience of the management and the assessment of the competitive situation in the business segment. The present value of 220 Energia's cash flows calculated on the basis of the performed test did not cover the recognized goodwill and the goodwill was written down by 85,327 euros.

As a result of tests performed as of 31.12.19, the present value of 220 Energy cash flows covered the recognized goodwill.

Main inputs used in the tests:

	31 December 2020	31 December 2019
Operating profit margin for the next 5 years	2.14%	1.95%
Discount rate	7.12%	7.12%
Sales growth over the next 5 years	2.00%	2.00%
Future growth rate	2.00%	2.00%

The recoverable amount of goodwill would decrease below the carrying amount if the market situation deteriorated and the profit margin or sales growth were lower or the discount rate was higher than the inputs used in the test.

NOTE 10 FINANCE LEASE

THE REPORTING PERSON AS A LESSOR (in EUR):

	31 December 2020	Breakdown by remaining maturity		Interest rate	Base currency	Term
		Within 12 months	Within 1-5 years			
Finance lease receivables 31.12.2020	**150,863**	**58,158**	**92,705**	2.8%-7.0%	€	2021-2025
Finance lease receivables 31.12.2019	**158,147**	**28,227**	**129,920**	2.8%-5.0%	€	2021-2023

Impact of finance leases in the income statement (in euros):

	2020	2019
Selling profit or loss	-11,267	3,3651
Financial income from finance leases	5,971	3,985

THE REPORTING PERSON AS A LESSEE

With the adoption of IFRS 16 as of 1 January 2019, the present value of lease payments for rights to use long-term and significant assets is also recognized in lease liabilities.

The leases included in the items in this Note are broken down as follows:

31 December 2020	Total	Current	Non-current
Right of use contracts, total	2,8583,836	2764315	25,819,521
Incl. contracts with related parties	24,596,484	2366252	22,230,232
Total finance leases	813,741	166271	647,470
Total leases	**29,397,577**	**2930586**	**26,466,991**
31 December 2019	**Total**	**Current**	**Non-current**
Right of use contracts, total	30,876,746	2,615,860	28,260,886
Incl. contracts with related parties	27,891,194	2,343,817	25,547,377
Total finance leases	1,144,842	236,836	908,006
Total leases	**32,021,588**	**2,852,696**	**2,9168,892**

The carrying amounts of leased assets and rights to use are shown in Note 8.

	31 December 2020	Breakdown by remaining maturity			Interest rate	Base cur-rency	Term
		Within 12 months	Within 1-5 years	More than 5 years			
Finance lease	33,399	7,565	25,834	0	3 months' euribor +1.99%-2.00%	€	2023
Finance lease	780,342	158,706	565,568	56,068	6 months' euribor +1.8%-5.5%	€	2021-2026
Right of use	28,583,836	2,764,315	12,559,133	13,260,388	5.50%	€	2021-2053
Total finance lease liabilities	**29,397,577**	**2,930,586**	**13,150,535**	**13,316,456**			

	31 December 2019	Breakdown by remaining maturity			Interest rate	Base cur-rency	Term
		Within 12 months	Within 1-5 years	More than 5 years			
Finance lease	55,775	22,376	33,399	0	3 months' euribor +1.99%-2.70%	€	2020-2023
Finance lease	1,089,067	214,464	726,496	148,107	6 months' euribor +1.80%-5.50%	€	2020-2026
Right of use	30,876,746	2,615,8560	11,815,928	16,444,962	5.50%	€	2020-2053
Total finance lease liabilities	**32,021,588**	**2,852,696**	**12,575,823**	**16,593,069**			

NOTE 11 OPERATING LEASE (in EUR)

THE REPORTING PERSON AS A LESSOR

Under the terms of the operating lease, buildings and premises, trailers, tanks, cylinder cabinets and cylinders are leased.

Operating lease income is distributed as follows:

	2020	2019
Buildings and premises	53,817	64,786
Vehicles	159,752	135,475
Machinery and Equipment	188,332	192,535
Other assets	3,262	0
Total	**405,163**	**392,796**

Carrying residual value of assets rented or leased:

	2020	2019
Machinery and Equipment	446,403	479,176
Other assets	124	767
Total	**446,527**	**479,943**

All operating lease contracts are terminable.

THE REPORTING PERSON AS A LESSEE

From 01.01.2019, leases are recognized in accordance with IFRS 16. In the case of leases of long-term and significant assets, the right of use is recognized as an asset and the present value of the lease payments is recognized as a lease liability (see Notes 8 and 10). Leases of current and immaterial assets are recognized in the income statement as operating leases.

Operating lease expense is broken down by asset as follows:

In EUR	2020	2019
Buildings and premises	86,489	102,446
Vehicles	1,015	9,671
Other assets	19,293	4,440
Total	**106,797**	**116,557**

NOTE 12 LOAN COMMITMENTS (in EUR)

The total overdraft limits were 8,000,000 euros as of 31.12.2020 (8,000,000 euros as of 31.12.2019).

In addition to loans, as of 31.12.2020, the Group had bank guarantees in the total amount of 3,151,955 euros, which secured debts to suppliers (as of 31.12.2019, bank guarantees were 8,410,000 euros and the guarantee to a related party was 2,000,000 euros).

	31 December 2020	Breakdown by remaining maturity			Interest rate	Base currency	Term	Note nr
		Within 12 months	Within 1-5 years	More than 5 years				
Short - term loans								
Overdraft	7,377,633	7,377,633	0	0	4.00%	€	2021	
Short-term bank loan	4,712,677	4,712,677	0	0	4.95%	€	2021	
Total short - term loans	**12,090,310**	**12,090,310**	**0**	**0**				
Long-term loans								
Long-term bank loans	14,459,389	2,165,797	12,293,592	0	6 months' euribor +4.00%	€	2023	
Long-term bank loans	6,960,563	236,619	6,723,944	0	6 months' euribor +9.00%	€	2023	
Total long-term loans	**21,419,952**	**2,402,416**	**19,017,536**	**0**				
Total finance lease liabilities	29,397,577	2,930,586	13,150,535	13,316,456				10
Total loan commitments	**62,907,839**	**17,423,312**	**32,168,071**	**13,316,456**				

	31 December 2020	Breakdown by remaining maturity			Interest rate	Base currency	Term	Note nr
		Within 12 months	Within 1-5 years	More than 5 years				
Short - term loans								
Overdraft	7,549,035	7,549,035	0	0	4.00%	€	2020	
Alexela Varahaldus	2,000,000	2,000,000	0	0	12.269%	€	2020	
Short-term bank loan	10,049,316	10,049,316	0	0	4,95%	€	2020	
Short-term bank loan	2,016,000	2,016,000	0	0	12 months' euribor +4.5%	€	2020	
Short-term bank loan	1,680,500	1,680,500	0	0	4.5%	€	2020	
Total short - term loans	**23,294,851**	**23,294,851**	**0**	**0**				
Long-term loans								
Long-term bank loans	11,729,330	1,564,746	10,164,584	0	6 months' euribor +4.75%	€	2023	
Total long-term loans	**11,729,330**	**1,564,746**	**10,164,584**	**0**				
Total finance lease liabilities	32,021,588	2,852,696	12,575,823	16,593,069				10
Total loan commitments	**67,045,769**	**27,712,293**	**22,740,407**	**16,593,069**				

Mortgages and commercial pledges have been set as collateral for loans, and inventories have been pledged as collateral for goods loans. Other assets pledged as collateral included a deposit and guarantee deposits in the amount of 95,636 euros as of 31.12.2020 (3,075,701 euros as of 31.12.2019) and inventories as of 31.12.2020 in the amount of 8,777,022 euros (as of 31.12.2019 31,099,028 euros). Additional information on loan guarantees and pledges is provided in Notes 35 and 8.

Change in net debt:

	Cash and cash equivalents	Overdraft	Debt liabilities	Lease obligations	Net debt
31 December 2017	**201,744**	**-6,136,744**	**-20,218,115**	**-209,091**	**-26,362,206**
Cash flow	255,219	-3,177,948	7,685,811	-404,288	4,358,794
31 December 2018	**456,963**	**-9,314,692**	**-12,532,304**	**-613,379**	**-22,003,412**
First - time adoption of IFRSs	0	0	0	-32,140,861	-32,140,861
Cash flow	-136,121	1,765,657	-14,942,843	1,965,834	-11,347,473
Additional lease obligations	0	0	0	-1,233,181	-1,233,181
31 December 2019	**320,842**	**-7,549,035**	**-27,475,147**	**-32,021,587**	**-66,724,927**
Cash flow	147,800	171,403	1,342,518	3,124,107	4,785,828
Additional lease obligations	0	0	0	-500,097	-500,097
31 December 2020	**468,642**	**-7,377,632**	**-26,132,629**	**-29,397,577**	**-62,439,196**

NOTE 13 PAYABLES AND ADVANCES (in EUR)

	31 December 2020	Breakdown by remaining term		Note nr
		Within 12 months	Within 1-5 years	
Trade payables	18,977,068	18,977,068	0	
Employee-related liabilities	504,348	504,348	0	14
Tax payables	3,705,884	3,705,884	0	5
Other payables	558,861	557,523	1,338	
Interest debts	171,454	170,116	1,338	
Other accruals	387,407	387,407	0	
Advances received	409,348	409,348	0	
Deposits received	7,307	7,307	0	
Other liabilities	2,559,731	159,731	2,400,000	
Total payables and advances	**26,722,547**	**24,321,209**	**2,401,338**	

	31 December 2019	Breakdown by remaining term		Note nr
		Within 12 months	Within 1-5 years	
Trade payables	35,310,019	35,310,019	0	
Employee-related liabilities	463,668	463,668	0	14
Tax payables	963,873	963,873	0	5
Other payables	774,430	773,761	669	
Interest debts	138,307	137,638	669	
Other accruals	636,123	636,123	0	
Advances received	424,669	424,669	0	
Deposits received	8,077	8,077	0	
Other short-term liabilities	3,124	3,124	0	
Total payables and advances	**37,947,860**	**37,947,191**	**669**	

Liabilities to related parties as of 31.12.2020 in the amount of 625,321 euros (319,132 euros as of 31.12.2019) are recorded in the item “Trade payables”.

The item “Interest debts” reflects liabilities to related parties as of 31.12.2020 in the amount of 40,241 euros (as of 31.12.2019: 8,067 euros).

The item “Other liabilities” includes liabilities to related parties as of 31.12.2020 in the amount of 2,400,000 euros (0 euros as of 31.12.2019).

See Note 27 for related party settlements.

NOTE 14 EMPLOYEE-RELATED LIABILITIES

Employee-related liabilities are broken down as follows (in euros):

	31 December 2020	31 December 2019
Wage liability	311,368	305,948
Holiday pay obligation	192,980	157,720
Total employee-related liabilities	**504,348**	**463,668**

NOTE 15 PROVISIONS

Provisions have been made to compensate for health damage and to pay bonus fees.

When calculating health damage compensation, the increase in the consumer price index published by Statistical Office of Estonia last year and the discount rate have been considered equal.

As of 31.12.2020, the compensation for health damage amounts to 9,318 euros, of which short-term liability is 1,016 euros and long-term liability 8,302 euros. As of 31.12.2019, the provision for compensation was 12,090 euros, of which short-term liability was 993 euros and long-term liability 11,097 euros.

The provision for bonus fees is bonuses paid for the work results of the previous period in the next period. Decisions on the payment of bonuses are made after the approval of the annual results.

In EUR	31 December 2019	Formation / adjustment	Use	31 December 2020
Compensation for damage to health	12,090	-1,757	-1,015	9,318
Provision for bonuses	122,864	269,977	-211,217	181,624
Total provisions	**134,954**	**268,220**	**-212,232**	**190,942**
Including:				
Short-term provisions	123,857	271,015	-212,232	182,640
Long-term provisions	11,097	-2,795	0	8,302

In EUR	31 December 2018	Formation / adjustment	Use	31 December 2019
Compensation for damage to health	12,654	1,332	-1,896	12,090
Provision for bonuses	169,858	150,360	-197,354	122,864
Total provisions	**182,512**	**151,692**	**-199,250**	**134,954**
Including:				
Short-term provisions	170,899	151,299	-198,341	123,857
Long-term provisions	11,613	393	-909	11,097

NOTE 16 TARGETED FINANCING (GRANTS)

The targeted financing from the Foundation Environmental Investment Centre and Klaipedos Nafta AB for the acquisition of fixed assets has been recognized as grants.

Assets acquired with grants are recognized at acquisition cost.

In EUR	31 December 2019 Liabilities	Received	Paid back	Recognized in income statement	31 December 2020
Liabilities	765 958	0	0	-89 161	676 797
Targeted financing for acquiring fixed assets	**765,958**	**0**	**0**	**-89,161**	**676,797**
Total targeted financing	**765,958**	**0**	**0**	**-89,161**	**676,797**

In EUR	31 December 2018 Liabilities	Received	Paid back	Recognized in income statement	31 December 2019 Liabilities
Targeted financing for acquiring fixed assets	685,074	224,013	-62,919	-80,210	765,958
Total targeted financing	**685,074**	**224,013**	**-62,919**	**-80,210**	**765,958**

Important terms of grant agreements:

- Self-financing is required to receive the grant.
- The Beneficiary shall ensure that the assets necessary for the achievement of the objective of the project are preserved and used for at least five years after the final payment has been made.
- The beneficiary shall offer biomethane for sale to the public using the biomethane supply capacity established with the grant for at least five years from the final payment of the grant. If the beneficiary is unable to offer biomethane for sale, it must provide the person offering the biomethane for sale with access to the refuelling infrastructure on a uniform and fair basis.

NOTE 17 SHARE CAPITAL (in EUR)

	31 December 2020	31 December 2019
Share capital	1,619,410	1,619,410
No of shares (units)	1,619,410	1,619,410
Nominal value of shares	1	1

Changes in equity in 2019

At the end of 2019, fixed assets located at filling stations were revalued to their fair value. Fair values were determined by the management. The fair value was determined using the discounted cash flow method, which was based on actual and budgetary data from filling stations. The rates used in the valuation are shown in Note 8. Due to the revaluation, the value of fixed assets increased by EUR 26,215,782, which is recognized as an increase in the equity reserve and in the item "Other changes" of the fixed assets table, and decreased by EUR 370,128, which is recognized in the income statement under "Depreciation and impairment of fixed assets".

Changes in equity in 2020

At the end of 2020, fixed assets at filling stations were revalued to their fair value. Fair values were determined by the management. The fair value was determined using the discounted cash flow method, which was based on actual and budgetary data from filling stations. The rates used in the valuation are shown in Note 8. Due to the revaluation, the value of fixed assets increased by EUR 12,722,218, which is recognized as an increase in the equity reserve and in the item "Other changes" of the fixed assets table, and decreased by EUR 1,610,338, which is recognized in the income statement under "Depreciation and impairment of fixed assets".

Earnings per share

To calculate ordinary earnings per share, the annual net profit distributed to the company's shareholders is divided by the weighted average number of ordinary shares outstanding during the year. As the company has no potential ordinary shares, diluted earnings per share equals ordinary earnings per share.

In 2020, the net profit of Alexela AS was 3,382,152 euros and the ordinary and diluted earnings per share were 2.09 euros.

In 2019, the loss of Alexela AS was 1,629,902 euros and the ordinary and diluted net loss per share was 1.01 euros.

Maximum income tax liability

As of 31.12.20, the retained earnings of Alexela AS were 9,170,955 euros (as of 31.12.19 2,767,881 euros). The payment of dividends would entail an income tax expense at a standard rate of 20/80 or, in the case of regular payments, partially a lower rate of 14/86. As of 31.12.20, it is possible to pay dividends from retained earnings to the owners in the amount of 7,336,764 euros (as of 31.12.19 euros 2,214,305) and the related maximum income tax liability on dividends at the standard rate would be 1,834,191 euros (553,576 euros as of 31.12.19).

NOTE 18 SALES REVENUE (in EUR):

	2020	2019
Sales revenue by geographical area		
Sales to European Union countries		
Estonia	236,477,638	242,701,039
Sales to European Union countries, other	7,905,148	2,825,499
Sales to European Union countries, total	**244,382,786**	**245,526,538**
Sales outside the European Union		
Sales outside the European Union countries, other	5,456,234	2,012,924
Sales outside the European Union, total	**5,456,234**	**2,012,924**
Total sales revenue	**249,839,020**	**247,539,462**
Distribution of sales revenue by economic activities		
Retail sale of motor fuel	158,488,704	164,651,127
Wholesale of motor fuel	16,583,496	15,206,298
Sale of electricity	30,631,574	31,173,800
Sale of other liquefied gas and gaseous fuels	27,240,539	21,403,849
Retail sale of other goods and services	15,460,182	14,105,329
Other revenue	1,434,525	999,059
Total sales revenue	**249,839,020**	**247,539,462**

The sale of natural gas to household consumers amounted to 964,880 euros in 2020 (1,215,858 euros in 2019) and sale to eligible customers amounted to 5,436,375 euros in 2020 (6,421,804 euros in 2019).

NOTE 19 OTHER OPERATING INCOME (in EUR):

	2020	2019	Note nr
Profit from the sale of property, plant and equipment	1,665	90,692	8
Profit from targeted financing	89,161	80,210	16
Fines, penalties for late payment and compensation	126,624	370,263	
Other	52,371	44,071	
Total other operating income	**269,821**	**585,236**	

NOTE 20 RAW MATERIALS AND CONSUMABLES USED (in EUR)

	2020	2019
Cost of sold goods	208,499,965	217,007,951
Cost of sold services	945,795	805,606
Transport costs of finished products	,2012,132	1,652,560
Goods losses	-10,574	-77,389
Rental costs	9,367	7,946
Other sales expenses	4,303,435	3,673,708
Other goods expenses	3,676,869	5,034,258
Effects of derivative instrument transactions	1,747,590	553,182
Total raw materials and consumables used	**221,184,579**	**228,657,822**

NOTE 21 MISCELLANEOUS OPERATING EXPENSES (in EUR)

	2020	2019
Rent and lease	56,778	108,611
Miscellaneous office expenses	1,474,522	1,052,248
Expense on doubtful debts	352,833	555,442
Consultations	954,957	618,245
Marketing expenses	1,262,074	1,158,428
Taxes and fees	115,503	157,627
Other operating expenses	390,888	501,281
Total miscellaneous operating expenses	**4,607,555**	**4,151,882**

NOTE 22 LABOUR COSTS (eurodes)

	2020	2019
Wage and salary expense	5,378,507	4,958,587
Social taxes	1,539,950	1,512,717
Total labour expense	**6,918,457**	**6,471,304**
Average number of employees reduced to full time equivalents	246	241
Average number of employees by type of employment:		
Person working under an employment contract	270	264
Person providing a service under a contract governed by the law of obligations act, other than a self-employed person	26	21
Member of the management or control body of a legal person	6	7

Labour costs also include the reserve for holiday pay and bonus pay, which has been formed in the reporting year but has not yet been used.
The reserve for bonus pay is formed every month and its use is decided by the company's management board and supervisory board.
See Note 15 for the balance and use of the reserve for bonus pay.

NOTE 23 OTHER OPERATING EXPENSES (in EUR)

	2020	2019
Foreign exchange losses	18,853	18,446
Other	385,202	346,734
Total other operating expenses	**404,055**	**365,180**

NOTE 24 INTEREST INCOME (in EUR)

	2020	2019
Interest income on loans	643,743	145,578
Interest income on finance leases	5,972	7,115
Total interest income	**649,715**	**152,693**

As of 31.12.2020, the item "Interest income" includes income from related parties in the amount of 793,000 euros (144,151 euros as of 31.12.2019).

NOTE 25 INTEREST EXPENSES (in EUR)

	2020	2019
Interest expenses on loans	1,809,203	1,110,713
Interest expenses on rental contracts	1,680,366	1,765,251
Total interest expenses	**3,489,569**	**2,875,964**

NOTE 26 OTHER FINANCIAL INCOME AND EXPENSES (in EUR)

	2020	2019
Foreign exchange gains (losses)	16,475	126
Other financial income and expenses	-155,728	-147,148
Total other financial income and expenses	**-139,253**	**-147,022**

NOTE 27 RELATED PARTIES

Name of the parent of the reporting entity	Tanklate Investeeringud OÜ
Country where the parent of the reporting entity is registered	Estonia
Name of the group to which the parent company belongs	Alexela Varahalduse AS
Country where the parent company of the group is registered	Estonia

Until 30.04.20, the parent company was Alexela Invest AS and the parent company of the group was Alexela Group OÜ. On 30.04.2020 Alexela Invest AS sold its holding in Alexela AS to Tanklate Investeeringud OÜ. As a result of the transaction, the parent company of Alexela AS changed and Alexela Varahalduse AS became the new parent company of the group.

Transactions between related parties are classified according to the ratio at the time of the transaction and balances according to the ratio at the balance sheet date.

Balances with related parties by group (in EUR):

	31 December 2020		31 December 2019	
	Payables	Liabilities	Payables	Liabilities
Parent	0	0	0	0
Associates	692,394	0	3,560	0
Other undertakings belonging to the same group	11,299,416	27,560,779	6,227,540	1,149,713
Executive and senior management and private owners with significant holdings and undertakings under their control or significant influence	11,339	19,263	17,611	162,087
Owners who are legal entities with a significant holding and undertakings under their dominant or significant influence	5,375,613	1,016,381	849,825	28,904,214

LOANS

2020	Loans granted	Repayments of granted loans	Interest received	Loans received	Repayments of loans received	Interest paid	Interest rate	Base currency	Term
Other undertakings belonging to the same group									
Long-term loan	9,838,000	0	0	0	0	0	8.0%	€	2023
Short-term loan	0	45,000	1,734	0	0	0	5.0%	€	2020
Short-term loan	576,000	1,146,127	5,030	0	0	0	4.0%	€	2020
Owners who are legal entities with a significant holding and undertakings under their dominant or significant influence									
Long-term loan	600,000	0	0	0	0	0	8.0%	€	2023
Short-term loan	10,000	43,000	3,539	0	0	0	5.0%	€	2020
Short-term loan	846,000	786,960	8,040	0	0	0	4.0%	€	2020
Short-term loan	0	0	0	0	2,000,000	55,916	12.269%	€	2020

2019	Loans granted	Repayments of granted loans	Interest received	Loans received	Repayments of loans received	Interest paid	Interest rate	Base currency	Term
Parent									
Long-term loan	0	0	0	0	492,592	2,657	6 months' euribor +3.5%	€	2019
Long-term loan	0	0	0	0	520,000	4,647	5.0%	€	2019
Long-term loan	0	0	0	0	2,117,763	19,766	7.0%	€	2019
Other undertakings belonging to the same group									
Group overdraft	10,000	70,000	3,550	0	0	0	2.0%	€	2019
Long-term loan	0	140,000	7,175	0	0	0	5.0%	€	2019
Owners who are legal entities with a significant holding and undertakings under their dominant or significant influence									
Long-term loan	281,000	203,000	0	0	0	0	12 months' euribor +5.0%	€	2020
Long-term loan	1,100,000	588,913	12,487	0	0	0	4.0%	€	2020
Short-term loan	0	0	0	2,000,000	0	0	12.269%	€	2020
Short-term loan	0	0	0	1,130,000	1,130,000	1,814	4.0%	€	2019

GUARANTEES

As of 31.12.2020, there were no valid guarantees for related parties.

2019	Guarantees given	Term
Owners who are legal entities with a significant holding and undertakings under their dominant or significant influence		
Guarantee given	2,000,000	17 April 2020

PURCHASES AND SALES OF GOODS AND SERVICES (in EUR)

	2020		2019	
	Purchases of goods and services	Sales of goods and services	Purchases of goods and services	Sales of goods and services
Associates	0	4,025,418	0	131,158
Other undertakings belonging to the same consolidation group	4,248,115	1,923,747	961,535	6,221,074
Executive and senior management and private owners with significant holdings and undertakings under their control or significant influence	362,850	38,693	336,168	85,308
Owners who are legal entities with a significant holding and undertakings under their dominant or significant influence	1,424,201	4,939,158	1,797,125	2,930,163

Purchases and sales of fixed assets (in EUR)

	2020		2019	
	Fixed assets purchased	Fixed assets sold	Fixed assets purchased	Fixed assets sold
Other undertakings belonging to the same consolidation group	820	500	264,732	8,578
Executive and senior management and private owners with significant holdings and undertakings under their control or significant influence	85,228	0	117,946	0
Owners who are legal entities with a significant holding and undertakings under their dominant or significant influence	26,410	0	0	5,840

Remuneration and other significant benefits calculated for executive and senior management (in euros)

	2020	2019
Calculated remuneration	393,104	484,999

Pursuant to the contracts of the Management Board and the employment contracts of some key persons, the company may impose a prohibition on competition for 6 or 12 months upon the employee leaving the company. If imposed, the company will pay 50% of the wages during period of the prohibition on competition. The company has the right to cancel the prohibition on competition obligation at any time and terminate the payment of the fee. The compensation for prohibition on competition has not been provisioned and no provision has been formed.

The item “Owners who are legal entities with a significant holding and undertakings under their dominant or significant influence” also includes the rights of use in the balances of related parties in accordance with IFRS 16 in the amount of 950,888 euros as of 31.12.20. Of these, EUR 109,777 are short-term and EUR 841111 are long-term (EUR 31,836,391 on 31 December 19, of which EUR 2,239,903 are short-term and EUR 24,596,487 are long-term). The item “Other undertakings belonging to the same consolidation group” has right of use liabilities of EUR 24,596,484, of which EUR 2,366,252 are short-term liabilities and EUR 22,230,232 long-term liabilities (in 2019 EUR 1,054,803, of which EUR 103,915 are short-term and EUR 950,888 are long-term liabilities).

Balances of receivables and liabilities and interest income / expense from settlements with related parties are disclosed in Notes 3, 13, 24 and 25, respectively.

NOTE 28 UNCONSOLIDATED BALANCE SHEET (in EUR)

	31 December 2020	31 December 2019
Assets		
Current assets		
Cash	363,615	310,048
Short term investments	6,801,101	0
Receivables and advances	22,363,725	22,434,554
Inventories	8,777,022	31,099,028
Total current assets	**38,305,463**	**53,843,630**
Fixed assets		
Investments into subsidiaries and associate entities	2,220,111	2,204,457
Receivables and advances	10,547,526	146,741
Tangible assets	109,807,422	103,486,539
Intangible assets	1,788,513	1,478,621
Total fixed assets	**124,363,572**	**107,316,358**
Total assets	**162,669,035**	**161,159,988**
Liabilities and equity		
Liabilities		
Current liabilities		
Loan commitments	17,627,008	27,918,323
Payables and advances	24,522,596	37,293,900
Provisions	182,640	123,857
Targeted financing (grants)	111,841	66,481
Total current liabilities	**42,444,085**	**65,402,561**
Long-term liabilities		
Loan commitments	45,484,527	39,333,476
Payables and advances	2,401,338	669
Provisions	8,302	11,097
Targeted financing (grants)	564,956	699,477
Total long-term liabilities	**48,459,123**	**40,044,719**
Total liabilities	**90,903,208**	**105,447,280**
Owner's Equity		
Share capital at nominal value	1,619,410	1,619,410
Share premium	280,000	280,000
Legal reserve	161,941	161,941
Other reserves	60,613,316	50,912,020
Retained earnings (deficit)	5,760,259	4,391,224
Profit (loss) for the year	3,330,901	-1,651,887
Total owners' equity	**71,765,827**	**55,712,708**
Total liabilities and owners' equity	**162,669,035**	**161,159,988**

NOTE 29 UNCONSOLIDATED INCOME STATEMENT (in EUR)

	2020	2019
Revenue	244,729,889	243,750,187
Other operating income	266,454	582,881
Raw materials and consumables used	-216,408,023	-225,098,525
Miscellaneous operating expenses	-4,489,512	-4,039,479
Labour costs	-6,899,270	-6,451,053
Depreciation and impairment of fixed assets	-10,281,278	-6,902,363
Other operating expenses	-373,904	-334,547
Total profit (loss)	**6,544,356**	**1,507,101**
Profit (loss) from associates	-234,346	-296,591
Interest income	649,715	152,646
Interest expenses	-3,489,569	-2,869,683
Other financial income and expenses	-139,255	-145,360
Profit (loss) before income tax	**3,330,901**	**-1,651,887**
Profit (loss) for the year	**3,330,901**	**-1,651,887**

NOTE 30 UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in EUR)

	2020	2019
Profit (loss) for the year	3,330,901	-1,651,887
Other comprehensive profit (loss)		
Other comprehensive profits (losses)	12,722,218	26,215,782
Total other comprehensive profit (loss)	**12,722,218**	**26,215,782**
Total comprehensive profit (loss) for the accounting year	**16,053,119**	**24,563,895**

NOTE 31 UNCONSOLIDATED STATEMENT OF CASH FLOWS (in EUR)

	2020	2019
Cash flows from operating activities		
Business profit (loss)	6,544,356	1,507,101
Adjustments		
Depreciation and impairment of fixed assets	10,281,278	6,902,363
Profit (loss) from the sale of fixed assets	-1,665	-90,692
Other adjustments	-33,172	-127,768
Total adjustments	**10,246,441**	**6,683,903**
Change in trade receivables and advances	127,468	-2,269,107
Change in inventories	22,322,006	-24,680,125
Change in trade payables and advances	-11,388,552	14,296,397
Net cash inflow/outflow from operating activities	**27,851,719**	**-4,461,831**
Cash flow from investing activities		
Paid at acquisition of tangible and intangible fixed assets	-4,508,194	-4,455,661
Received from sale of tangible and intangible fixed assets	381,255	388,281
Paid at acquisition of subsidiaries	0	-31,910
Paid at acquisition of associates	-250,000	-560,000
Paid at acquisition of other investments	-4,401,101	0
Loans granted to other parties	-11,885,000	-1,381,000
Repayments of granted loans	848,025	369,833
Interests received	111,312	172,795
Net cash inflow/outflow from investing activities	**-19,703,703**	**-5,497,662**
Cash flow from financing activities		
Loans received	59,437,667	40,481,377
Repayments of loans received	-60,780,185	-25,538,534
Increase/decrease in overdraft balance	-171,403	-434,992
Repayments of the principal of a finance lease	-3,124,107	-1,965,834
Interest paid	-3,456,421	-2,763,651
Receipts from targeted financing	0	161,093
Net cash inflow/outflow from financing activities	**-8,094,449**	**9,939,459**
Net increase/decrease in cash	**53,567**	**-20,034**
Cash and cash equivalents at beginning of period	310,048	330,082
Change in cash and cash equivalents	**53,567**	**-20,034**
Cash and cash equivalents at end of period	363,615	310,048

NOTE 32 UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (in EUR)

	Share capital at nominal value	Share premium	Legal reserve	Other reserves	Retained earnings	Total
31 December 2018	**1,619,410**	**280,000**	**161,941**	**25,229,455**	**3,858,007**	**31,148,813**
Carrying amount of holdings under dominant and significant influence	0	0	0	0	-1,898,275	-1,898,275
Value of holdings under dominant and significant influence calculated based on equity method	0	0	0	0	1,904,835	1,904,835
Adjusted unconsolidated equity on 31.12.2018	**1,619,410**	**280,000**	**161,941**	**25,229,455**	**3,864,567**	**31,155,373**
Profit (loss) for the accounting year	0	0	0	0	-1,651,887	-1,651,887
Changes in reserves	0	0	0	25,682,565	533,217	26,215,782
31 December 2019	**1,619,410**	**280,000**	**161,941**	**50,912,020**	**2,739,337**	**55,712,708**
Carrying amount of holdings under dominant and significant influence	0	0	0	0	-1,898,275	-1,898,275
Value of holdings under dominant and significant influence calculated based on equity method	0	0	0	0	1,964,993	1,964,993
Adjusted unconsolidated equity on 31.12.2019	**1,619,410**	**280,000**	**161,941**	**50,912,020**	**2,806,055**	**55,779,426**
Profit (loss) for the accounting year	0	0	0	0	3,330,901	3,330,901
Changes in reserves	0	0	0	9,701,296	3,020,922	12,722,218
31 December 2020	**1,619,410**	**280,000**	**161,941**	**60,613,316**	**9,091,160**	**71,765,827**
Carrying amount of holdings under dominant and significant influence	0	0	0	0	-1,898,275	-1,898,275
Value of holdings under dominant and significant influence calculated based on equity method	0	0	0	0	2,133,592	2,133,592
Adjusted unconsolidated equity on 31.12.2020	**1,619,410**	**280,000**	**161,941**	**60,613,316**	**9,326,477**	**72,001,144**

The revaluation reserve for fixed assets is recorded in the equity item “Other reserves”. Additional information on changes in the reserve is provided in Note 8.

More detailed information on share capital and other equity items is provided in Note 17.

NOTE 33 CAPITAL MANAGEMENT

The purpose of the company's capital management is to ensure the company's sustainability and profitability and the compliance of the capital with the established requirements.

The company monitors the capital structure and changes it according to changes in economic conditions.

The company manages equity capital as capital. According to the law, equity must be at least 50% of the share capital. As of 31.12.2020, equity was 4437% of the share capital and meets this requirement, as of 31.12.2019, equity accounted for 3442% of the share capital.

NOTE 34 FINANCIAL RISK MANAGEMENT

The Company's operations may involve a number of financial risks, the greatest impact of which is imposed by liquidity risk, credit risk and market risk (incl. exchange rate risk, interest rate risk and price risk). Financial risk management is the responsibility of the company's management board and includes the definition, measurement and control of risks. The purpose of financial risk management is to mitigate financial risks and reduce the volatility of financial results.

The supervisory board of the parent company supervises the measures taken by the management board to mitigate the risks.

Currency risk

Currency risk is the risk that the fair value or cash flows of a financial instrument will fluctuate in the future because of changes in foreign currency exchange rates. Financial assets and liabilities denominated in euros are considered to be currency risk-free financial assets and liabilities. To hedge the company's currency risk, most contracts are Euro-based. Also, all loan agreements are concluded in euros, which is why they are treated as currency risk-free liabilities.

The company's currency risk in 2020 was low. Hedging instruments have been used in the past to hedge the risks arising from USD transactions and, if necessary, they are planned to be used also in the future. In 2020, most transactions took place in euros and some gas purchase transactions took place in foreign currency (USD).

As a result of purchase transactions in foreign currency, the company incurred a loss of 18,853 euros (recognized in the income statement under item "Other operating expenses").

Interest risk

Interest rate risk is defined as the risk where the increase in interest expenses on liabilities may significantly affect the performance of the company. The company's interest risk arises mainly from long-term loan liabilities. The company's loans and leases from financial institutions are pegged to Euribor and have a variable interest rate, which is fixed every six months or three months. The company does not use Euribor fixation for a long period of time. Overdrafts from a financial institution and loans from other companies have a fixed interest rate or a variable interest rate pegged to Euribor. In 2020, the six-month Euribor fell from -0.323% at the beginning of the year to -0.532% at the end of the year. According to economic analysts, Euribor will not increase in 2021 to such an extent that it would affect the company's financial results.

Information on the volumes of financial liabilities and interest is provided in Notes 10 and 12.

Price risk mitigation in the electricity market

Electricity sellers who buy brokered electricity and electricity producers who sell the electricity they produce to the retail market are exposed to both price and quantity risks. In order to ensure financial stability and hedge risks in the company and to protect itself from the volatility prevailing in the market, electricity sellers and electricity producers enter into various types of hedging agreements. In order to hedge, for example, the price risk in the Estonian price area, two contracts must be acquired. With the forward agreement, the Group hedges the risk arising from Nord Pool's system price and with the CFD (EPAD) agreement, the Group specifically hedges the price risk of Nord Pool's Estonian price area.

Fuel price risk

In 2020, as in 2019, the company's market risk of fuels was quite low: most purchases were made from the local market, and this made it possible to mitigate the risk of changes in fuel prices.

Credit risk

Credit risk is the risk that an entity will incur a financial loss because of other parties to a financial instrument, because those are unable to meet their obligations. About 40% of settlements with customers are made immediately using cash, bank payment cards or prepayment. The Company's main credit risk arises from sales on credit to customers. The company does not consider credit risk to be very high, as the selection of customers to whom credit is granted is based on the customer's credit risk analysis. In addition, there are many customers and the credits given to customers are small. Information on the volume and timeliness of receivables is provided in Note 3.

As of 31.12.2020, the maximum amount of credit risk is expressed in the amount of 32,415,961 euros (as of 31.12.2019, 18,485,338 euros).

Liquidity risk

As the company's working capital is negative (as of 31.12.2020 in the value of –3,799,290 euros and as of 31.12.2019 in the value of –11,328,197 euros), the company is exposed to liquidity risk. The company's management does not consider the liquidity risk to be very high, as the payment terms of receivables are significantly shorter than the payment terms of liabilities. In order to manage liquidity risk, the company's cash flows are constantly planned and controlled and, if necessary, measures are taken to cover negative cash flows.

NOTE 35 LOAN COLLATERAL AND PLEDGED ASSETS

The company's financial liabilities are secured by mortgages and commercial pledges.

Type of pledge	Value (Eur)
Mortgages in favour of AS Swedbank	46,000,000
Mortgages in favour of AS LHV Pank	138,000,000
Commercial pledges on the assets of AS Alexela in favour of AS Swedbank	12,240,000
Commercial pledges on the assets of 220 Energia OÜ in favour of AS Swedbank	3,000,000
Pledges as guarantee for trade loan in favour of AS LHV Pank	1,140,847

Bank guarantees amount to a total of EUR 3,151,955, guaranteeing debt to suppliers (see Note 12). The shares of the subsidiary 220 Energia OÜ with a nominal value of 32,000 euros have been pledged to cover the obligations arising from the loan agreements.

Carrying amount of assets pledged as collateral for loans (in euros):

	31 December 2020	31 December 2019
Land plots	32,242,140	27,303,399
Construction works	31,316,379	28,554,101
Machinery and Equipment	5,221,240	4,884,147
Other property, plant and equipment	2,715,466	2,560,804
Other assets	8,872,659	34,174,729
Total	**80,367,884**	**97,477,180**

Pantide varade väärtust vaata lisast 8 ja pandiga tagatud kohustuste kohta täiendavat infot lisast 12.

NOTE 36 BALANCE SHEET AND INCOME STATEMENT BY ECONOMIC ACTIVITY

Pursuant to § 17 of the Electricity Market Act, an electricity undertaking shall submit the annual balance sheet and income statement by economic activities as a note to the annual report. § 16 of the Electricity Act obliges an enterprise to keep accounting records of its electricity-related activities and other economic activities as if different undertakings operating in these economic activities were obliged to do so.

ACCOUNTING POLICIES OF THE ECONOMIC ACTIVITY

In preparing the consolidated report on activities related to electricity, the reports of the respective activities of the parent companies and subsidiaries were consolidated, using the proportions of activities valid for each company. Electricity sales accounted for 10.43% of the total operations of Alexela AS and 73.64% for the joint settlements for electricity and gas sales.

Electricity sales accounted for 95% of the activities of the subsidiary 220 Energia OÜ. Alexela SIA's activities include only sales of electricity and its balance sheet and income statement items are recognized with a percentage of 100/0. The other activities of the subsidiaries of Alexela Energia Teenused AS accounted for less than 0.01% and the allocation of balance sheet and income statement items was based on the substance of transactions.

Allocation of balance sheet items

The distribution of the company's balance sheet between electricity and other activities was largely based on the economic substance of the balance sheet items. Balance sheet lines with balances related to periodical expenses were allocated similarly to the income statement.

Assets

Cash and bank accounts were allocated between types of output according to the use of the accounts, accounts of general use were allocated according to the proportion of the economic activity. Trade receivables were differentiated on the basis of specific invoices submitted. Other receivables, advances and inventories were allocated to economic activities based on economic substance.

Fixed assets were allocated based on the location of objects by type of production.

Common assets were divided between electricity sales and other activities according to the proportion of economic activities.

Liabilities

Debt liabilities (both long-term and short-term) were allocated to operations on the basis of economic substance. Debts to suppliers were allocated, if possible, on the basis of the content of the invoice, the rest were allocated on the basis of the proportions of the economic activity.

Tax payables

Taxes related to wages and salaries were allocated between activities according to their economic substance and the rest according to the proportion of the economic activity. VAT was allocated on the basis of economic substance. The excise duty was allocated on the basis of economic substance.

Owner's equity

The loss for the current period was presented in the balance sheet on the basis of the income statement. Retained earnings recognize the 2019 loss from electricity sales activities of the group's companies. No other equity items are allocated.

Allocation of income statement

Revenue

The allocation of sales revenue and other operating income is based on the content of invoices issued to customers.

Costs

Costs of raw materials and consumables used were allocated according to cost items. Miscellaneous operating expenses were allocated according to economic substance and overheads according to the proportion of economic activities. Wage and salary expenses were allocated according to the cost unit and the cost of cross-company units according to the proportions of economic activities. Depreciation of fixed assets was distributed according to the location of the objects according to the types of production and depreciation of common assets according to the proportions of economic activities. The basis for allocating other operating expenses is the content of invoices issued to customers. Interest income and interest expense were allocated based on the economic substance. Other financial income and expenses were allocated according to cost items. General financial income and expenses were allocated according to the proportion of economic activities.

CONSOLIDATED BALANCE SHEET (in euros)	Total on 31.12.2020	Sales of electricity	Total other economic activities	Note
Assets				
Current assets				
Cash	468,642	355,919	112,723	2
Short term investments	6,801,101	0	6,801,101	6
Receivables and advances	22,192,946	5,042,807	17,150,139	3, 5
Inventories	8,777,022	3,881	8,773,141	4
Total current assets	**38,239,711**	**5,402,607**	**32,837,104**	
Fixed assets				
Investments into subsidiaries and associate entities	321,836	0	321,836	7
Receivables and advances	10,607,526	0	10,607,526	3
Tangible assets	109,807,423	275,240	109,532,183	8
Intangible assets	3,437,446	329,597	3,107,849	9
Total fixed assets	**124,174,231**	**604,837**	**123,569,394**	
Total assets	**162,413,942**	**6,007,444**	**156,406,498**	
Liabilities and equity				
Liabilities				
Current liabilities				
Loan commitments	17,423,312	6,826,096	10,597,216	10, 12
Payables and advances	24,321,209	1,169,258	23,151,951	5,13,14
Provisions	182,640	18,077	164,563	15
Targeted financing (grants)	111,841	0	111,841	16
Total current liabilities	**42,039,002**	**8,013,431**	**34,025,571**	
Long-term liabilities				
Loan commitments	45,484,527	0	45,484,527	10,12
Payables and advances	2,401,338	0	2,401,338	13
Deferred income tax liability	70,195	0	70,195	5
Provisions	8,302	866	7,436	15
Targeted financing (grants)	564,956	0	564,956	16
Total long-term liabilities	**48,529,318**	**866**	**48,528,452**	
Total liabilities	**90,568,320**	**8,014,297**	**82,554,023**	
Owner's Equity				
Equity attributable to equity holders of the parent				
Share capital at nominal value	1,619,410	262,800	1,356,610	17
Share premium	280,000	0	280,000	
Legal reserve	161,941	0	161,941	
Other reserves	60,613,316	0	60,613,316	8, 17
Retained earnings (deficit)	5,788,803	-312,621	6,101,424	
Profit (loss) for the year	3,382,152	-1,673,712	5,055,864	
Balancing of unallocated equity items	0	-283,319	283,319	
Equity attributable to equity holders of the parent	**71,845,622**	**-2,006,852**	**73,852,474**	
Total owners' equity	**71,845,622**	**-2,006,852**	**73,852,474**	
Total liabilities and owners' equity	**162,413,942**	**6,007,444**	**156,406,498**	

CONSOLIDATED INCOME STATEMENT (in euros)	Total 2020	Sales of electricity	Total other economic activities	Note
Revenue	249,839,020	36,314,186	213,524,834	18
Other operating income	269,821	4,016	265,805	19
Raw materials and consumables used	-221,184,579	-36,580,477	-184,604,102	20
Miscellaneous operating expenses	-4,607,555	-548,845	-4,058,710	21
Labour costs	-6,918,457	-368,797	-6,549,660	22
Depreciation and impairment of fixed assets	-10,366,605	-75,985	-10,290,620	8, 9
Other operating expenses	-404,055	-63,323	-340,732	23
Business profit (loss)	**6,627,590**	**-1,319,225**	**7,946,815**	
Profit (– loss) from subsidiary and associate entity	-234,310	0	-234,310	6, 7
Interest income	649,715	67,151	582,564	24
Interest expenses	-3,489,569	-412,285	-3,077,284	25
Other financial income and expenses	-139,253	-9,354	-129,899	26
Profit (loss) before income tax	**3,414,173**	**-1,673,712**	**5,087,885**	
Income tax	-32,021	0	-32,021	
Profit (loss) for the year	**3,382,152**	**-1,673,712**	**5,055,864**	
Share of profit (loss) of parent company's shareholder	3,382,152	-1,673,712	5,055,864	

NOTE 37 MANAGEMENT BOARD'S APPROVAL OF THE CONSOLIDATED ACCOUNTS

The Management Board confirms the accuracy and completeness of the preparation of the consolidated annual accounts of AS Alexela for 2020, presented on pages 39–92, and confirms that:

- the accounting policies applied in the preparation of the annual accounts are in accordance with international reporting standards as adopted by the European Union;
- the annual accounts give a true and fair view of the financial position, financial performance and cash flows of the parent company and the group;
- AS Alexela and its subsidiaries are a going concern.

DIGITAL SIGNATURES TO THE REPORT

The date of closing the report is: 30 June 2021

The accuracy of the data in the annual report of AS ALEXELA (registry code: 10015238) for 01.01.2020 - 31.12.2020 has been electronically confirmed by:

Name of signatory	The role of the signatory	Time of signature
TARMO KÄRSNA	Member of the Management Board	30 June 2021
AIVO ADAMSON	Member of the Management Board	30 June 2021
AIVAR RÄIM	Member of the Management Board	30 June 2021
ALAN VAHT	Member of the Management Board	30 June 2021
KARMO PIIKMANN	Member of the Management Board	30 June 2021

INDEPENDENT SWORN AUDITOR'S REPORT

To the shareholders of AS Alexela

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the annual accounts of AS Alexela consolidation group (the Group), which comprise the balance sheet as of 31 December 2020 and the consolidated income statement, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and also the notes to the consolidated annual accounts, including the summary of significant accounting policies.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2020 and its consolidated financial performance for the year then ended, and the consolidated cash flows in accordance with the international Financial Reporting Standards, as adopted by the European Union.

Basis for the Opinion

We conducted the audit in accordance with the International Standards on Auditing (Estonia) (ISA (EE)). Our responsibilities under those standards are further described in the Sworn Auditor's Responsibilities for the Audit of the Annual accounts section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants (Estonia) (including the independence standards), and we have fulfilled our other ethical responsibilities in accordance with the said requirements. 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. The other information comprises the management report, but does not comprise the consolidated annual accounts nor our sworn auditor's report thereon.

Our opinion on the consolidated annual accounts does not cover the management report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated annual accounts, our responsibility is to read the management report and, in doing so, consider whether the information concluded in the management report is materially inconsistent with the consolidated annual report 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 management report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance with regard to the consolidated annual accounts

Management is responsible for the preparation and fair presentation of the consolidated annual accounts in accordance with the 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 the consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Sworn Auditor's Responsibilities for the Audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts 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. Rea-

sonable 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 consolidated annual accounts.
As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our sworn auditor's report to the related disclosures in the consolidated annual accounts 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 sworn 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 consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate evidence about the financial information of the group's entities or businesses to express an opinion on the group's consolidated financial statements. We are responsible for directing, supervising and conducting the group audit. We are solely responsible for our audit opinion.

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We have audited the balance sheet and income statement by electricity-related activities for the financial year ended 31 December 2020, presented as Note 36 to the annual accounts of AS Alexela, which have been prepared in accordance with the obligation provided for in § 17 of the Electricity Market Act. The Electricity Market Act stipulates the obligation for an electricity undertaking to prepare a balance sheet and income statement by economic activities, but there are no guidance materials that would be the basis for the division of economic activities and for the preparation of corresponding reports. Due to the lack of guidance material, the Management Board of AS Alexela has developed the principles of division of economic activities, which require assessments by the Management Board to differentiate between activities. We believe that the balance sheet and income statement by electricity-related activities, presented in Note 36, have been prepared in accordance with the distribution principles established by the management.

/digitally signed/
Mati Nõmmiste

Sworn auditor number 178 Grant Thornton Baltic OÜ Licence number 3
Pärnu mnt 22, 10141 Tallinn
30 June 2021

DIGITAL SIGNATURES OF AUDITORS

The auditor's report, attached to the annual reports of AS ALEXELA (registry code:10015238) for 01.01.2020 - 31.12.2020, has been digitally signed by:

Name of signatory	The role of the signatory	Time of signature
MATI NÕMMISTE	Sworn auditor	30 June 2021

DISTRIBUTION OF SALES REVENUE BY ECONOMIC ACTIVITIES

Economic activity	Classification of Economic Activities code	Sales revenue (EUR)	Sales revenue %	Principal activity
Retail sale of automotive fuel incl. activities of fuelling stations	47301	158488704	64.76%	Yes
Trade of electricity	35141	25531232	10.43%	No
Wholesale of automotive fuel	46712	16583496	6.78%	No
Retail sale in non-specialised stores with food, beverages or tobacco predominating	47111	15455837	6.32%	No
Trade of gas through mains	35231	12446003	5.09%	No
Wholesale of other liquid and gaseous fuels and similar	46719	10541325	4.31%	No

MEANS OF COMMUNICATION

Type	Content
Telephone	+372 6290000
E-mail address	alexela@alexela.ee
Website address	www.alexela.ee