



# AS ALEXELA 2021. CONSOLIDATED ANNUAL REPORT

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*beginning of annual period: 01.01.2021  
end of annual period: 31.12.2021*

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## **PART 1. MANAGEMENT REPORT**

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# 1.1 ABOUT THE COMPANY

## STATEMENT BY CHAIRMAN OF THE BOARD



**Aivo Adamson,**  
Chairman of the  
Board of AS Alexela

Alexela remains on a course of organic growth despite the healthcare crisis nearing its second year and the economic challenges this entails. The energy sector is undergoing rapid development and the global long-term climate neutrality goal along with EU guidelines are putting intense pressure on the sector.

Clearly, there is increasing public pressure regarding sustainability and AS Alexela needs to keep taking this into consideration in strategic planning. This, in turn, makes managing our organisation extremely interesting and challenging – the word ‘stability’ is no longer a part of our organisational development vocabulary. This means that we need to take more risks to continue growing and we need to manage these risks in an informed manner by observing the wider market up to the global level.

Here, AS Alexela has not changed strategic direction, having invested in sustainable fuel manufacturing in the form of biomethane and in the sale of less polluting fuel types. Furthermore, we have initiated several hydrogen fuel projects.

As stated above, 2021 was a year of growth for AS Alexela as well as a year of reorganisation. The numbers of both active private and corporate clients grew by 13.5% year-on-year. This was consistent with AS Alexela's stated goals. With the ongoing healthcare crisis and awareness of our company's role as a critical service provider, we managed to strengthen our positions on the retail market across almost all of our products and services.

However, it was not our role as a critical service provider that brought us here, but good tactical choices. We increased both our retail fuel sales as well as our market share in petrol, diesel fuel and LPG. For all these fuel types, we are able to say that we outgrew the market based on a 12-month sliding average. Furthermore, the Government Decision on 1 May 2020 to reduce excise duty continued to improve the competitiveness of our prices compared to neighbouring countries. The entire liquid fuels market was characterised by stable margins and less price corrections compared to past years. The only exception was the CNG purchase price increase starting from May, which impacted the transportation sector as a whole and temporarily halted investment in less polluting trucks (especially in the heavy truck sector). The second half of the year also brought rising electricity prices, which put pressure on customer buying power.

However, due to the current policy of pre-purchasing electricity from Nord Pool for clients, this impacted Alexela's liquidity management. We handled this well. Admittedly, there is increasing competition for customer retention, as demonstrated by campaigns targeted at existing customers. Intense competition provides Alexela with positive pressure, helping us stay in shape as an organisation and dedicate our attention to finding new opportunities. Our actions and decisions are validated by Alexela brand research, showing spontaneous recall of 80% (78% in 2020). Consumers consider our strengths to be fuel quality and price, in addition to our activity in the fields of environmental and social responsibility. Considering this, we are happy to report an increase in our overall customer loyalty.



## **2021 - A YEAR OF GROWTH AND REORGANISATION**



**I AM A FORCE,  
WE HAVE POWER,  
WE CHANGE THE WORLD**

There is a need for various changes due to rapid development and intense competition in the energy sector as well as Alexela's organic growth. However, change always concerns people, creating an environment they are not yet used to. This entails constant reviewing of organisational structure and focus and setting up new competence centres. These reorganisations can be both reactive and proactive. One organisational trend continued from 2020 – an increased rate of working from home and holding business meetings and team meetings mostly online. For some years we had talked about the advent of electric vehicles in the transportation sector but were unable to prioritise the development of the relevant infrastructure. In 2021, we created the e-mobility division, which was properly staffed and set specific goals. We have over 30 fast charging stations at our client partners as well as two ultra-fast charging stations at our Paia/Imavere Alexela service station (Tikupoiss) on the Tallinn-Tartu highway. Our concrete e-mobility strategy formed the basis for developing a technological platform along with a mobile app for corporate clients. We view e-mobility as a novel field of business, which is expected to show results no sooner than in 3-5 years. At this time, it includes only investment to create the infrastructure and establish a solid foothold in the electric vehicle market.

AS Alexela took huge technological strides in 2021, with an unprecedented number of new technological solutions introduced to our customers. Our main focus was on convenience services, helping our customers save their valuable TIME and spend more of it on their family and health. We introduced smart trailer rental, self-service for private customers, automatic utility bill payment, electric energy price monitoring with next-day market forecast, the Tangi mobile app, which lets you start refuelling with just four taps of the screen without leaving your car or touching the payment terminal and a mobile app for the abovementioned EV charging stations. All of these services have seen wide use and approval among our customers.



Our performance was also supported by the ongoing establishment of Alexela convenience stores and the development of their strategic concept. Commerce and services combined exceeded the revenue goal by 7% and the average purchase amount and number of purchases also exceeded goals. In 2021, we added convenience stores to our Tapa, Sõle, Tiskre and Tõrva stations and renovated our Vääna-Viti and Kuusalu convenience stores. We will continue to invest in convenience stores in the coming years.

In 2020, we improved Alexela’s cost management and conducted a critical review of our business and support functions (taking advantage of the circumstances at the time). We also made some layoffs and reviewed contracts with our partners. In contrast to this, and due to the addition of convenience stores and new fields of business, in 2021 we recruited 61 new employees to staff the stores and the new corporate units. The reorganisation of service areas also contributed to staffing, with the number of service areas increasing from four to seven. Human resource management and the creation of better working conditions for our station attendants has been an area of focus for Alexela for the entire year. Happy station attendants help make our customers feel appreciated. Our employee satisfaction index was 68% in 2021, compared to 63% in 2020.

We continued investing in domestic biomethane production, as evidenced by the opening of the Oisu biomethane plant during the second quarter. Alexela pays close attention to its initiatives and investments for the purpose of minimising their CO<sub>2</sub> footprint. Our tree-planting community programme is gaining momentum – we are happy to report that the programme had 12,333 members at the end of last year. Along with Alexela’s contribution, a total of 239,328 trees have been planted, so we are well on track to our goal of 1.3 million trees. This is a part of the green innovation programme we launched two years ago with the aim of reducing our CO<sub>2</sub> footprint and becoming net CO<sub>2</sub> neutral by 2030.



**I AM A FORCE,  
WE HAVE POWER,  
WE CHANGE THE WORLD**

# ALEXELA IN BRIEF

Alexela is an Estonian company born with the restoration of independence of Estonia. We are among the largest private enterprises and employers in Estonia. With a six-figure number of clients and rising, steadily increasing client loyalty and 80% spontaneous recognition, we have clearly found a place in the hearts and lives of Estonian people and companies. We operate based on the principle of sustainability, which has helped us reach the

top of our field in Estonia. Based on the Sustainable Brand Index survey results published at the end of March 2022, consumers see us as the most sustainable company in our field in Estonia – this is a great recognition for us. By 2030, Alexela plans to become carbon-neutral by developing circular economy, investing in energy security and implementing projects with real reduction of carbon footprint.

## ENERGY

We are pioneers in the field of green energy – we produce climate-positive biomethane based on the principle of circular economy and are developing gas terminals and building an energy storage plant in Paldiski. Pumped-hydro energy storage Energiasalv is essentially a huge battery intended to solve the problem of large-scale renewable energy storage and help Estonia transition to clean energy and improve its energy security.

We are developing a network of sustainable fuel stations by providing robust capabilities for bi-

omethane, LNG, EV and, in the near future, hydrogen refuelling. We have made it our firm goal to reduce our transportation carbon footprint with the help of our customers. For this, we have a community programme to plant carbon-sequestering trees in Estonian forests.

Alexela is a one-stop shop for energy – our service stations provide a uniquely wide selection of fuels, natural gas and gas cylinders as well as quality coffee and refreshments for customers visiting our convenience stores.

## WE PROVIDE THE POWER

As a large company, we are aware of the role we play both for the Estonian economy and in local communities.

That is why we support Estonia by powering culture, sports and charities.

We change the world. Come and join us!





## 2021 - A YEAR OF CUSTOMER CONVENIENCE

Alexela continues its customer-focused efforts to provide quality products and services and an excellent customer experience. In doing so, we are constantly aware of the need to remain environmentally and socially responsible.

One of Alexela's main competitive edges is the ability to provide all energy products centrally, which simplifies things for our customers. Our customers and their opinion are important to us. We conducted a private customer loyalty programme survey for an even more customer-friendly loyalty programme.

As a further customer convenience effort, we continued investing in contactless technological solutions and further expanding our network of self-service counters at our stores to help customers make purchases even more quickly and conveniently. The in-app services provided to Alexela's customers were developed extensively. We further developed smart trailer rental services and provided new rental trailers in our

self-service stations across Estonia. Furthermore there is now the possibility to pay for fuel in-app, which has quickly proved to be extremely popular among our customers. This year we added ultra-fast charging stations to our Paia Alexela service station on the Tallinn-Tartu highway to help our customers recharge even faster and more conveniently. We continue to improve customer convenience in all fields of activity.

As a result of improving the selection of services, service quality and convenience as well as brand development efforts, Alexela's spontaneous recall among Estonian people has improved by 33 positions or 70% from 2014 - undoubtedly the greatest improvement among large Estonian fuel chains.

We continued extending our chain of convenience stores and developing new concepts. Attractive campaigns and high-quality products helped us earn the loyalty of existing customers and win new customers.



**GROWTH,  
DEVELOPMENT,  
QUALITY**

## 2021 KEY EVENTS

### SERVICES COVERING ALL OF ESTONIA

- Launch of retail self-service and app
- Smart trailer rental covering all of Estonia
- Launch of the Tangi app

### LOCAL DEVELOPMENTS

- Purchase and rebranding of the Tõrva service station
- Opening of the Tiskre service station and convenience store
- CNG refuelling capability added to the Tartu Lõunakeskus, Jõgeva and Viimsi service stations (to be completed early in 2022)
- Renovation of Kuusalu and Viti convenience stores

# WORKING FOR A BETTER WORLD.



## OPERATIONAL:

- The number of customers of our one-stop energy shop grew by 13.5% in 2021

## SOCIAL:

- Number of projects supported: 40+
- Total monetary value of support provided to projects: €300,000+
- Based on the employee satisfaction survey, 89% (78% in 2020) of respondents would recommend Alexela as an employer.

## ENVIRONMENTAL:

- Trees planted by us and our customers: 293,238 (108,820 in 2020), sequestering 175,942 tonnes of CO<sub>2</sub> (65,292 tonnes in 2020)
- The amount of biomethane produced in terms of circular economy: 85 GWh (28 GWh in 2020)
- Creating more environmentally friendly refuelling options: 21 public charging stations (15 in 2020), 7 biomethane stations (6 in 2020)
- Hot drinks dispensed in personal cups: 60,870 (29,228 in 2020)

## STRATEGY AND DIRECTION

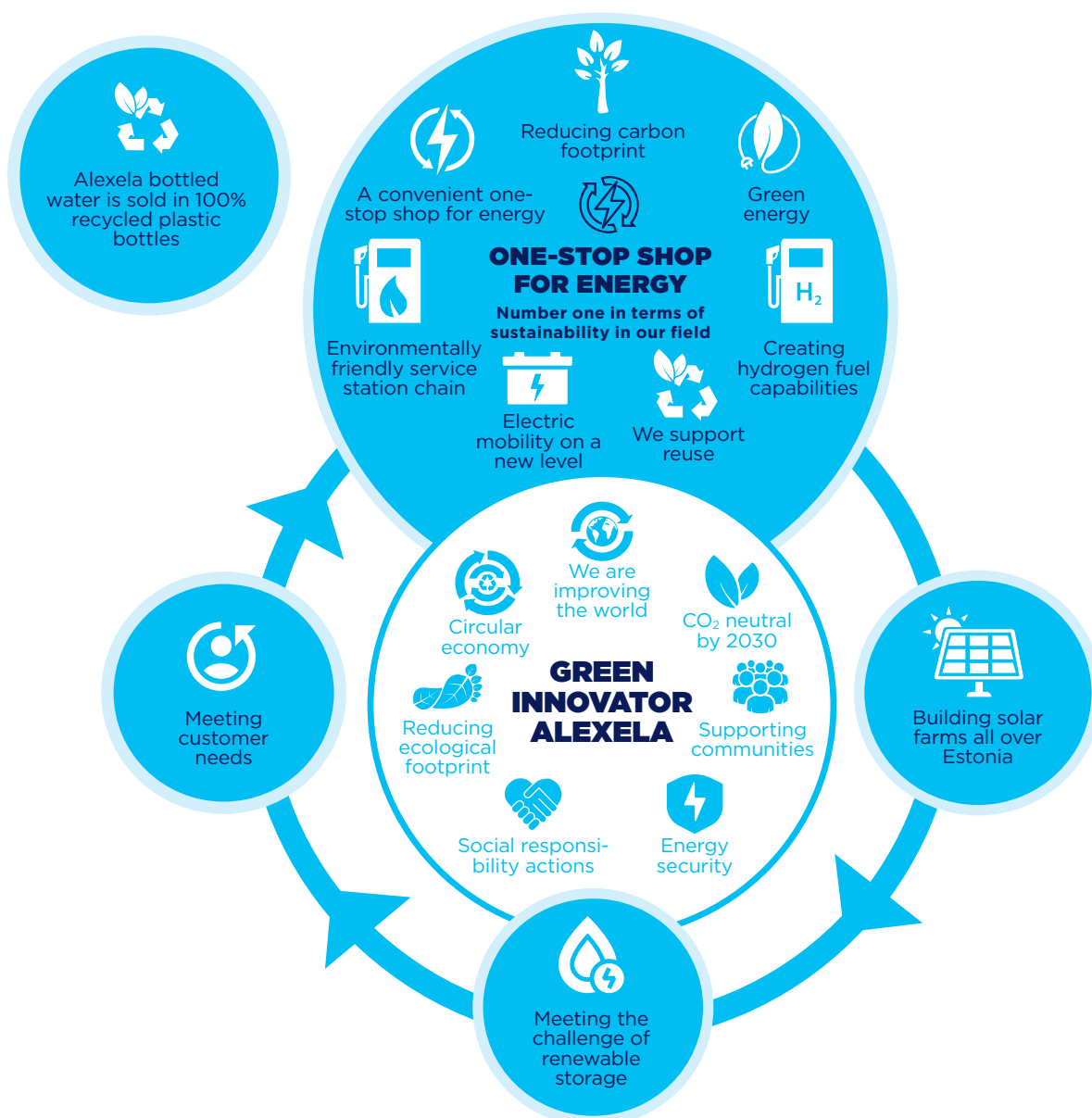
# ALEXELA KEEPS UP WITH CHANGES IN MOBILITY AND CUSTOMER NEED

## NUMBER ONE IN TERMS OF SUSTAINABILITY IN OUR FIELD

(Sustainable Brand Index, 2022)

In 2021, in terms of circular economy, we produced 85 GWh of biomethane, which is a climate-positive fuel. In the coming years, we foresee the need to multiply the production capability and use of biomethane as a motor fuel, as it helps reduce the carbon footprint of the transportation sector.

- We reward re-use – Alexela provides discounts on hot drinks dispensed in personal cups.
- In cooperation with Estonian designers, we created reusable personal coffee cups to encourage sustainable practices.
- Sustainability is all about innovation, so we have created a series of smart digital solutions, such as the Alexela app, loyalty campaigns and smart in-app payment solutions.
- We created the renewable-based Rohesärts utility plan to provide our customers with green energy.



# OUR PEOPLE – OUR EMPLOYEES ARE AS ALEXELA'S GREATEST ASSET

As of the end of 2021, AS Alexela had 324 employees, including 236 service station workers and four contractors.

Due to development, our workforce increased by 17% in 2021. The 2021 monthly average voluntary employee turnover rate was 2.9%, and the annual voluntary turnover rate was 34.5%. The turnover rate is highest among the service station attendants. We have made employee retention our priority. This includes yearly reviews of our benefits package as well as updating it based on employee feedback. Every year, we conduct employee satisfaction surveys, focusing on three areas to improve as an employer.

We value employees of all roles. Both long-time employees with their extensive experience as well as new employees with the new knowledge they bring aboard. Our recruitment and human resource management is founded on our core values developed and implemented in 2019. Each employee is aware of our core values, and we follow these in our everyday work: "I am a force", "We have power", "We change the world". We engage employees on all levels in developing these values to make sure they take root – this proved to be a good decision.

In 2021, we continued implementing Alexela's service culture and best practices, which, along with our values, constitute important tools and codes of conduct for all employees.

Employees are AS Alexela's greatest asset; making them feel appreciated and empowered is an important daily task. Every year, we hold events to recognise the best employees.

Employees are the face of a company and shape its reputation. Last summer, we held two major events for team building and networking – a summer employee retreat and a customer service appreciation and motivation event.

We provide various benefits to our employees and their families. In 2021, we started offering additional medical insurance to our employees.

## EMPLOYEE DEVELOPMENT

Alexela values lifelong learning and development. We help our employees take part in professional and vocational training to develop their skills. Furthermore, we support participation in personal development courses. We are happy to invest in our employees if they are open to it, interested in the subject and prepared to put the work in.

Every year, Alexela conducts personal development interviews between employees and their line managers, where they provide mutual feedback, review the goals set during the last period and set new goals for the next period. Employees can also provide feedback regarding their training needs and have a say regarding their personal development.

In 2021, we made great efforts to restructure our customer service divi-

sion to focus on improving service quality and bring the management closer to the employees. We charted the skill levels of our convenience store attendants and intend to use this information to identify opportunities for further development and make training plans.

We promote internal career mobility and encourage employees to pursue new opportunities within our company. We conduct yearly employee appreciation events for our customer service representatives. Team events and inter-team events and workshops enhance internal communication, strengthen team spirit and help make us more proactive and effective.

Alexela is able to provide career opportunities throughout our group of companies.



## VALUES

As an Alexela group company, AS Alexela shares common values with all companies in the group. Alexela's values have been defined by our own people from various Alexela group companies and roles.

Alexela group employs more than 1000 people of ten nationalities and we are active in five countries.

After setting out to define our values in 2018, it

became clear to us that each of our employees has the power to change the world. Our common values characterise what is universal and characteristic for the entire Alexela group as well as what we strive for. Our common values are not copied from textbooks or developed by consultants.

**Andreas Laane**, Chairman of the Executive Board of Alexela group

# ALEXELA GROUP COMMON VALUES



## I AM A FORCE

- ▲ I do my work proudly and well and celebrate my successes.
- ▲ I'm honest, brave and innovative.
- ▲ I communicate proactively, valuing my own time as well as others'.
- ▲ Our safety, wellbeing and success depends on me.
- ▲ I hold myself to agreements.

## WE HAVE POWER

- ▲ We are strong and look out for one another.
- ▲ We share experiences, engage and learn from one another.
- ▲ We notice and recognise one another.
- ▲ We are open-minded, we listen and trust one another.
- ▲ We have fun together!

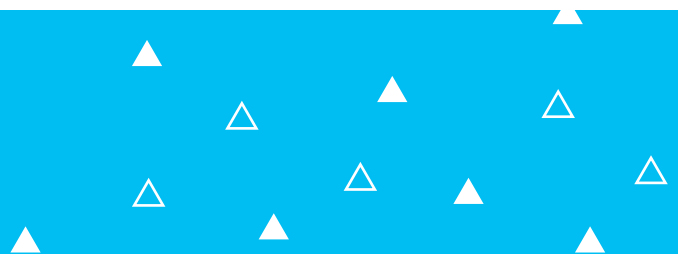
## WE CHANGE THE WORLD

- ▲ We lead the way in our field and encourage others to innovate.
- ▲ We achieve our goals in a socially and environmentally responsible way.
- ▲ We power the development of life in Estonia.
- ▲ We have a lot to offer - changing the lives of our employees, customers and partners for the better.
- ▲ We can do it!



## 1.2 SUSTAINABILITY

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# 1.2 SUSTAINABILITY

## SUSTAINABILITY MANAGEMENT

Alexela's strategic management is informed by global changes, and we have set the goal to become climate-neutral by 2030.

As a green innovator, Alexela has consistently invested in reducing the negative impact of its operations and developments. The carbon footprint evaluation initially conducted last year helped us identify the most critical areas in terms of reducing our CO<sub>2</sub> footprint. As a result, we are able to focus better and have initiated several actions to reduce our environmental impact. Based on the areas in which our company has the greatest impact, and considering inputs from major stakeholders, we have identified the focus issues and areas that require the greatest scrutiny and offer the greatest leverage in terms of the eig-

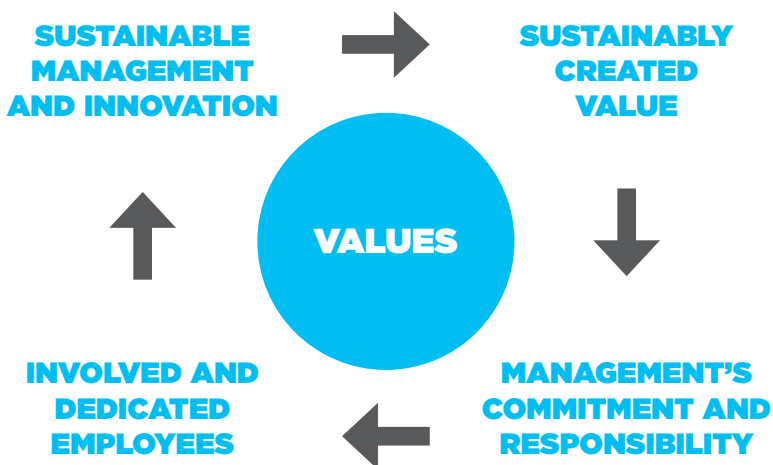
ht sustainable development goals set by the UN. Alexela's focus topics are the development of environmentally friendly refuelling solutions, development of circular economy, contributing to energy security, supporting local communities and promoting culture, sports and charities (see the Focus topics table).

We have started compiling a sustainability strategy in accordance with both Estonian and European rules and regulations. We listen to all stakeholders who may be impacted by our activities.

Our current sustainability efforts are supported by various independently certified control systems, which are some of our most important everyday tools.



## SUSTAINABILITY AT ALEXELA:



## STAKEHOLDER ENGAGEMENT AND IMPORTANCE OF SUSTAINABLE BUSINESS MANAGEMENT

In defining our sustainability focus topics, we started from the areas in which we have the greatest impact while following the trends identified among our stakeholders. This approach helps us identify opportunities for development as well as map potential risks.

As a large company, we recognise our role in both the Estonian economy and the lives of the people who live here. This is why we support Estonian life by sponsoring various cultural, sports and charity projects and empowering local communities.

### OUR FIVE FOCUS TOPICS:

Goal: CO<sub>2</sub> neutral by 2030



In order to map our stakeholders' views, we conduct yearly customer surveys in cooperation with Kantar EMOR, follow the Sustainable Brand Index and consider customer feedback on an ongoing basis. We have also conducted focus group surveys on more specific issues. Through our active membership in industry associations, we receive the views and opinions expressed by regulatory bodies, which helps inform our operational planning.

Alexela is a founding member of Rohetiiger. Similar to the Tiigrihüpe project, which kickstarted the development of the technology sector, Rohetiiger is a cooperation platform intended to raise environmental awareness and lay a foundation for balanced economic development. Rohetiiger consolidates cross-sectoral social demand for a balanced economy.



# CARBON FOOTPRINT

THE VALUE  
OF ALEXELA

## WE ACHIEVE OUR GOALS IN A SOCIALLY AND ENVIRONMENTALLY RESPONSIBLE WAY

The EU has highly ambitious climate goals. Companies are under increasing pressure from various stakeholders to change the way they do business. Essentially companies are subject to social demand: our investors, customers, employees and partners expect us to invest in sustainability and become more transparent. In international commerce, the standards of sustainable development are extremely high, and any exporting company must take this into consideration. Climate goals serve the greatest mission humanity has ever

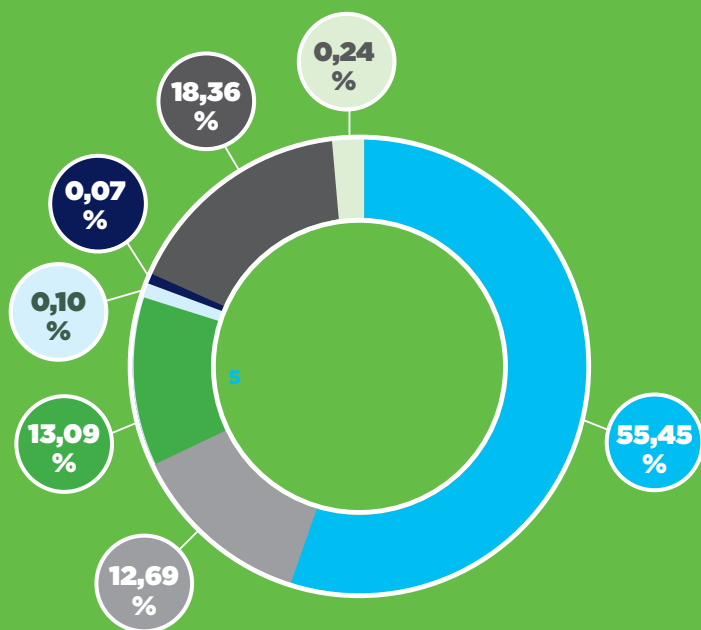
faced – to preserve life as we know it on Earth – and sustainable business management is the only way forwards.

Alexela has committed to becoming CO<sub>2</sub>-neutral by 2030. With this in mind, in 2020 we started mapping Alexela's carbon footprint, followed by defining an action plan to reduce the carbon footprint, ongoing monitoring and yearly communication of results.



## AS ALEXELA AND ALEXELA MOTORS AS – CARBON FOOTPRINT IN 2020-2021

		2020	2021
	GHG source	GHG amount (CO <sub>2</sub> -eq)	GHG amount (CO <sub>2</sub> -eq)
<b>Scope 1</b>	-	-	-
<b>Scope 2</b>	<b>Electricity</b>	<b>4 309</b>	<b>3 151</b>
	Heating (natural gas)	576	721
<b>Scope 3</b>	Waste	501	792
	Reusable material (packaging)	-7	-7
	Paper and cardboard	-4	-9
	Biodegradable waste	0	0
	Scrap metal (discarded cylinders)	-22	-32
	Water	0	6
	Business travel in company vehicles	2	2
	Business travel in private vehicles	1	2
	Fuel hauling / LNG	401	433
	Fuel hauling / DK	492	582
	Fuel hauling / CNG	0	28
	Commute	12	14
<b>Total</b>	<b>Scope 1-3</b>	<b>6 260</b>	<b>5 682</b>
<b>Intensity</b>	<b>Per customer</b>	<b>0,05</b>	<b>0,04</b>
	<b>Per unit of energy sold (GWt)</b>	<b>1,76</b>	<b>1,57</b>



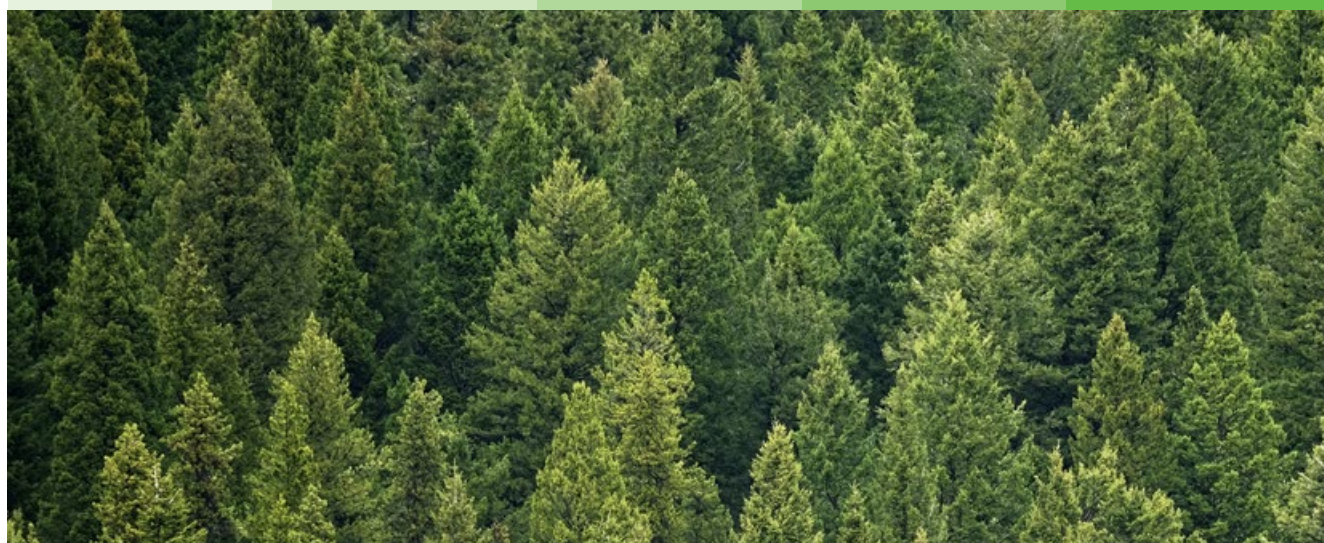
- Electricity
- Heating
- Waste
- Water
- Business travel
- Fuel hauling
- Commute

## ACHIEVING CARBON NEUTRALITY

We started measuring our carbon footprint in 2020, and in 2021 we defined an action plan, which primarily includes making the most urgent changes that are easiest to implement and have the most obvious and extensive effect on our environmental impact, such as:

- Transitioning to green energy
- Replacing fuel trucks with less-polluting models
  - replacing diesel trucks with LNG and CNG trucks
- Starting biodiversity cultivation projects on service station premises
- Continued development of waste recycling in service stations and convenience stores
- Building solar farms on Alexela service station premises

## UR JOURNEY TO 0 CO<sub>2</sub>



## ENGAGING OUR CUSTOMERS/HOW WE HELP CUSTOMERS REDUCE THEIR FOOTPRINT

**1** In 2021, we planted 293,238 trees under our Community Programme, which will sequester 175,942 tonnes of CO<sub>2</sub> over their lifetime.

**2** In 2021, we expanded our biomethane refuelling network and sold a total of 85 GWh of biomethane, which is a climate-positive motor fuel and helps reduce the carbon footprint of the transportation sector.

### HOW ALEXELA HELPS ITS CUSTOMERS REDUCE THEIR CARBON FOOTPRINT

**3** We continued development of bio-methane production from agricultural waste based on the principle of circular economy. Biomethane is a climate-positive fuel: each biomethane-fuelled car offsets its own emissions as well as those of one diesel-fuelled car.

**4** We expanded our public charging station network and started providing full-service charging stations to both private and corporate clients to speed up the transition to less-polluting mobility.

**5** We started offering the Rohesärts green electricity package to customers.



**ALEXELA - AN ESTONIAN GREEN INNOVATOR**



AS Alexela is part of the Alexela group, which is one of the largest private companies and employers in Estonia. With a six-figure number of clients and rising, steadily increasing client loyalty and 80% spontaneous brand recognition, we have clearly found a place in the hearts and lives of Estonian people and companies. We follow the principles of sustainable development, which has helped us reach the top of our field in Estonia. Based on the Sustainable Brand Index survey results published at the end of March 2022, consumers see us as the most sustainable company in our field in Estonia – this is great recognition for us. As a large company, we are aware of the role we play both for the Estonian economy as well as in local communities. This is why we support Estonia by powering culture, sports and charities.

Alexela has committed to becoming CO<sub>2</sub>-neutral by 2030. In order to achieve our climate goals, we are focusing on developing circular economy, environmentally friendly fuels and refuelling solutions and contributing to energy security. Furthermore, we have established a community programme to encourage customers to contribute to the environment and reduce their ecological footprint by planting trees: each cubic metre of trees neutralises as much carbon dioxide as is emitted by traveling 3700 km in a car.



# FOCUS TOPICS

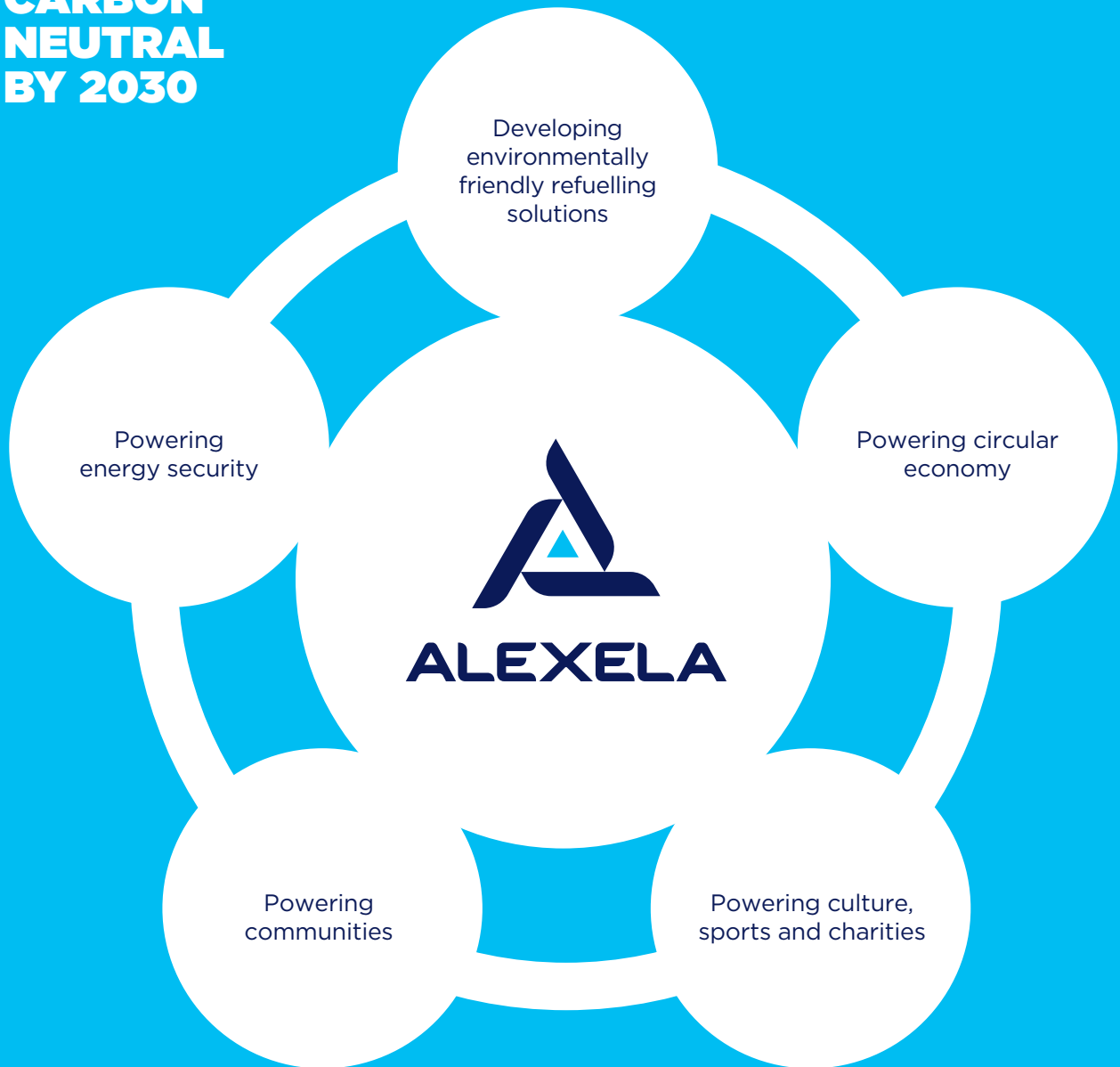
FOCUS TOPICS	SDG impacted	2020	2021
<p><b>1. DEVELOPING ENVIRONMENTALLY FRIENDLY REFUELLING SOLUTIONS</b></p>			
<p>Development of CNG and LNG stations to sell 100% renewable biomethane. We are developing LNG stations to provide sustainable refuelling options for transportation companies.</p> <p>We are taking e-mobility to the next level. We are installing fast and ultra-fast EV chargers in service stations on major highways and in larger towns. Furthermore, we offer comprehensive recharging packages to private and corporate customers.</p>	<p>Total number of CNG/LNG stations</p> <p>Biomethane sold in stations (GWh)</p> <p>Recharging stations (public)</p>	<p>6</p> <p>69</p> <p>15</p>	<p>7</p> <p>85</p> <p>21</p>
<p><b>2. DEVELOPING CIRCULAR ECONOMY</b></p>			
<p>Alexela's subsidiary Eesti Biogaas produces biomethane mainly from agricultural waste, greatly contributing to Estonian circular economy and creating jobs in rural areas.</p>	<p>Number of biomethane plants</p> <p>Biomethane produced (GWh)</p>	<p>1</p> <p>28</p>	<p>3</p> <p>82</p>
<p><b>3. CONTRIBUTING TO ENERGY SECURITY</b></p> <p>A subsidiary of Alexela is building a pumped hydro-electric storage plant in Paldiski to help solve the challenge of storing renewable energy. Over eight years, the construction of this energy storage will constitute 7% of total new infrastructure investment in Estonia, directly and indirectly create around 700 jobs and bring in 200 million euros in tax revenue. Once in operation, the plant will help reduce Estonian CO<sub>2</sub> emissions by 8.5 million tonnes.</p> <p>Alexela's subsidiary Alexela Solar builds solar farms for Alexela as well as others as a service.</p>	<p>Status of Energiasalv</p> <p>Number of solar farms*</p> <p>Capacity of solar farms (kWh)</p> <p>Output of solar farms (kWh)</p>	<p>Geological surveys</p> <p>0</p> <p>0</p> <p>0</p>	<p>Communication</p> <p>2</p> <p>122</p> <p>104</p>

FOCUS TOPICS	SDG impacted	2020	2021
<b>4. SUPPORTING COMMUNITIES</b>			
<p>We believe that Estonian people and communities have the power to change the world. Even small positive actions can be effective when enough people commit to them. That's why in June 2020 we started the Alexela community programme, the goal of the core project of which was to plant a tree for every person living in Estonia with the help of our customers. By doing this, our customers significantly reduce their ecological footprint. The lifecycle carbon sequestering capability of a 1 m3 stem-volume tree is 917 kg - the same amount of CO<sub>2</sub> emitted by an average car over 7900 km.</p>	Number of trees planted by the community programme	108 820	293 238
	CO <sub>2</sub> sequestered by the community programme** (t)	65 292	175 943
	Number of members in the community programme	6411	18 589
<b>5. SUPPORTING CULTURE, SPORTS AND CHARITIES</b>			
<p>As a large company, we are aware of the role we play both for the Estonian economy as well as in local communities. This is why we support various local actions in the fields of education, culture, sports and charity. Alexela has received the title of Kultuurisõber from the Estonian ministry of culture.</p>	Number of projects supported	17	23
	Support provided (EUR)	175 180	300 142
	Number of sports projects	10	13
	Support to sports projects (EUR)	82 189	167 286
	Number of charity projects	5	5
	Support to charity projects (EUR)	12 991	29 811
	Number of culture projects	2	4
	Support to culture projects (EUR)	80 000	100 046
Number of educational projects	0	1	
Support to educational projects (EUR)	0	3 000	

\*Solar farms on Alexela premises

\*\*Over the lifetime of planted trees

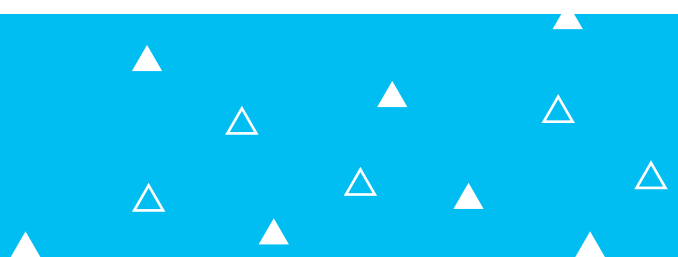
# GOAL: CARBON NEUTRAL BY 2030





## 1.3. FINANCIAL RESULTS

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## 1.3 FINANCIAL RESULTS

### COMPANY DEVELOPMENT

AS Alexela continues to base its development on a five-year strategy, which is reviewed yearly and adjusted according to changing circumstances. We still aim to grow organically and invest in environmentally friendly fuels as well as improve our service quality and selection of products in the highly dynamic business climate. This helps us manage risks arising on the energy market from both domestic and international factors at times, which may bring about product price volatility and substantial impacts for Alexela. We are still planning to go public in order to increase our investment capability and maintain profitable growth and expansion. New business directions, such as biomethane production, solar and wind power, charging stations and relevant infrastructure (which still entail extensive long-term investments) as well as the intense advance of hydrogen, make us adjust our planning and business model. There will be new competence requirements that force people to focus on learning and finding new solutions. Similarly to last year, looking back at 2021, we are able to say that our five-year plan is rather conservative and we significantly exceeded the milestones set.

#### FUEL RETAIL SALES

AS Alexela is the largest fuel chain in Estonia in terms of number of service stations and coverage, having

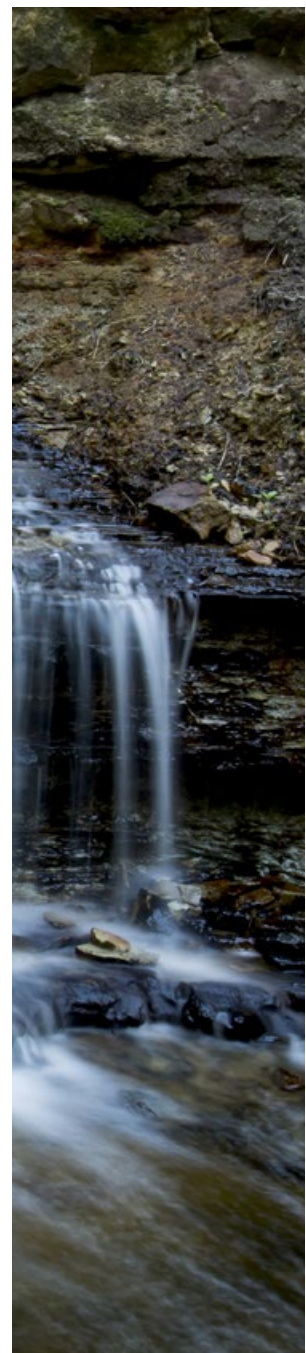
service stations in marinas and on small Estonian islands such as Kihnu, Muhu, Vormsi and Prangli where other chains are not represented.

Petrol and diesel fuel sales continued to increase. We increased our customer base in both the private and corporate segment. Compared to last year, COVID-19 waves did not impact consumption as much. Summer sales were high, as Estonians still preferred to spend their holidays in Estonia.

A definite highlight of the year was the fuel price increase following the price drop in 2020. The increased demand accompanying rapid economic recovery worldwide increased the prices of both crude oil and oil products, and these price increases made their way to the pumps.

In the summer we added in-app payment for fuel in the Alexela app. The customers have really welcomed the new feature, with transaction numbers rising month to month.

We maintain our goal to lead the market for gaseous fuels. Based on our information, in 2021 we were still the only LNG (liquefied natural gas) retailer providing LNG refuelling. LNG retail sales and the number of new LNG cars sold showed no significant increase over the year. The key reasons are the diesel fuel excise tax





reduction in 2020 and the global rise in the natural gas market price in the second half of 2021, which significantly lengthened the payback period of investing in LNG trucks. We still believe LNG to be the only near-term solution for making long-distance trucking more environmentally friendly. Selling and using biomethane-containing LNG is especially kind to the environment.

Alexela continues development of its CNG station network. In 2021, we opened a new CNG station near Lõunakeskus in Tartu. In 2021, close to 100% of the CNG sold in Alexela's service stations was biomethane.

Thanks to the two new biomethane manufacturing plants opened by Alexela in partnership with Infortar and the biomethane produced, which Alexela sells at its CNG stations, the intra-city buses in Tartu operate 100% on biomethane-derived fuel.

With biomethane-derived fuel, the CO<sub>2</sub> emissions of transportation are effectively negative.

Due to its positive climate impact, several European Union countries have exempted LNG and CNG trucks from road tax and have implemented various other incentives for purchasing such trucks. Besides LNG, we also lead the market in sales of LPG autogas. It is great to see continued growth of the LPG market, with more and more competitors turning their gaze towards LPG and building LPG stations.

Rapidly rising gasoline prices have made LPG more popular.

With LPG, we pay special attention to fuel quality by conducting regular quality control of purchased gas.

## **FUEL WHOLESALE**

In addition to retail LPG autogas, Alexela also offers LPG at wholesale. The primary target groups are agriculture and heating, which makes sales volumes highly dependent on weather. The dry summer of 2021 resulted in less demand in the agricultural sector associated with grain drying.

However, thanks to new client acquisition, sales volumes remained the same as last year.

Cylinder gas sales increased greatly in 2021, driven by activity in the construction and industrial sectors.

In liquid fuel wholesale, we focus on providing quality service to existing customers and maintaining last year's sales volumes.

## **SALES OF ELECTRIC ENERGY AND NATURAL GAS**

Our market share in electric energy and natural gas increased to 10% - an increase of 2.3% compared to last year. Electric energy and natural gas markets saw sharp price increases during the second half of the year as well as price volatility. This resulted in increased customer communications and also increased price awareness among customers. Markets with less customer mobility during the past years became livelier. We are glad to say that we managed to increase

our market share thanks to conservative risk management.

## GOODS

Goods have become a significant added value, expected and appreciated by customers. We aim to provide convenient services to save our customers' time and increase their satisfaction. That is why we continued and will continue in the coming years to develop and invest in convenience stores. The business processes of convenience stores are being continually evolved and developed to meet customer expectation and our business ambitions.

Environmental awareness is key and in this regard we are focusing on increasing the use of personal coffee cups.

## SERVICE

We are continually striving to provide excellent customer service in all our fields of activity. We have made organisational changes to serve customers faster in both our stores and in our call centre.

## SMART TRAILER RENTAL

In 2021, Alexela, in cooperation with TIKI treiler, introduced a new concept in the trailer rental business. Together, we started offering the Nutihaagised teenus, which lets customers rent a trailer 24/7 through the Alexela app. Digitalisation of the service enabled

us to increase the number of trailer rental sites, and today customers are able to rent a trailer at more than 70 sites all over Estonia.

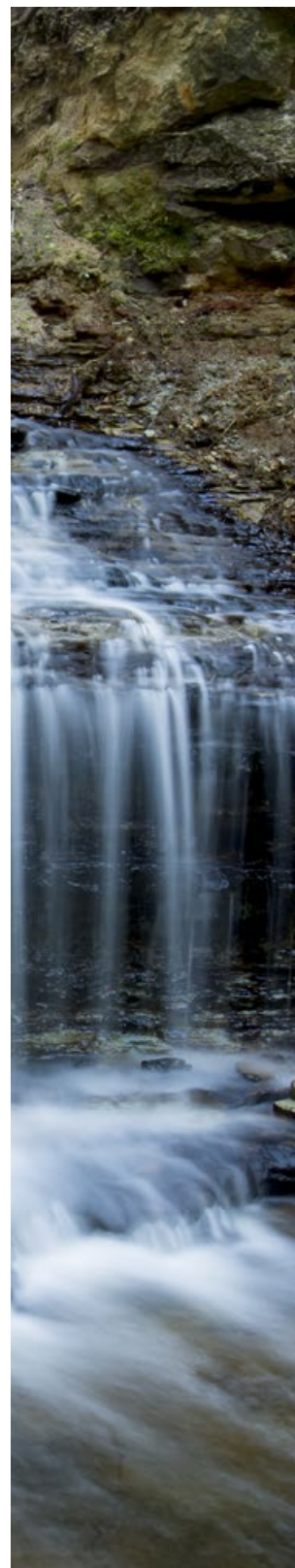
Customers have welcomed the new service, with over 70% of trailer renters using the app.

## SUMMARY

AS Alexela's profit for 2021 was 11.4 million euros – a nearly two-fold increase. AS Alexela's aim to be a one-stop-shop for fuels and energy is being achieved thanks to our committed people and teams and a well-defined business strategy. Together, we have the power and are able to make life in Estonia better.

## OUTLOOK AND KEY TRENDS FOR 2022

Due to the current market situation and in order to meet our climate goals, we have set our main focus on developing environmentally friendly refuelling solutions. We are prepared to invest in the fast-developing e-mobility field by helping customers recharge at home as well as top up while on the way. Furthermore, we will continue to develop CNG refuelling stations, enabling us to sell 100% renewable biomethane produced in Estonia. We also provide sustainable refuelling options for transportation companies by developing our network of LNG stations. We will continue to add convenience stores to existing self-service stations and install self-service terminals.



# INVESTMENTS

## INVESTMENTS IN 2021 AND PLANS FOR 2022

In 2021, AS Alexela invested almost 7.4 million euros in its service stations and infrastructure (see Note 8).

### Most important investments:

- Building the Tiskre service station and convenience store
- Purchase and partial reconstruction of the Tõrva service station
- Adding a new convenience store to the Viti service station
- Adding a new convenience store to the Kuusalu service station
- Adding a new convenience store to the Tapa service station
- We started construction of the Saku full-service station, which includes L/CNG, LPG refuelling solutions, a truck stop and a self-service carwash
- Addition of CNG refuelling solutions to Jõgeva and Viimsi service stations was started
- Construction of new LPG terminals (heating and manufacturing).

- Investments in developing the LPG terminal real estate
- Improving the state of the LPG terminal railway infrastructure
- Construction of biomethane input infrastructure in Tartu

### 2022 investment plans:

- We plan to continue investing in convenience stores, primarily adding them to existing service stations.
- We will continue to invest in developing environmentally friendly compressed natural gas (CNG) stations and promote sales of clean biomethane at these stations.
- We will develop e-mobility by providing various recharging options.
- In order to provide more convenient customer service, we will continue to invest in IT development this year.
- We will invest in constructing solar farms of various capacities.

## KEY FINANCIAL INDICATORS:

Ratio	2021	2020	2019
Revenue (thousand euros)	367,799	249,839	247,539
Revenue growth (%)	47.2%	0.9%	14.5%
Net profit (thousand euros)	8320	3382	-1630
Profit margin (%)	2.3%	1.4%	-0.6%
Current ratio	0.69	0.91	0.83
ROA (%)	3.6%	2.1%	-1.0%
ROE(%)	10,7%	4.7%	-2.9%

Formulae based on which the indicators were calculated:

Revenue growth (%) = (2021 revenue - 2020 revenue) / 2020 revenue × 100

Profit margin (%) = net profit / revenue × 100

Current ratio = current assets / current payables ROA (%) = net profit / total assets × 100

ROE (%) = net profit / total equity × 100





## 1.4. MANAGEMENT

Management board members .....	34
Management and ISO standards .....	36



## 1.4. MANAGEMENT



### **AIVO ADAMSON** *AS Alexela Chief Executive Officer*

Extensive experience leading large companies. Has built large- and small-scale organisations, conducted major restructurings and developed several organisations. Chief Executive Officer at AS Alexela.

Has previously held executive and advisory positions in the following companies: Bytelife Solutions OÜ, AS Versobank, AS Starman, Estonian Road Administration, AS Swedbank, Telag. Has also held the post of Digital Transformation Advisor with the UN Development Program in New York.

Graduated from Tallinn University of Technology in the field of accounting and financial analytics and was a certified auditor (certificate no. 196).



### **ALAN VAHT** *AS Alexela Management Board Member*

Experienced in the field of liquid fuel inventory management and an energetics expert. Fuel market enthusiast and blogger. Director of B2B sales and logistics at Alexela.

Previous employers: Alexela Group, AS Olerex, AS Eesti Kütusevaru Agentuur, Estonian Ministry of Economic Affairs and Communications, Eesti Energia AS.

Master's degree from the Department of Thermal Engineering of Tallinn University of Technology.



### **AIVAR RÄIM** *AS Alexela Management Board Member*

Extensive experience in the retail and wholesale liquid fuel markets. Has taken part in formulating development strategies as well as mergers and acquisitions. Director of development projects and the administrative and maintenance division at AS Alexela.

25 years of work and management experience at AS Alexela and its predecessors.

Master's degree from Tallinn University of Technology in the field of construction economics.

MANAGEMENT BOARD MEMBERS

**MANAGEMENT BOARD  
MEMBERS**



**KARMO PIIKMANN** *AS Alexela Management Board Member*

Experienced in the fields of financial management and analytics: budgeting, cash flow management, cost-benefit analysis and forecasting. Chief Financial Officer at AS Alexela.

Previous employers: Alexela Group and AS SEB Pank. Graduated from the Estonian Business School in the field of international business management.



**TARMO KÄRSNA** *Alexela AS Management Board Member*

Extensive experience in the Estonian and Baltic banking markets in the capacity of sales manager and head of services and the IT system development department.

More recently Tarmo had a long tenure on the management board of Telia as head of its B2B segment.

Graduated from Tallinn University of Technology in the field of business management.

Member of the Management Board at AS Alexela since 15.02.2021.

## MANAGEMENT AND ISO STANDARDS

Alexela is an Estonian company and its quality management system encompasses sales of liquefied petroleum gas and natural gas, refilling and requalification of gas cylinders, equipment sales and rental, systems project management, electric energy sales, e-mobility, manufacture of gas mixtures, wholesale fuels, and retail fuel and goods sales at service stations.

This scope of quality management system has been verified, and internal and external audits have confirmed compliance of AS Alexela's management system to ISO 9001:2015 requirements.

The internal and external audits conducted provide AS Alexela's management board with a complete overview of and confidence in the processes developed. Our employees follow developed procedures, instructions and guidelines.

The purpose of a quality management system is to ensure:

- ongoing improvement of the company's operations and performance;
- improvement of product quality;
- increased customer satisfaction;
- improved organisation of work.

An effective management system is extremely important for the management board, as it enables us to provide quality products, services and service to our customers and an excellent working environment for our employees.

Updating the management system is an ongoing process, which we are directly or indirectly engaged with every day. Any changes are reported to the management board for approval.

# QUALITY MANAGEMENT SYSTEM





**PART 2.**  
**ANNUAL**  
**ACCOUNTS**

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## 2.1 ANNUAL ACCOUNTS

### KONSOLIDEERITUD BILANSS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in euros)

	31.12.2021	31.12.2020	Note No.
<b>Assets</b>			
Current assets			
Cash	1,767,480	468,642	2
Short-term investments	0	6,801,101	6
Receivables and prepayments	51,781,375	22,192,946	3, 5
Inventories	15,176,424	8,777,022	4
Total current assets	<b>68,725,279</b>	<b>38,239,711</b>	
Non-current assets			
Investments in subsidiaries and associates	24,151,285	321,836	7
Receivables and prepayments	6,275,858	10,607,526	3
Property, plant and equipment	130,752,763	109,807,423	8
Intangible assets	6,793,420	3,437,446	9
Total non-current assets	<b>167,973,326</b>	<b>124,174,231</b>	
Total assets	<b>236,698,605</b>	<b>162,413,942</b>	
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Current liabilities			
Loan commitments	32,611,370	17,423,312	10, 12
Payables and prepayments	66,330,239	24,321,209	5, 13, 14
Provisions	373,075	182,640	15
Grants	155,332	111,841	16
Total current liabilities	<b>99,470,015</b>	<b>42,039,002</b>	
Non-current liabilities			
Loan commitments	58,604,429	45,484,527	10, 12
Payables and prepayments	2,008	2,401,338	13
Deferred income tax liability	74,007	70,195	5
Provisions	7,738	8,302	15
Grants	617,187	564,956	16
Total non-current liabilities	<b>59,305,369</b>	<b>48,529,318</b>	
Total liabilities	<b>158,775,385</b>	<b>90,568,320</b>	
<b>Equity</b>			
Equity held by shareholders and partners in parent company			
Nominal share capital	1,619,410	1,619,410	17
Share premium	280,000	280,000	
Statutory reserve capital	161,941	161,941	
Miscellaneous reserves	54,271,881	60,613,316	8, 17
Retained profit	119,245,29	5,788,803	
Annual period profit (loss)	8,320,170	3,382,152	
Total equity held by shareholders and partners in parent company	<b>76,577,931</b>	<b>71,845,622</b>	
Minority equity	<b>1,345,290</b>	<b>0</b>	
Total equity	<b>77,923,221</b>	<b>71,845,622</b>	
Total liabilities and equity	<b>236,698,605</b>	<b>162,413,942</b>	

**CONSOLIDATED INCOME STATEMENT**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (in euros)

	2021	2020	Note No.
Net sales	367,798,928	249,839,020	18
Other operating income	346,943	269,821	19
Goods, raw materials and services	-334,083,779	-221,184,579	20
Other operating expenses	-4,562,299	-4,607,555	21
Labour expenses		-8,389,692	22
Depreciation and impairment	-9,511,568	-10,366,605	8.9
Other operating expenses	-194,941	-404,055	23
<b>Profit (loss)</b>	<b>11,403,593</b>	<b>6,627,590</b>	
Profit (loss) from subsidiaries and associates	176,039	-234,310	6, 7
Interest income	28,246	649,715	24
Interest expenses	-3,147,950	-3,489,569	25
Other financial income and expenses	-135,945	-139,253	26
<b>Profit (loss) before tax</b>	<b>8,323,982</b>	<b>3,414,173</b>	
Income tax expense	-3,812	-32,021	5
<b>Annual period profit (loss)</b>	<b>8,320,170</b>	<b>3,382,152</b>	

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** (in euros)

	2021	2020	Note No.
Annual period profit (loss)	8,320,170	3,382,152	
Other comprehensive income (loss)			
Other comprehensive income (loss)	8,059,309	12,722,218	8, 17
<b>Total other comprehensive income (loss)</b>	<b>8,059,309</b>	<b>12,722,218</b>	
<b>Annual period comprehensive income (loss)</b>	<b>16,379,479</b>	<b>16,104,370</b>	
Including parent company shareholder's share of comprehensive income (loss)	16,379,479	16,104,370	

## CONSOLIDATED STATEMENT OF CASH FLOWS (in euros)

	2021	2020	Note No.
Cash flow from trade			
Profit (loss)	11,403,593	6,627,590	
Adjustments			
Depreciation and impairment	9,511,568	10,366,605	8, 9
Income (loss) from sale of non-current assets	-63,832	-1665	8, 9, 19
Other adjustments	92,931	-33,173	15, 16
<b>Total adjustments</b>	<b>9,540,667</b>	<b>10,331,768</b>	
Change in trade receivables and prepayments	-69,346,990	905,446	
Change in inventory	-6,399,402	22,322,006	4
Change in trade liabilities and prepayments	58,028,643	-12,240,893	
<b>Total cash flow from trade</b>	<b>3,226,510</b>	<b>27,945,916</b>	
Cash flow from investment activities			
Payments for purchase of tangible and intangible assets	-6,374,245	-4,508,194	8, 9
Income from sale of tangible and intangible assets	19,997	381,255	8
Subsidiary acquisition cost	-11,266,303	0	
Net cash flow from subsidiary acquisition	568,742	0	
Associate acquisition cost	-1,617,997	-250,000	7
Income from sale of subsidiaries	0	2500	6
Net cash flow from sale of subsidiaries	0	-2464	6
Other financial investments	0	-4,401,101	
Given loans	0	-11,885,000	3
Repayments from loans given	63,363	848,025	3
Interest income	5366	111,312	
<b>Total cash flow from investment activities</b>	<b>-18,601,077</b>	<b>-19,703,667</b>	
Cash flow from financing activities			
Loans received	69,971,592	59,437,667	12
Repayments for loans received	-46,938,019	-60,780,185	12
Change in current account balance	94,661	-171,403	12
Principal repayments for capital lease	-3,144,208	-3,124,107	10
Interest paid	-3,236,116	-3,456,421	
Grants received	-74,505	0	16
<b>Total cash flow from financing activities</b>	<b>16,673,405</b>	<b>-8,094,449</b>	
<b>Total cash flow</b>	<b>1,298,838</b>	<b>147,800</b>	
Cash and cash equivalents at beginning of the period	468,642	320,842	2
<b>Change in cash and cash equivalents</b>	<b>1,298,838</b>	<b>147,800</b>	
Cash and cash equivalents at end of the period	1,767,480	468,642	2



**CONSOLIDATED STATEMENT  
OF CHANGES IN EQUITY**
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
(in euros)

	Equity held by shareholders and partners in parent company					Minority equity	Total
	Nominal share capital	Share premium	Stat- utory capital reserve	Miscella- neous reserves	Retained earnings (loss)		
<b>31.12.2019</b>	<b>1,619,410</b>	<b>280,000</b>	<b>161,941</b>	<b>50,912,020</b>	<b>2,767,881</b>	<b>0</b>	<b>55,741,252</b>
Annual period profit (loss)	0	0	0	0	3,382,152	0	3,382,152
Changes in reserves	0	0	0	9,701,296	3,020,922	0	12,722,218
<b>31.12.2020</b>	<b>1,619,410</b>	<b>280,000</b>	<b>161,941</b>	<b>60,613,316</b>	<b>9,170,955</b>	<b>0</b>	<b>71,845,622</b>
Annual period profit (loss)	0	0	0	0	8,320,170	0	8,509,131
Changes in reserves	0	0	0	4,842,983	3,216,326	0	8,059,309
Other changes in equity	0	0	0	-11,184,418	-462,752	1,345,290	10,301,880
<b>31.12.2021</b>	<b>1,619,410</b>	<b>280,000</b>	<b>161,941</b>	<b>54,271,881</b>	<b>20,244,699</b>	<b>1,345,290</b>	<b>77,923,221</b>

The equity item 'Miscellaneous reserves' includes the reserve for revaluation of non-current assets. Further information regarding reserve adjustments may be found in Note 8.

The item 'Other changes in equity' includes adjustments due to business combinations. Further information regarding share capital and other equity items may be found in Note 17.



# NOTES TO THE ANNUAL FINANCIAL STATEMENT

## NOTE 1: ACCOUNTING POLICIES

### GENERAL INFORMATION

AS Alexela is a limited liability company (*aktsiaselts*) registered in Estonia and operating in Estonia mainly in the field of retail sales of motor fuels, including fuel stations. The registered address of the company is at Roseni 11, Tallinn, Estonia.

The 2021 consolidated annual accounts include the financials of both AS Alexela (parent company) and its subsidiaries and associates. The group includes as subsidiaries 220 Energia OÜ, Alexela Energia Teenused AS, Alexela Motors AS, Alexela Solar OÜ, Alexela Tanklad OÜ, Balti Gaas OÜ and Hamina LNG Investeeringud OÜ, as associates Eesti Biogaas OÜ, Energiasalv Valdus OÜ and Rohe Solutions OY and their subsidiaries and associates (group structure is presented in Note 6).

This consolidated report is signed by the management board on 2 May 2022.

According to the Estonian Commercial Code, the annual report (which includes the consolidated annual accounts), as prepared by the management board, must be approved by the supervisory board and approved by the general meeting of shareholders. The shareholders have the right to reject the annual report prepared and submitted by the management board and demand that a new report be prepared.

### BASES FOR PREPARING THE ANNUAL REPORT

AS Alexela's 2021 consolidated annual accounts have been prepared according to international financial reporting standards as adopted by the European Union.

The functional currency and reporting currency of AS Alexela and its subsidiaries is the euro. All data in the consolidated annual accounts are presented in euros.

The report is prepared on the at-cost principle, with a few exceptions as described below in the accounting policies.

The primary accounting policies followed in preparing the annual accounts are described below.

### USE OF NEW OR AMENDED STANDARDS AND INTERPRETATIONS

The group's 2021 consolidated annual accounts have been prepared using new or amended standards and interpretations thereof as issued by the IASB (International Accounting Standards Board) and the IFRIC (International Financial Reporting Interpretations Committee), as applicable to the company's activities during the reporting period starting on 1 January 2021.

#### [Covid-19-related Rent Concessions - IFRS 16 amendments](#)

The IFRS 16 amendments allowing lessees to assess whether a COVID-19-related rent concession is a lease modification or not, which were originally in force until 30.06.2021, have been extended to 30.06.2022.

As the total rent after rent adjustment is essentially the same as before the amendment, rent reduction only affects payments with original due date of 30.06.2022 and there are no other material amendments to the lease, such rent concession is not considered a lease amendment. If this measure is implemented, it must be implemented consistently, all other things being equal. The group did not implement COVID-19-related rent concessions as lease amendments, and the sum of such concessions was insignificant in terms of financial reporting.

Based on the group's assessment, no other new or amended standards or interpretations that have come into force since 1 January have had a significant impact on the group's accounting.

## NEW STANDARDS AND AMENDMENTS AND INTERPRETATIONS THEREOF ENTERING INTO FORCE

A number of new standards and amendments or interpretations thereof have been adopted, which entered into force on 01.01.2022 or later and which the group has not implemented early.

[Proceeds before Intended Use, Onerous Contracts: Cost of Fulfilling a Contract, reference to conceptual framework - IAS 16, IAS 37 and amendments to IFRS 3 with limited scope and yearly updates of IFRS 2018-2020 - IFRS 1, IFRS 9 and IFRS 16 amendments.](#)

Applicable to reporting periods starting on 1 January 2022 or later.

- The amendment to IAS 16 says that, for items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended, the proceeds from selling any such items must be recognised in the income statement along with the cost of those items, and the cost must be measured according to IAS 2 measurement requirements.
- The amendments to IAS 37 require companies to include all costs directly related to a contract when determining the cost of fulfilling a contract. The amendments clarify that the cost of fulfilling a contract includes both unavoidable costs under the contract as well as an allocation of other costs that relate directly to fulfilling contracts. An entity applies those amendments to contracts for which it has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). The entity does not restate comparative information. Instead, the entity recognises the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or another component of equity, as appropriate, on the date of initial application.
- The amendment to IFRS 3 makes an update by referring to the 2018 Conceptual Frame-

work for Financial Reporting instead of the 1989 Framework and adds a new section clarifying that the acquirer does not recognise a contingent asset on the acquisition date.

- The yearly 2018-2020 IFRS updates include the following amendments:
  - IFRS 1 First-time Adoption of International Financial Reporting Standards - this amendment enables a subsidiary who adopts IFRS later than their parent company and who measures their assets and payables in amounts carried in the parent's consolidated financial statements to also measure its cumulative translation differences using the amounts carried by the parent.
  - IFRS 9 Financial instruments - the amendments specify which fees must be included when derecognising liabilities based on the 10% test.
  - IFRS 16 Leases - the amendments remove illustrative example no. 13, which proved to be confusing for both lessors and lessees regarding the recognition of rented assets. The goal of the amendment was to remove the confusing example.

The group believes that at the time of initial implementation, the amendments do not have a significant impact on the group's accounting.

[Classification of Liabilities as Current or Non-current - IAS 1 amendments - applies to reporting periods starting on 1 January 2023 or later. Not yet adopted in the European Union.](#)

The amendment clarifying the classification of financial liabilities as current or non-current is only based on whether the entity has the right to defer settlement after the reporting period. An entity's right to defer settlement at least 12 months after the reporting date does not have to be unconditional but must be substantiated. Classification is not influenced by the intentions of the board, nor the expectations regarding if and when the entity may exercise said right. The amendments also clarify what settlement refers to.

The group believes that at the time of initial implementation, the amendments do not have a significant impact on the group's accounting.

**Definition of Accounting Estimates – amendments to IAS 8. Applies to reporting periods starting on 1 January 2023 or later. Not yet adopted in the European Union.**

The amendment clarifies how entities should distinguish between changes in accounting policies and changes in accounting estimates.

The group believes that at the time of initial implementation, the amendments do not have a significant impact on the group's accounting.

## **OTHER LEGAL REQUIREMENTS FOR ACCOUNTING POLICIES**

According to the Electricity Market Act, the group is an electricity undertaking and, pursuant to section 17 of the Act, presents its accounting policies, its balance sheet and a profit and loss account for its activities in Note 36. The Electricity Market Act and the acts enacted thereunder are enforced by the Consumer Protection and Technical Regulatory Authority.

According to the Natural Gas Act, the group is a gas undertaking and, pursuant to section 8 of the Act, must keep accounts for the transmission, distribution and sale of gas and for any activity area unrelated to these activities in the manner separate undertakings operating in these areas of activity would be obliged to. The Natural Gas Act and the acts enacted thereunder are enforced by the Consumer Protection and Technical Regulatory Authority.

## **ERROR ADJUSTMENTS**

Errors may arise in the recording, measurement, presentation or disclosure of components of financial reports. Any errors in the previous accounting period are adjusted retroactively, except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

Material prior period errors are adjusted retrospectively in the first set of financial statements authorised for issue after their discovery by:

- restating the comparative amounts for the prior period(s) presented in which the error occurred; or

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

## **PREPARING THE CONSOLIDATED REPORT**

The consolidated report consolidates, item-by-item, the financials of all subsidiaries controlled by the parent company (except subsidiaries acquired for the purpose of reselling). Any intra-group receivables and payables, transactions between group entities and unrealised profit and loss arising from these are eliminated. Any non-controlling interests in earnings and equity of entities controlled by the parent are carried within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent, and are carried in a separate item of the consolidated earnings report. If necessary, the accounting policies of subsidiaries have been adjusted to match the group's accounting policies.

### **Subsidiaries**

A subsidiary is an entity controlled by the parent company. A subsidiary is considered controlled by the group if the group directly or indirectly owns more than 50% of the subsidiary's voting shares or is otherwise able to exercise control over the subsidiary's operations and financial policy.

Acquisition of a subsidiary is carried on the purchase method (except jointly controlled entities, which are carried on the adjusted purchase method). According to the purchase method, the assets, payables and contingent liabilities (i.e. acquired net assets) are carried at fair value. The difference between the cost of acquired ownership interest and the fair value of acquired net assets is carried as positive or negative goodwill.

As of the acquisition date, the group's ownership interest in the assets, payables and contingent liabilities of the acquired entity and the resulting goodwill are carried in the consolidated statement of financial position, and ownership interest in the revenue and costs of the acquired entity are carried in the consolidated income statement. In the consolidated statement of financial position, positive goodwill is carried as an intangible asset.

When a subsidiary is disposed of during the accounting period, the income and expenses of the disposed subsidiary are included in the consolidated income statement until the date of disposal. The difference between the proceeds from the disposal and the carrying amount of the subsidiary's net assets on the group's balance sheet (including goodwill) as of the date of disposal are recognised as a profit (or loss) from the disposal of the subsidiary.

If partial disposal of a subsidiary results in the group having less than 50% control over the subsidiary, but retaining some control over the subsidiary, the subsidiary is excluded from consolidation as of the date of disposal and the remaining interest in the subsidiary's assets, payables and goodwill is carried as an associate, joint undertaking or other financial investment. The book value of the remaining investment on the disposal date is carried as the new cost.

When a decision is made to dispose of the subsidiary, the subsidiary is classified as held for sale and carried as other financial investment until the disposal date.

### Associates

An associate is a company over which the parent holds significant influence but is not controlled by the parent. In general, any entity of which the group holds 20-50% of voting shares is considered an associate.

Investments in associates are carried by the group based on the equity method. Based on the equity method, investments are initially carried at cost, and later adjusted by the associate's profit or loss.

If, based on the equity method, the group's interest in the associate is less than the associate's book value, the associate's

book value is reduced to zero and any further losses are not carried unless the group has provided relevant guarantees.

### Combinations of jointly controlled entities

Combinations of jointly controlled entities are carried based on adjusted purchase method, which means that ownership interest acquired in another entity is recognised as the book value of

the acquired net assets (i.e. as the acquired assets and payables were carried on the balance sheet of the acquired entity). The difference between the cost of acquisition and the book value of the acquired net assets is recognised as an increase or decrease in the equity of the acquirer.

### Parent company's unconsolidated reports presented in the Notes to the consolidated annual accounts

Pursuant to the Estonian Accounting Act, the consolidated annual accounts must include in its Notes the unconsolidated primary accounts of the consolidating entity (the parent company). The parent company's primary accounts are prepared based on the same accounting policies applied to the preparation of the consolidated annual accounts; as an exception, investments in subsidiaries and associates are recognised at cost in the unconsolidated accounts.

Subsequently, subsidiaries are recognised as consolidated item-by-item in the consolidated accounts and at cost in the unconsolidated accounts.

Transactions increasing or decreasing an entity's ownership interest in a subsidiary under its control (transactions with minority interest) are recorded as transactions between owners without any resulting goodwill or profit or loss created. Any difference between the purchase or sales price and the changed carrying amount of minority interest is recognised directly in equity (similarly to the differences arising in the purchase and sale of treasury shares).

## FINANCIAL ASSETS

### Classification

The group classifies financial assets in the following measurement categories:

- Those recognised at fair value (carried with adjustments in the statement of comprehensive income or with adjustments in the income statement).
- Those recognised at adjusted cost. The classification depends on the group's financial asset management model and the contractual cash flows.

## Recognition and derecognition

Regular-way purchases or sales of financial assets are recognised on the trade date or the date on which the group commits to the purchase or sale. Financial assets are derecognised when the group relinquishes interest in the cash flows from the financial interest and essentially transfers all risks and gains arising from the asset.

## Measurement

Financial assets (excluding trade receivables with no significant financing component which are initially measured at transaction cost) are initially measured at fair value. For assets not carried at fair value with adjustments in the income statement, transaction costs directly attributable to the purchase of the asset are added.

## Debt instruments

The carrying of debt instruments depends on the group's financial asset management model and the contractual cash flows of the financial asset. Assets held only for receiving contractual cash flows, constituting only principal repayments and interest on unpaid principal, are recognised at adjusted cost based on the effective interest rate method. Any impairment losses are deducted from the adjusted cost. Interest revenue, currency exchange profit or loss and impairment is recognised in the income statement.

Any profit or loss at derecognition is recognised in the income statement.

## Equity instruments

The group holds no investments in equity instruments.

## Impairment of financial assets

The impairment loss recognition model is applied to financial assets at adjusted cost. Financial assets recognised at adjusted 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 receivable by the group and the cash flows expected by the group, discounted by the initial effective interest rate.

Measurement of expected credit loss reflects:

- an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information about past events, current conditions and forecasts of future economic conditions that is available without undue cost or effort on the reporting date.

The group impairs:

- trade receivables in the amount equalling lifetime expected credit losses;
- cash and cash equivalents, the credit risk of which is estimated to be low over the accounting period in the amount of expected 12-month credit losses; and
- all other financial assets in the amount of expected 12-month credit losses unless the credit risk (i.e. the risk of default over the expected lifetime of the financial asset) has significantly increased since initial recognition. If the risk has increased significantly, credit loss is measured in the amount of expected lifetime credit losses.

## CASH

Cash and cash equivalents constitute cash in cash registers and bank accounts, demand deposits and short-term bank deposits actually withdrawable within three months, where the risk of significant change in market value is low. Bank overdrafts are recognised as current loans in the statement of financial position.

In the statement of cash flows, cash flows from business operations are recognised based on the indirect method and cash flows from investment and financial activities are recognised based on the direct method, starting from profit.

## **FOREIGN CURRENCY TRANSACTIONS AND FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY**

The group's foreign currency transactions are recognised based on the foreign currency exchange rates of the European Central Bank prevailing on the transaction date. Monetary financial assets and payables denominated in foreign currency are converted to euros based on the foreign currency exchange rates of the European Central Bank prevailing on the balance sheet date.

Foreign currency transaction profits and losses are recognised in the income statement as income for the period offset by the relevant cost, while exchange rate profit and losses due to trade receivables and payments are included in operating income and costs. Other profits and losses from foreign currency transactions are recognised as financial income and costs in the income statement.

## **RECEIVABLES AND PREPAYMENTS**

Receivables and prepayments are recognised as current assets unless their due date is more than 12 months after the balance sheet date. Such assets are recognised as non-current assets. Trade receivables comprise current receivables generated in the ordinary course of business of the group. Trade receivables are recognised based on the adjusted cost method (i.e. nominal value minus any refunds or write-down).

Receivables are written down by 50% if overdue by 90-180 days, and by 100%

if overdue by more than 180 days. At end of the period, all receivables are reviewed and any receivables where there is objective evidence or circumstances suggesting that the receivable is uncollectible will be derecognised from the balance sheet.

Any repayment of previously written-down doubtful receivables is reported as a reduction in the allowance for doubtful receivables.

## **INVENTORIES**

Inventories are initially recognised at cost, including purchase costs, manufacturing costs and other costs to deliver the inventories to their current location and condition.

In addition to price, the inventory purchase costs include any customs duties, other non-refundable taxes and transportation costs directly associated with purchasing the inventory, less allowances and discounts.

Inventory manufacturing costs include all costs directly attributable to manufacturing, raw materials and components. Since manufactured inventory has a high turnover rate and the balance of such inventory on the balance sheet date is insignificant, other direct and indirect manufacturing costs are recognised on the basis of accrual in goods costs and other operating costs.

The expensing and book value calculation of inventory is done based on the average cost method. On the balance sheet, the inventory is priced based on cost or net realisable value.

Inventory also includes multiple-use gas cylinders purchased for operating activities, which are depreciated as expenses over their useful life.

## **PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**

### **Tangible assets**

Property, plant and equipment are assets used in the group's operating activities with a useful life of more than one year and a cost of more than 1000 euros. Less valuable items are recognised as expenses at acquisition.

Property, plant and equipment are recognised at cost, which includes the price of the asset and any expenses made for taking it into use. The determination of the cost of property plant and equipment acquired through a finance lease or right-of-use lease is done similarly to purchased property plant and equipment.

The land and buildings of commercial real estate owned by the group are recognised at revalued value, and other assets are recognised at cost, less accumulated depreciation and write-down due to impairment. On the date of revaluation, the previous cost of the revaluated asset is replaced with its fair value on the revaluation date and any accrued depreciation is set to zero. If the revaluation results in an increase of the asset's carrying value, the difference between the old and new carrying value is recognised as other comprehensive income and accumulated in the revaluation reserve. If the revaluation results in a decrease in the asset's carrying value, the difference between the old and new carrying value is recognised in the income statement as loss from write-down of property, plant and equipment, except the portion of depreciation offset against previously recognised appreciation, which is recognised in equity as adjustment to the revaluation reserve. Every year, the difference between depreciation based on the asset's revalued carried cost and depreciation based on the asset's initial cost is carried over from the revaluation reserve to retained earnings.

Any expenses made to repair or maintain non-current assets are recognised as costs in the reporting period. Non-current asset renovation expenses that meet the definition of property, plant and equipment and carrying criteria will be added to the cost of property, plant and equipment. Renovation expenses are depreciated over the remaining useful life of the asset.

Property, plant and equipment is derecognised in the event of disposal of the asset or if the asset is no longer considered fit for use or sale. Any profit or loss from disposal of property, plant and equipment is recognised in the income statement as other operating income or other operating expenses.

Depreciation is calculated using the linear method. The depreciation rate is determined for each non-current asset individually, depending on its useful life. For assets with a significant residual value, only the amortisable difference between cost and residual value is depreciated as expenses over its useful life.

If the item of property, plant and equipment is composed of distinct components with different useful lives, these components are recognised as

distinct assets and are assigned different depreciation rates based on their useful life.

Depreciation starts from the moment the asset becomes usable for the purpose planned by management and ends when the residual value exceeds its carrying amount, until the asset is definitively removed from use or reclassified as held for sale.

### Intangible assets

Intangible assets are long-term licences, patents and computer software not tied to a specific piece of property, plant or equipment.

Computer software development costs are recognised as intangible assets if they are directly associated with developing software that is distinguishable, controlled by the company and economically useful for a future period of more than one year.

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

Purchased intangible assets are recognised at cost. The cost of intangible assets acquired via business combination is the fair value of the asset at the time of acquisition. After recognition, intangible assets are carried at cost, less accumulated depreciation and impairment losses.

Intangible assets are depreciated using the linear method, based on their useful life.

### Goodwill

Goodwill is the positive difference between the cost of acquired ownership interest and the fair value of net assets acquired. This reflects the part of cost paid for acquiring a company's assets that are not readily distinguishable and measurable. On the date of acquisition, goodwill is recognised on the balance sheet as an intangible asset at cost.

After recognition, goodwill is carried at cost, less any write-down due to impairment. Goodwill is not depreciated. Instead, a goodwill impairment test is conducted yearly (or earlier if there is an event or change in circumstances that may indicate impairment of goodwill). In order to test



impairment, goodwill is distributed between the cash-generated units or groups of units expected to benefit from said goodwill in the future. An independent cash-generating unit (or a group of units) is the smallest distinguishable asset group no larger than the business segment used for segment reporting. Impairment is determined by measuring the recoverable value of the cash-generating unit associated with goodwill. If the recoverable value of the cash-generating unit is lower than its carrying amount (including goodwill), impairment of goodwill is recognised, as is the proportional write-down of other assets associated with the cash-generating unit. Write-down of goodwill is not offset.

of the threshold for recognising non-current assets is 1000 euros.

### USEFUL LIFE FOR DIFFERENT GROUPS OF NON-CURRENT ASSETS (in years)

Assets group name	Useful life (years)
Buildings and structures	10-25
Machinery and equipment	5-10
Service station equipment and fittings	5-10
IT equipment	5
Office furniture	5
Tools and other equipment	3-10
Computer programs	3-5
Licences, patents	3

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

## LEASES

### Group as lessor

Finance lease constitutes a lease agreement that transfers all material ownership and benefits of the leased asset to the lessee. Other leases are recognised as operating leases.

The group recognises assets leased out as an operating lease based on the adjusted cost method (cost less depreciation).

Operating lease income is recognised linearly or based on accrual. Irregular lease income (e.g. renting bicycles or trailers in service stations) is recognised based on accrual. Expenses made for generating lease income are recognised as costs. The group recognises assets leased out under a finance lease on its balance sheet as receivables at an amount equal to the net investment in the finance lease.

### Group as lessee

Lease payments for short-term lease or lease agreements, where the purchase value of the leased asset is low, are recognised linearly over the lease period.

For other leases, the leased asset and lease liabilities are recognised as of the start of the lease period.

The initial value of the right-of-use asset includes the present value of lease payments receivable at the start of the lease period, the lessee's initial direct expenses and any estimated expenses to be incurred to restore the leased asset pursuant to the lease agreement. The initial value of the lease liabilities equals the present value of lease payments, calculated by discounting lease payments by the implicit interest rate of the lease or the lessee's alternative loan interest rate.

The right-of-use asset is carried:

- at cost, less accumulated impairment and write-down, and adjusted with the total lease liability revaluation amount if the lease agreement is amended;
- at fair value using the revaluation method if the leased asset belongs to a category of property, plant and equipment for which the entity applies the revaluation method.

The carrying value of lease liabilities is increased by the lease liability interest and reduced by the lease payments made. The carrying value of lease liabilities is revaluated if the lease agreement is amended.

Temporary lowering of lease payments due to COVID-19 is not regarded as amendment of lease agreement.

## FINANCIAL LIABILITIES

A provision is recognised if the group has a legal or constructive obligation due to an event taking place before the balance sheet date, the settlement of which is probable and the amount of which can be reliably measured. The amount recognised on the balance sheet as a provision is in the management's opinion the best estimate of the expenditure required to settle the present obligation as of the reporting date.

If the provision is likely to be settled later than 12 months after the reporting date, it is recognised at its discounted value (i.e. in the present value of the payments related to the provision), except when the impact of discounting is immaterial.

Contingent liabilities are not recognised as obligations if they are:

- liabilities due to a possible past event, the arising of such liabilities being contingent on the occurrence or non-occurrence of one or several uncertain future events not wholly within the control of the entity; or
- present liabilities due to past events that have not been recognised because:
- it is unlikely that economically useful resources would have to be reduced in order to settle the liability; or
- the amount of liability cannot be measured with sufficient reliability.

## GRANTS

Grants received before the revenue recognition criteria are satisfied are recognised as a liability on the balance sheet. Government grants are not recognised until there is sufficient certainty that the recipient will meet the grant conditions and that the grant will be issued.

Grants related to assets are recognised as gross. Assets acquired using grants are recognised at cost on the balance sheet.

Grants received are recognised on the balance sheet as liabilities and are carried as income for the periods in which the company recognises the costs associated with the assets purchased using the grant.

Grant-related income is recognised under 'Other operating income' in the income statement.

## LEGAL RESERVE

The company has established a legal reserve pursuant to the Estonian Commercial Code. Every year, at least 5% of the net profit must be held for reserve until the reserve makes up at least 10% of the share capital. The reserve may be used for covering losses or for increasing share capital. The reserve must not be paid out to shareholders.

## REVENUE

Revenue is the income received by the group in the course of its regular business activity. Revenue is recognised at transaction price. The transaction price is the total consideration an entity is entitled to for delivering promised goods or services to a customer, less any amounts collectable for third parties.

### Sale of goods and services in the retail chain

Revenue from goods and services sold in the retail chain is recognised at the time the customer buys the good or service and pays for it using cash, a bank card or an Alexela payment card. The prices of goods and services vary depending on local pricing and any discounts based on various loyalty programmes or the customer's purchase volumes. Any discounts are fixed at the time of recognising the sales revenue, and varying charges are not revalued retroactively. The probability of returns is low and no provisions are created for this.

### Wholesale

Wholesale constitutes the selling of motor fuels and storage fuels to resellers, home consumers and industries. The sale is recognised at the time of transfer of control, i.e. when the products are delivered to the customer, the customer is able to determine the reselling and pricing and there are no unfulfilled obligations that might

influence the customer's acceptance of the products. Products are delivered when they are transported to the agreed location, all risk of product damage or loss is transferred to the customer and the customer accepts the products pursuant to the sales agreement or is obliged to accept them based on the acceptance deadline or the

fulfilment of all acceptance criteria the entity is able to objectively prove.

The company recognises the receivable at the time of delivery of goods because at that time the company becomes unconditionally entitled to consideration, payment of which is only a matter of time. The probability of returns is considered minimal and no provisions are created for this.

### Sale of electric energy and natural gas

The group sells electric energy and natural gas to private and corporate customers at fixed or variable price. Sales revenue is recognised for the period during which the goods are sold, based on unit sold and unit price. If the customer is billed based on actual consumption, even for variably-priced transactions the price becomes final at the time of recognising the sales revenue and the revenue is not revalued retroactively.

In addition to fixed pricing, customers are able to subscribe to fixed monthly payments, which means that the customer's monthly bills are the same over a pricing period, regardless of actual consumption. With these contracts, the entity's sales revenue is adjusted according to actual consumption, the difference between that and the invoices submitted being recognised as the customer's contractual debt or receivable.

### Financing component

The prices agreed in the group's customer contracts are not influenced by payment scheme, and therefore they do not include a significant financing component and the time value of money is not recognised.

## TAXATION

### Income tax on dividends

Pursuant to the Estonian Income Tax Act, there is no corporate income tax on retained or reinvested earnings. Income tax is paid on dividends, fringe benefits, gifts, donations, costs of entertaining guests, payments not attributable to business and transfer price adjustments.

In Estonia, earnings distributed as dividends are taxed at a rate of 20/80 of the net amount paid

out or at a lower rate of 14/86 for dividends paid out regularly. In Latvia, profit distributed is taxed at a rate of 20/80.

On certain terms, dividends received may be forwarded without any further income tax expense. The corporate income tax arising from the payment of dividends is accounted for as payable and as an income tax expense in the period in which dividends are declared, regardless of the actual payment date or the period for which dividends are paid. The income tax is due on the 10th of the month following the month of payment of dividends.

### Deferred income tax

Due to certain characteristics of the Estonian tax system, companies established in Estonia do not incur any difference between the taxable and carrying values of assets; therefore, there are no deferred income tax liabilities or obligations. The balance sheet does not include any income tax liability contingent on distributing a parent company's retained earnings as dividends. The maximum income tax liability that would arise from distributing retained earnings as dividends is included in Notes to the annual report.

The group includes subsidiaries in Estonia and Latvia. Pursuant to the IAS 12 interpretation, the deferred income tax cost and liability arising from payment as dividends of subsidiaries' and associates' retained earnings is recognised based on all retained earnings accumulated by the reporting date.

The deferred income tax liability does not have to be recognised if the retained earnings of the subsidiary or associate are not planned to be distributed in the near future, and distribution is controlled by the parent company.

## RELATED PARTIES

In this annual report, parties are considered related if one party has the ability to control the other party or can exercise significant influence over the management decisions of the other party. The group's related parties are:

- its owners (the parent company and persons controlling or able to exercise significant influence over it);

- other entities belonging to same consolidation group (including other subsidiaries of the parent company);
- executives and top managers;
- the above parties' immediate family and companies controlled by them or under their prevalent and material influence.
- (Unadjusted) prices of identical assets quoted on alternative markets (Level 1).
- Inputs other than the quoted prices included within Level 1 that are observable for the asset, either directly or indirectly (Level 2).
- Asset evaluation using unobservable inputs (Level 3).

## MATERIAL ACCOUNTING ESTIMATES

In preparing IRFS-compliant annual accounts, the management has to make presumptions, estimates and decisions regarding the accounting policies to be applied as well as the recognition of assets, liabilities, revenue and costs. The estimates and associated presumptions are based on historic experience and other facts, which are presumed to be relevant and factual and useful as a basis for determining the value of assets and liabilities not directly determinable from other sources. Actual results may differ from the estimates. The estimates and underlying presumptions are periodically reviewed. Any adjustments due to reviewed accounting estimates are recognised for the period in which the adjustment is made if it only concerns that period or for that period and future periods if the adjustment concerns both the current period and future periods.

The major management estimates that may impact financial reports are presented below.

### Determination of useful life of non-current assets (Note 8)

The management has estimated the useful life of property, plant and equipment. The estimation is based on historical experience, considering the asset utilisation volumes and future outlook.

### Valuation of land and buildings (Note 8)

The company uses the revaluation method for recognising land and buildings. For this, the management of the company regularly assesses whether the fair value of revalued non-current assets is significantly different from their carrying value. The non-current assets (real estate) recognised at fair value are analysed based on the valuation method as follows. The levels are defined as follows:

Based on the character of the company's non-current assets (real estate), they are placed on Level 3; therefore, the management has used their own evaluations for determining the fair value of land and buildings. The evaluation is based on the discounted cash flows of the cash-generating unit associated with the non-current asset. These are based on actual and budgetary data from which, in the case of evaluating service stations, the revenue-benefit of belonging to the Alexela retail chain is eliminated, along with its positive impact on the value of the asset. In revaluating assets, any increase in asset value based on the board's estimate is only recognised as the increase in the value of land and the complex of buildings thereon.

### Inventory evaluation (Note 4)

The management's evaluation of inventories is based on the best available information, taking into consideration historical experience, general background and expected future events and conditions. Inventory depreciation is based on both its merchantability as well as the net realisable value of goods purchased for sale. Most goods purchased by the company are purchased for sale. Food is periodically written down during its shelf life and food past its shelf life is written off.

### Evaluating doubtful receivables (Note 3)

Trade receivables are reviewed monthly and a reserve for doubtful receivables is made. This reserve includes 100% of receivables more than 180 days past due and 50% of receivables 90 to 180 days past due. At the end of each year, receivables due are individually evaluated and uncollectible receivables are derecognised. If such a receivable was included in the reserve for doubtful receivables, the reserve is reduced accordingly. If the receivable was not included in the reserve, it is recognised as an expense. The carrying value of claims is reduced by the write-down for doubtful

receivables and the write-down loss is reported in the income statement under miscellaneous operating expenses. Any repayment of previously written-down doubtful receivables is reported as a reduction in the expenses for doubtful receivables.

## **MISCELLANEOUS RESERVES**

The non-current asset revaluation reserve is recognised as a miscellaneous reserve. The non-current asset revaluation reserve is tied to equity and is not distributed to shareholders. The revaluation reserve is reduced yearly by depreciation based on cost.

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

## **NET EARNINGS PER SHARE**

Undiluted net earnings per share is calculated by dividing the net earnings for the reporting year by the average number of outstanding shares.

Diluted net earnings per share are calculated by adjusting both the net earnings and the average number of shares by any potential shares that may dilute the net earnings per share. Since the group has no financial instruments with the potential of diluting net earnings per share, the undiluted net earnings per share and the diluted net earnings per share are equal.

## **EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

Annual accounts must include any significant events that have occurred between the balance sheet date and the annual accounts date and are associated with transactions conducted during the reporting period or earlier periods.

Events occurring after the balance sheet date that are not included in the evaluation of assets and liabilities but have material impact on earnings in the next reporting year are disclosed in the Notes of the annual report.

## NOTE 2: CASH (in euros)

	31.12.2021	31.12.2020
Cash in cash register	343,408	277,955
Current accounts	1,387,266	181,541
Cash in transit	36,806	9146
<b>Total cash</b>	<b>1,767,480</b>	<b>468,642</b>

'Cash in transit' includes cash held by cash-in-transit service providers.



max 22 kW

SIEMENS



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SICHARGE

### Laadimise juhend

1. Veenduge, et laadimisjuht on õigesti ühendatud sõiduki laadimisühendusega.
2. Veenduge, et laadimisjuht on õigesti ühendatud laadimisjaamaga.

  
ALEXELA



### NOTE 3: RECEIVABLES AND PREPAYMENTS (in euros)

	31.12.2021	Allocation by remaining maturity		Note No.
		Within 12 months	Within 1-5 years	
Trade receivables				
Trade receivables	43,283,430	43,283,430	0	
Doubtful receivables	-90,198	-90,198	0	
Prepaid and deferred taxes	267,525	267,525	0	5
Other current receivables	6,197,103	2,959	6,194,144	
Loan receivables	6,160,384	0	6,160,384	
Interest receivables	36,719	2,959	33,760	
Prepayments	4,055,950	4,055,950	0	
Other prepayments made	4,055,950	4,055,950	0	
Guarantees and deposits	490,374	473,553	16,821	
Finance lease receivables	102,680	40,787	61,893	10
Other current receivables	3,750,369	3,747,369	3,000	
<b>Total receivables and prepayments</b>	<b>58,057,233</b>	<b>51,781,375</b>	<b>6,275,858</b>	

	31.12.2020	Allocation by remaining maturity		Note No.
		Within 12 months	Within 1-5 years	
Trade receivables	20,552,292	20,552,292	0	
Trade receivables	20,649,694	20,649,694	0	
Doubtful receivables	-97,402	-97,402	0	
Prepaid and deferred taxes	13,032	13,032	0	5
Other current receivables	11,231,000	793,000	10,438,000	
Loan receivables	10,438,000	0	10,438,000	
Interest receivables	793,000	793,000	0	
Prepayments	199,022	199,022	0	
Other prepayments made	199,022	199,022	0	
Guarantees and deposits	172,457	95,636	76,821	
Finance lease receivables	150,863	58,158	92,705	10
Other current receivables	481,806	481,806	0	
<b>Total receivables and prepayments</b>	<b>32,800,472</b>	<b>22,192,946</b>	<b>10,607,526</b>	

The deposits include guarantees for tax liabilities pursuant to the Value Added Tax Act and the Liquid Fuels Act, letters of indemnity and public procurement bonds.



Change in doubtful receivables (in euros):

	2021	2020
Doubtful receivables at the start of the period	-97,402	-377,293
Receivables determined to be doubtful	-70,002	-372,282
Doubtful receivables repaid	77,206	19,448
Receivables determined to be uncollectible	0	632,725
<b>Doubtful receivables at the end of the period</b>	<b>-90,198</b>	<b>-97,402</b>

The management estimates the write-down of receivables as sufficient to cover any losses until the maturity of receivables and estimates that any credit losses have an insignificant effect on this report. No additional reserve is made.

Maturity of trade receivables:

	Total	Not due	Overdue by 30 days or less	Overdue by 31-90 days	Overdue by 91-180 days	Overdue by over 180 days
<b>31.12.2021</b>	43,283,430	41,428,075	805,438	73,236	28,530	948,151
<i>Including related entities</i>	3,933,193	3,933,193	0	0	0	0
<b>31.12.2020</b>	20,649,694	15,444,908	736,928	422,207	712,069	3,333,582
<i>Including related entities</i>	5,156,566	608,217	169,394	388,244	707,044	3,283,667

All other receivables are not due.

Maturities and interest rates of loan receivables:

31.12.2021	Total	Interest rate	Base currency	Due date
Given loans	1,800,000	6.00%	€	2024
Given loans	604,000	2.00%	€	2035
Given loans	3,216,384	2.00%	€	2036
<b>Total</b>	<b>6,160,384</b>			
31.12.2020	Total	Interest rate	Base currency	Due date
Given loans	10,438,000	8.00%	€	2023
<b>Total</b>	<b>10,438,000</b>			

As of 31.12.2021, loan receivables from related parties amount to 6,160,384 euros (10,438,000 as of 31.12.2020).

As of 31.12.2021, 'Interest receivables' includes receivables from related parties in the amount of 36,719 euros (793,000 euros as of 31.12.2020).

As of 31.12.2021, 'Trade receivables' includes receivables from related parties in the amount of 3,933 193 euros (6,141,238 euros as of 31.12.2020).

As of 31.12.2021, 'Guarantees and deposits' includes receivables from related parties in the amount of 0 euros (0 euros as of 31.12.2020).

## NOTE 4: INVENTORIES (in euros):

	31.12.2021	31.12.2020
Raw materials	236,784	212,198
Goods for resale	13,836,114	8,142,763
Prepayments for inventories	1,103,526	422,061
<b>Total inventory</b>	<b>15,176,424</b>	<b>8,777,022</b>

During the reporting period, inventories have been written down by 24,279 euros (23,609 euros in 2020).

All stockpiled inventories are pledged for financial liabilities as receivable pledge or commercial pledge (see Note 12). Information on pledged inventories can be found in Note 35.

## NOTE 5: TAX PREPAYMENTS AND LIABILITIES (in euros):

	31.12.2021		31.12.2020	
	Prepayment	Tax liability	Prepayment	Tax liability
Corporate income tax	0	0	0	979
VAT	248,654	7,972,184	0	3,183,244
Personal income tax	0	222,988	0	126,967
Fringe benefit income tax	0	11,516	0	8199
Social tax	0	429,683	0	263,457
Mandatory funded pension	0	16,742	0	14,192
Unemployment insurance tax	0	27,605	0	17,494
Excise duty tax	0	120,361	0	90,431
Other tax prepayments and liabilities	0	986	0	920
Prepayment account balance	18,871	0	130,329	0
<b>Total tax prepayments and liabilities</b>	<b>267,525</b>	<b>8,802,065</b>	<b>13,032</b>	<b>3,705,884</b>

Tax prepayments are recorded in Note 3 and prepayments in Note 13.

Deferred income tax from retained revenue of subsidiaries and associates:

	2021	2020
Income tax expense	3,812	32,021
	<b>31.12.2021</b>	<b>31.12.2020</b>
Deferred income tax liability	74,007	70,195

**NOTE 6: SHARES OF SUBSIDIARIES (in euros)**

Shares of subsidiaries, general information:

Subsidiary registry code	Name of subsidiary	Country of incorporation	Principal activity	Ownership interest (%)	
				31.12.2020	31.12.2021
14185894	Alexela Energia Teenused AS	Estonia	Sales of electric energy	100	100
12271081	220 Energia OÜ	Estonia	Sales of electric energy and natural gas	100	100
LV-40103752971	Alexela SIA (subsidiary of 220 Energia OÜ)	Latvia	Sales of electric energy	100	100
14387534	Hamina LNG Investeeringud OÜ	Estonia	Investments	0	100
	100	Eesti	Transporditeenused	0	100
14128985	Alexela Motors AS	Estonia	Transportation services	0	100
12817083	Alexela Solar OÜ	Estonia	Construction design and consulting	0	100
12935931	Alexela Tanklad OÜ	Estonia	Leasing out of real estate	0	100
11162912	Pakrineeme Sadama OÜ (subsidiary of Alexela Tanklad OÜ)	Estonia	Buying and selling real estate	0	88
11514541	Balti Gaas OÜ	Estonia	Business consulting	0	90

The subsidiary Alexela Energia Teenused AS was incorporated on 28.11.2016, application submitted to the business registry on 21.12.2016, company entered into the business registry on 16.01.2017.

The subsidiary 220 Energia OÜ was acquired on 31.08.2018 at a cost of 1,831,365 euros. This acquisition resulted in 1,734,259 euros of goodwill, which is recognised as an intangible asset. In 2021, goodwill was written down by 640,486 euros (by 85,327 euros in 2020) (see Note 9).

220 Energia OÜ has 100% ownership interest in Alexela SIA. The ownership interest in Alexela LNG Scandinavia was sold at cost in 2020, with the sale generating 36 euros of profit.

On 30.04.2020, AS Alexela signed an agreement with Alexela Varahalduse AS for the purchase of 100% ownership interest in Hamina LNG Investeeringud OÜ, which holds a minority ownership share in the company developing the Hamina LNG terminal in Finland. The purpose of the purchase agreement was to restructure the management of entities in the group. This does not change the group's chosen strategy for developing LNG terminals. On 30.12.2020, AS Alexela signed an agreement with Tanklate Investeeringud OÜ

(parent company) to sell 100% ownership interest in Hamina LNG Investeeringud OÜ to Tanklate Investeeringud OÜ by 30.06.2021. This was due to the need to reorganise the ownership and management structure. Based on the agreement, as of 31.12.2020, the 100% ownership interest in Hamina LNG Investeeringud OÜ is recognised as a current investment. In 2021, the need to sell was re-evaluated, the subsidiary was not sold and as of 31.12.2021 is consolidated item-by-item.

Shares of Hamina LNG Investeeringud OÜ were purchased for 6,900,000 euros and receivables in the amount of 10,000,000 euros were acquired. This acquisition resulted in 3,420,884 euros of goodwill, which is recognised as an intangible asset. The recoverable value test conducted as of 31.12.2021 was based on the assumption that the company will dispose of its ownership interest in Hamina LNG OY and will thereby recover loans issued in 2025 and repay loans received in 2027, according to the agreement signed with the parent company. The incoming cash flows are discounted at a rate of 9.41%, calculated using the weighted average capital method. The valuation result differs from the book value by 0.12% and no goodwill revaluation was conducted.

## NOTE 7: SHARES OF ASSOCIATES (in euros)

Shares of associates, general information:

Associate registry code	Name of associate	Country of incorporation	Principal activity	Ownership interest (%)	
				31.12.2020	31.12.2021
FI-2948219-7	Rohe Solutions OY	Finland	Wholesale of liquid and gaseous fuels	50	50
2696139-5	Hamina LNG OY (associate of Hamina LNG Investeeringud)	Finland	Energetics	0	46,5
	46.5	Eesti	Energeetika	0	50
14754903	Eesti Biogaas OÜ	Estonia	Energetics	0	50
14010321	Energiasalv Valdus OÜ	Estonia	Energetics	0	33

Shares of associates, detailed information:

Name of associate	31.12.2020	Acquisition	Profit (loss) based on the equity method	Other changes	31.12.2021
Rohe Solutions OY	321,836	0	188,961	0	132,875
Hamina LNG OY (associate of Hamina LNG Investeeringud)	0	13,455,000	0	365,000	13,820,000
Eesti Biogaas OÜ	0	5,194,855	0	0	5,194,855
Energiasalv Valdus OÜ	0	5,000,000	0	0	5,000,000
<b>Total shares of associates</b>	<b>321,836</b>	<b>23,649,855</b>	<b>188,961</b>	<b>365,000</b>	<b>24,147,730</b>

250,000 euros was paid into the equity reserve of the associate Rohe Solutions OY in 2020. The equity contributions were made with other equity holders proportionally, with no change in relative equity interests.

In 2021, based on the equity method, Rohe Solutions OY returned a loss of 188,961 euros (234,346 euros in 2020).

Rohe Solutions OY financials (based on 100% equity interest):

	31.12.2021	31.12.2020
Current assets	2,100,155	1,394,794
Non-current assets	437,952	523,758
Current liabilities	2,272,357	1,274,880
Equity	265,750	643,672

	2021	2020
Net sales	9,130,076	5,289,515
Annual period profit (loss)	-377,922	-468,692

Hamina LNG OY financials (based on 100% equity interest):

	31.12.2021	31.12.2020
Current assets	13,139,025	3,091,614
Non-current assets	87,236,006	91,411,231
Current liabilities	30,595,464	28,484,685
Non-current liabilities	69,492,805	61,417,909
Equity	286,762	4,600,251

	2021	2020
Net sales	7,218	0
Annual period profit (loss)	-4,313,488	-3,521,924

The determination of fair value of Hamina LNG OY as of 31.12.21 was based on future cash flows over 30 years and terminal value. A discount rate of 8.83% and a growth rate of 2% per year were applied.

Eesti Biogaas OÜ financials (based on 100% equity interest):

	31.12.2021
Current assets	2,070,484
Non-current assets	15,348,139
Current liabilities	9,365,291
Non-current liabilities	6,449,021
Equity	1,604,311

The valuation of the ownership interest in Eesti Biogaas was based on the FCFE principle, an earnings forecast for the coming years and an expected return on equity of 12% per year. Until the end of 2023, biomethane manufacturing plants operated by Eesti Biogaas are eligible to receive the biomethane subsidies managed by Elering.

Energiasalv Valdus OÜ financials (based on 100% equity interest):

	31.12.2021
Current assets	761,555
Non-current assets	3,966,974
Current liabilities	1,043,209
Non-current liabilities	2,134,808
Equity	1,550,512

The value test applied to Energiasalv Valdus OÜ is based on a financial model that includes financing 25% of the project from equity, applying the FCFE valuation principle and discounting based on an expected return on equity of 15%.

**NOTE 8: PROPERTY, PLANT AND EQUIPMENT (in euros):**

	Land	Buildings	Transportation	Other machinery and equipment	Machinery and equipment	Other property, plant and equipment	Unfinished projects	Prepayments	Unfinished projects and pre-payments	Total
<b>31.12.2019</b>										
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
<b>Residual cost</b>	<b>27,303,399</b>	<b>65,941,219</b>	<b>405,700</b>	<b>4,901,987</b>	<b>5,307,687</b>	<b>2,560,804</b>	<b>2,082,981</b>	<b>290,449</b>	<b>2,373,430</b>	<b>103,486,539</b>
Acquisitions and additions	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 in-use buildings	135,594	0	0	0	0	0	0	0	0	135,594
Purchase of new buildings, additions	0	47,159	0	0	0	0	1,192,373	0	1,192,373	1,239,532
Other acquisitions and additions	0	350,070	110,443	591,393	701,836	123,899	0	1,641,546	1,641,546	2,817,351
Depreciation cost	0	-6,694,094	-117,063	-849,158	-966,221	-458,639	0	0	0	-8,118,954
Write-downs due to impairment	0	-1,610,338	0	0	0	0	0	0	0	-1,610,338
Write-offs (at residual cost)	0	-4942	0	-120,948	-120,948	-34,234	-24,392	0	-24,392	
Disposal (at residual cost)	0	-126,812	-8226	-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
Reclassification from prepayments	103,000	0	277,081	9432	286,513	0	0	-389,513	-389,513	0
Reclassification from unfinished projects	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	7348	7348	-3448	-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
<b>31.12.2020</b>										
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
<b>Residual cost</b>	<b>32,242,140</b>	<b>66,696,318</b>	<b>667,935</b>	<b>5,300,270</b>	<b>5,968,205</b>	<b>2,715,466</b>	<b>780,847</b>	<b>1,404,447</b>	<b>2,185,294</b>	<b>109,807,423</b>
Acquisitions and additions	329,300	2,300,135	266,496	1,256,635	1,523,131	299,970	3,389,354	146,958	3,536,312	7,988,848
Purchase of land and previously in-use buildings	329,300	590,000	0	0	0	0	0	0	0	919,300
Purchase of new buildings, additions	0	82,924	0	0	0	0	3,389,354	0	3,389,354	3,472,278
Other acquisitions and additions	0	1,627,211	266,496	1,256,635	1,523,131	299,970	0	146,958	146,958	3,597,270
Additions via business combinations	15,548,143	-22,868,437	1,790,825	7,667,821	9,458,646	0	6,746,232	239,309	6,985,541	9,123,893
Depreciation cost	0	-6,370,796	-161,397	-942,829	-1,104,226	-510,601	0	0	0	-7,985,623
Write-downs due to impairment	0	-170,406	0	0	0	0	0	0	0	-170,406
Write-offs (at residual cost)	0	-150,614	-1092	-5881	-6973	-21,881	-33,869	0	-33,869	-213,337
Disposal (at residual cost)	0	0	-1926	-70,017	-71,943	0	0	0	0	-71,943
Reclassifications	105,000	1,259,272	0	549,200	549,200	398,275	-2,095,199	-308,545	-2,403,744	-91,997
Reclassification from prepayments	105,000	0	0	187,678	187,678	1431	14,360	-308,469	-294,109	0
Reclassification from unfinished projects	0	1,259,272	0	361,522	361,522	396,844	-2,017,638	0	-2,017,638	0
Other reclassifications	0	0	0	0	0	0	-91,921	-76	-91,997	-91,997
Other changes	-1,113,213	9,194,482	0	0	0	0	0	0	0	8,081,269
<b>31.12.2021</b>										
Acquisition cost	47,111,370	50,356,268	3,551,474	21,755,986	25,307,460	5,126,809	8,787,365	1,482,169	10,269,534	138,171,441
Accumulated depreciation	0	-466,314	-990,633	-8,000,787	-8,991,420	-2,245,580	0	0	0	-11,703,314
<b>Residual cost</b>	<b>47,111,370</b>	<b>49,889,954</b>	<b>2,560,841</b>	<b>13,755,199</b>	<b>16,316,040</b>	<b>2,881,229</b>	<b>8,787,365</b>	<b>1,482,169</b>	<b>10,269,534</b>	<b>126,468,127</b>

Disposed property, plant and equipment at selling price (in euros):

	2021	2020
Land		0
Buildings	54,136	89,818
Machinery and equipment	9855	407,839
Transportation	11,268	22,842
Other machinery and equipment	70,371	384,997
Other property, plant and equipment	0	0
<b>Total</b>	<b>135,774</b>	<b>497,657</b>

In total, 19,997 euros were received from the disposal of non-current assets (381,255 euros in 2020).

Cashflow adjustment paid at purchase of property, plant and equipment and intangible assets:

2020	Property, plant and equipment	Intangible assets	Total
Purchase of property, plant and equipment in 2020	4,192,476	725,359	4,917,835
Purchased using finance lease or loan	-82,362	0	-82,362
New right of use leases	-425,222	0	-425,222
Trade payables balance 31.12.19 excl. VAT	490,076	0	490,076
Trade payables balance 31.12.20 excl. VAT	-384,473	-7660	-392,133
Paid at purchase of non-current assets in 2020	3,790,495	717,699	4,508,194
2021	Property, plant and equipment	Intangible assets	Total
Purchase of property, plant and equipment in 2021	7,988,848	668,406	8,657,254
Purchased using finance lease or loan	-103,333	0	-103,333
New right of use leases	-1,979,157	0	-1,979,157
Trade payables balance 31.12.20 excl. VAT	384,473	7660	392,133
Trade payables balance 31.12.21 excl. VAT	-556,312	-36,340	-592,652
Paid at purchase of non-current assets in 2021	5,734,519	672,426	6,374,245



The share of right-of-use assets in non-current assets (in euros):

	Buildings	Machinery and equipment	Total
<b>31.12.2019</b>			
Acquisition cost	37,498,604	18,454	37,517,058
Accumulated depreciation	-111,487	-615	-112,102
<b>Residual cost</b>	<b>37,387,117</b>	<b>17,839</b>	<b>37,404,956</b>
Acquisitions and additions	350,070	75,153	425,223
Depreciation cost	-4,053,147	-13,962	-4,067,109
Write-down due to impairment	-1,483,641	0	-1,483,641
Disposal (at residual cost)	-126,812	0	-126,812
Other changes	3,306,351	0	3,306,351
<b>31.12.2020</b>			
Acquisition cost	35,603,826	93,607	35,697,433
Accumulated depreciation	-223,888	-14,577	-238,465
<b>Residual cost</b>	<b>35,379,938</b>	<b>79,030</b>	<b>35,458,968</b>
Acquisitions and additions	1,627,211	351,946	1,979,157
Depreciation cost	-3,558,170	-99,978	-3,658,148
Write-down due to impairment	-108,053	0	-108,053
Disposal (at residual cost)	0	-64,707	-64,707
Change due to business combinations	-30,174,814	0	-30,174,814
Other changes	5,356,212	0	5,356,212
<b>31.12.2021</b>			
Acquisition cost	8,881,293	351,946	9,233,239
Accumulated depreciation	-358,969	-85,655	-444,624
<b>Residual cost</b>	<b>8,522,324</b>	<b>266,291</b>	<b>8,788,615</b>

The share of finance leased assets in non-current assets:

	31.12.2021	31.12.2020
Machinery and equipment	2,606,018	1,015,623
<b>Total</b>	<b>2,606,018</b>	<b>1,015,623</b>

The liquefied gas terminal at Vana-Kuuste and the non-current assets at service stations are carried at fair value. As of 31.12.21, no impairment of liquefied gas terminal assets was recognised and the assets were not revaluated.

Measurement of recoverable value was based on future cash flows over six years along with terminal value (as of 31.12.2020). A discount rate of 7.12%, gain of 2.0% per annum, was used for evaluation. Profit margin over next five years 8.81%. The profit margin and growth rates applied are conservative based on experience of the mana-

gement and an assessment of the competitive situation in the business segment.

The evaluation resulted in an increase of the liquefied gas terminal's non-current assets by 34,899 euros as of 31.12.20. The positive revaluation is recognised as an increase of the equity reserve and in the non-current assets table on row 'Miscellaneous changes'.

The recoverable value of non-current assets of service stations was measured at the end of 2021 and revaluated based on the fair value method.



Fair values were determined by management. The fair values were determined using the discounted cash flow method, based on the actual and budgetary data of the service stations. The evaluation used a discount rate of 7.12% and the growth rates specified in the table below. A growth rate of -10% was used to determine residual value. For some service stations, other assumptions have been applied, which the management feels best describe the changes taking place at the service station (newly opened service stations, regional developments, etc.). In order to eliminate the effect of the Alexela chain from the actual and budgetary data of service stations for the purpose of determining the fair value of non-current assets, the price margin of fuel sales was reduced by 0.0123 euros/litre. Furthermore, a risk margin

of 0.03 cents/litre was applied in order to reduce the difference between long-term average margins and current period margins caused by increased biofuel requirements, the general competitive situation and the effects of COVID-19 and energy crisis on the economy. The revaluation increased the value of non-current assets in total by 7,910,863 euros. Of this, 12,929,304 euros was write-up and 4,848,035 euros was write-down from previous evaluations, which was recognised as an increase in equity reserve and on the 'Other changes' row of the non-current assets table. Assets were written down by 170,406 euros, as recognised in item 'Depreciation and impairment' in the income statement and on the 'Write-down due to impairment' row of the non-current assets table.

Assumptions applied to 2021	2022	2023	2024	2025	2026	2027
Fuel sales volume increase at service stations	3.0%	3.0%	3.0%	2.0%	1.0%	0.0%
Goods revenue increase	5.0%	3.0%	3.0%	3.0%	3.0%	0.0%
Goods revenue margin increase	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%

The end-of-2020 revaluation of service stations based on fair value used the same methodology and a 7.12% discount rate and the growth rates provided in the below table. A growth rate of -5% was used to determine residual value. For some service stations, other assumptions were applied, which the management feels best describe the changes taking place at the service station (newly opened service stations, regional developments, etc.). In order to eliminate the effect of the Alexela chain from the actual and budgetary data of service stations for the purpose of determining the fair value of non-current assets, the price margin of fuel sales was reduced by 0.0123

euros/litre. Furthermore, a risk margin on 0.03 cents/litre was applied in order to offset the irregular revenue in 2020 from the fuel stockpiled in 2019 to meet increased biofuel requirements. The revaluation increased the value of non-current assets in total by 11,853,611 euros. Of this, 15,098,234 euros was write-up of assets and 2,410,915 euros was write-down of previous revaluations, recognised as an increase in equity reserve and in the 'Other changes' row of the equity table. Assets were written down by 833,708 euros, as recognised in item 'Depreciation and impairment' in the income statement and on the 'Write-down due to impairment' row of the non-current assets table.

Assumptions applied to 2020	2021	2022	2023	2024	2025	2026
Fuel sales volume increase at service stations	0.0%	2.0%	2.0%	2.0%	2.0%	0.0%
Goods revenue increase	3.0%	3.0%	3.0%	3.0%	3.0%	0.0%
Goods revenue margin increase	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%

The non-current assets (real estate) recognised at fair value are analysed based on the valuation method as follows. Levels are defined as follows:

- (Unadjusted) prices of identical assets quoted on alternative markets (Level 1).
- Inputs other than the quoted prices included within Level 1 that are observable for the asset, either directly or indirectly (Level 2).
- Asset evaluation using unobservable inputs (Level 3).

Based on the nature of the company's assets, the company's non-current assets (real estate) belong to Level 3. Therefore, the management uses their own estimates to determine the fair value of land and buildings. The evaluation is based on the discounted cash flows of the cash-generating unit associated with the non-current asset. These are based on the service stations' actual and budgetary data from which the revenue-benefit of belonging to the Alexela retail chain is eliminated, along with its positive impact on the value of the asset. In revaluating assets, any increase in asset value based on the board's estimate is only recognised as the increase in value of land and the complex of buildings thereon.

Level 3 inputs used to determine fair value and the sensitivity of determined fair value to these inputs:

Unobservable inputs	Estimate used	Sensitivity
Discount rate	7,12%	A 1% increase in the rate reduces value by €5.5 mln
		A 1% decrease in the rate increases value by €6.0 mln
Fuel sales volume increase at service stations	According to the table (same residual value)	A 1% increase in growth increases value by €5.5 mln
		A 1% decrease in growth reduces the value by €5.2 mln
Goods revenue and margin increase	According to the table (same residual value)	A 1% increase in growth and rate increases value by €6.3 mln
		A 1% decrease in growth and rate reduces the value by €6.0 mln
Growth rate of residual value	1%	A 1% increase in growth and rate increases value by €1.5 mln
		A 1% decrease in rate reduces the value by €1.3 mln

In revaluating assets at fair value, the pre-revaluation cost has been reduced by the accumulated depreciation of non-current assets. Revaluation amounts have been added to net value, arriving at the new cost.

The fair values of assets by groups of non-current assets (in euros):

	Land	Buildings	Machinery and equipm	Total	Including right-of-use assets
31.12.2020	32,242,140	65,853,641	3,628,732	101,724,513	34,569,372
31.12.2021	47,079,680	49,055,946	11,864,137	107,999,763	8,080,872

Residual cost of the same assets after offsetting the effects of revaluation:

	Land	Buildings	Machinery and equipm	Total	Including right-of-use assets
31.12.2020	4,647,751	32,834,714	3,628,732	41,111,197	23,746,443
31.12.2021	20,598,505	21,265,240	11,864,137	53,727,882	4,264,140

Changes in the current assets revaluation reserve (in euros):

	Land	Buildings	Total	Including right-of-use assets
<b>Reserve balance as of 31.12.2019</b>	<b>22,894,242</b>	<b>28,017,778</b>	<b>50,912,020</b>	<b>8,752,458</b>
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
<b>Reserve balance as of 31.12.2020</b>	<b>27,594,389</b>	<b>33,018,927</b>	<b>60,613,316</b>	<b>10,822,929</b>
Revaluation	-1,113,213	9,194,482	8,081,269	5,356,212
Non-current asset write-offs	0	-21,960	-21,960	-21,960
Depreciation adjustment	0	-3,216,327	-3,216,327	-1,156,032
Change due to business combination	0	-11,184,417	-11,184,417	-11,184,417
<b>Reserve balance as of 31.12.2021</b>	<b>26,481,176</b>	<b>27,790,705</b>	<b>54,271,881</b>	<b>3,816,732</b>

The changes in reserves are carried in equity as follows:

2020	Miscellaneous reserves	Retained earnings (loss)	Total
Revaluation	12,722,218	0	12,722,218
Depreciation adjustment	-3,020,922	3,020,922	0
<b>Total changes in reserves</b>	<b>9,701,296</b>	<b>3,020,922</b>	<b>12,722,218</b>
2021	Miscellaneous reserves	Retained earnings (loss)	Total
Revaluation	8,059,309	0	8,059,309
Depreciation adjustment	-3,216,326	3,216,326	0
<b>Total changes in reserves</b>	<b>4,842,983</b>	<b>3,216,326</b>	<b>8,059,309</b>

The recoverable value of non-current assets of Balti Gaas was measured based on value in use, using the following inputs:

- WACC: 9.22%
- Long-term growth rate: 1.00%
- First year with revenue expected: 2025
- Expected volume GWh/year: 1.95-2.95

The value of assets of Balti Gaas is sensitive to both revenue changes and discount rate.

A 1% increase in discount rate would reduce the value of assets by 7 million euros, and a 1% decrease would increase the value of assets by 9 million euros. A 5% increase in revenue would increase the value of assets by 8 million euros, and a 5% decrease would reduce the value of assets by 8 million euros.

The company's assets are pledged to cover financial obligations (see Note 12). More information about pledged assets may be found in Note 35.



**NOTE 9: INTANGIBLE ASSETS (in euros):**

	Goodwill	Other intangible assets	Unfinished projects and prepayments	Total
<b>31.12.2019</b>				
Acquisition cost	1,734,259	2,195,766	309,381	4,239,406
Accumulated depreciation	0	-1,026,527	0	-1,026,527
<b>Residual cost</b>	<b>1,734,259</b>	<b>1,169,239</b>	<b>309,381</b>	<b>3,212,879</b>
Acquisitions and additions	0	50,136	675,224	725,359
Depreciation cost	0	-352,643	0	-352,643
Write-down due to impairment	-85,327	-14,827	0	-100,154
Reclassifications	0	788,745	-836,742	-47,997
<b>31.12.2020</b>				
Acquisition cost	1,648,932	2,839,889	147,864	4,636,685
Accumulated depreciation	0	-1,199,239	0	-1,199,239
<b>Residual cost</b>	<b>1,648,932</b>	<b>1,640,649</b>	<b>147,864</b>	<b>3,437,445</b>
Acquisitions and additions	0	421,293	247,112	668,405
Additions via business combinations	3,681,806	177,427	0	3,859,233
Depreciation cost	0	-523,675	0	-523,675
Write-down due to impairment	-640,486	0	0	-640,486
Reclassifications	0	320,114	-327,617	-7503
<b>31.12.2021</b>				
<b>Acquisition cost</b>	<b>4690252</b>	<b>3,804,386</b>	<b>67,359</b>	<b>8561997</b>
<b>Accumulated depreciation</b>	<b>0</b>	<b>-1,768,577</b>	<b>0</b>	<b>-1,768,577</b>
<b>Residual cost</b>	<b>4690252</b>	<b>2,035,809</b>	<b>67,359</b>	<b>6793420</b>

## Disposal of intangible assets at selling price

	2021	2020
Unfinished projects and prepayments	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

In 2018, shares in OÜ 220 Energia were purchased for 1,831,365 euros. The most recent tests of goodwill and the value of other assets were conducted as of 31.12.2021. Measurement of recoverable value was based on future cash flows over five years along with terminal value. The discount rates applied are based on business segment specific risks. The profit margin and growth

rates applied are conservative, based on the experience of the management and an assessment of the competitive situation in the business segment. The test showed that the present value of 220 Energia's cash flows did not cover the recognised goodwill, and goodwill was written down by 640,486 euros.

31.12.2020 tests resulted in goodwill being written down by 85,327 euros.

Main test inputs:

	31.12.2021	31.12.2020
Profit margin over next 5 years	0.70%	2.14%
Discount rate	7.12%	7.12%
Revenue growth over next 5 years	1.00%	2.00%
Future growth rate	1.00%	2.00%

If the market conditions were to deteriorate or the profit margin or revenue growth were to be lower or the discount rate higher than the inputs used in the test, the recoverable value of goodwill would drop below the carrying value.

In 2021, acquisitions of new subsidiaries added the following goodwill:

Subsidiary	Goodwill at acquisition
Alexela Motors AS	52,416
Balti Gaas OÜ	129,122
Alexela Solar OÜ	79,384
Hamina LNG Investeeringud OÜ	3,420,884
Total	3,681,806

On 28.04.2020, AS Alexela bought shares in Hamina LNG Investeeringud OÜ for 6,900,000 euros and acquired receivables in the amount of 10,000,000 euros from Alexela Varahalduse AS. On 30.12.2020, AS Alexela signed an agreement with Tanklate Investeeringud OÜ (parent company) to sell 100% ownership interest in Hamina LNG Investeeringud OÜ to Tanklate Investeeringud OÜ by 30.06.2021. This was due to the need to reorganise the ownership and management structure. Based on the agreement, as of 31.12.2020, the 100% ownership interest in Hamina LNG Investeeringud OÜ was recognised as a current investment. However, in 2021 the need to sell was re-evaluated,

the subsidiary was not sold and as of 31.12.2021 is consolidated item-by-item; the 3,420,884 euros of goodwill acquired is recognised as an intangible asset. The recoverable value test conducted as of 31.12.2021 was based on the assumption that in 2025 the company will dispose of its ownership interest in Hamina LNG OY and will thereby recover loans issued. Loans received will be repaid by 2027 according to the agreement signed with the parent company. The incoming cash flows are discounted at a rate of 9.41%, calculated using the weighted average capital method. Since the valuation result differs from the book value by 0.12%, no goodwill revaluation was conducted.

## NOTE 10: FINANCE LEASE

### ACCOUNTING ENTITY AS LESSOR (in euros):

	Total	Allocation by remaining maturity		Interest rate	Base currency	Due date
		Within 12 months	Within 1-5 years			
Finance lease receivables 31.12.2021	102,680	40,787	61,893	4.5-8.5%	€	2022-2025
Finance lease receivables 31.12.2020	150,863	58,158	92,705	2.8-7.0%	€	2021-2025

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

	2021	2020
Trade revenue or loss	393	-11,267
Finance lease revenue	5816	5971

## ACCOUNTING ENTITY AS LESSEE

After the introduction of IFRS 16 on 01.01.2019, lease liabilities include the present value of lease payments for non-current assets and assets with significant value.

The leases included in the items of this Note are classified as follows:

31.12.2021	Total	Current	Non-current
Total right-of-use leases	5,367,145	658,729	4,708,416
Total finance leases	1,944,336	497,404	1,446,932
<b>Total leases</b>	<b>7,311,481</b>	<b>1,156,133</b>	<b>6,155,348</b>
31.12.2020	Total	Current	Non-current
Total right-of-use leases	28,583,836	2,764,315	25,819,521
Including agreements with related parties	24,596,484	2,366,252	22,230,232
Total finance leases	813,741	166,271	647,470
<b>Total leases</b>	<b>29,397,577</b>	<b>2,930,586</b>	<b>26,466,991</b>

The carrying value of leased assets and right-of-use assets is included in Note 8.

	31.12.2021	Allocation by remaining maturity			Interest rate	Base currency	Due date
		Within 12 months	Within 1-5 years	Over 5 years			
Finance lease	428,648	128,859	299,789	0	3-month Euribor +1.99-3.35%	€	2023-2026
Finance lease	1,515,688	368,544	1,125,247	21,897	6-month Euribor +1.45-5.5%	€	2022-2026
Right of use	5,367,145	658,729	1,495,943	3,212,472	5.50%	€	2023-2053
<b>Total finance lease liability</b>	<b>7,311,481</b>	<b>1,156,133</b>	<b>2,920,979</b>	<b>3,234,369</b>			

	31.12.2020	Allocation by remaining maturity			Interest rate	Base currency	Due date
		Within 12 months	Within 1-5 years	Over 5 years			
Finance lease	33,399	7,565	25,834	0	3-month Euribor +1.99-2.00%	€	2023
Finance lease	780,342	158,706	565,568	56,068	6-month 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
<b>Total finance lease liability</b>	<b>29,397,577</b>	<b>2,930,586</b>	<b>13,150,535</b>	<b>13,316,456</b>			

## NOTE 11: OPERATING LEASE (in euros)

### ACCOUNTING ENTITY AS LESSOR

Buildings, rooms, trailers, tanks, cylinder lockers and cylinders are leased for operation.

Operating lease revenue per source:

	2021	2020
Buildings and rooms	57,772	53,817
Vehicles	190,813	159,752
Machinery and equipment	165,037	188,332
Other assets	49,637	3262
<b>Total</b>	<b>463,259</b>	<b>405,163</b>

Residual cost of leased assets

	2021	2020
Machinery and equipment	633,159	446,403
Other assets	0	124
<b>Total</b>	<b>633,159</b>	<b>446,527</b>

All operating leases are cancellable.

### ACCOUNTING ENTITY AS LESSEE

As of 01.01.2019, leases are recognised based on IFRS 16. For leases of non-current assets and assets with significant value, the right-of-use assets are recognised as assets and the present value of lease payments is recognised as lease liability (see Notes 8 and 10). Short-term leases and leases of low-value assets are recognised in the income statement as operating lease expenses.

Operating lease expenses per type of asset:

In euros	2021	2020
Buildings and rooms	0	86,489
Vehicles	0	1015
Other assets	10,088	19,293
<b>Total</b>	<b>10,088</b>	<b>106,797</b>

## NOTE 12: LOAN COMMITMENTS (in euros)

As of 31.12.2021, total bank overdraft limit was 8,000,000 euros (as of 31.12.2020 – 8,000,000 euros).

In addition to loans, as of 31.12.2021, the group had bank guarantees for trade payables in the amount of 6,441,955 euros (as of 31.12.2020, bank guarantees amounted to 3,151,955 euros).

	31.12.2021	Allocation by remaining maturity			Interest rate	Base currency	Maturity term	Note No.
		Within 12 months	Within 1-5 years	over 5 years				
Current loans								
Bank overdraft	7,490,149	7,490,149	0	0	3.25%	€	2022	
Current bank loans	19,000,000	19,000,000	0	0	3.25%	€	2022	
Current bank loans	12,500	12,500	0	0	6-month Euribor +3.38%	€	2022	
Current loans from related parties	244,272	244,272	0	0	4.00%	€	2022	
<b>Total current loans</b>	<b>26,746,921</b>	<b>26,746,921</b>	<b>0</b>	<b>0</b>				
Non-current loans								
Non-current bank loans	28,466,202	2,863,946	25,602,256	0	6-month Euribor +3.25%	€	2023	
Non-current bank loans	26,884,300	1,844,370	25,039,930	0	6-month Euribor +3.60%	€	2026	
Non-current loans from related parties	1,700,000	0	1,700,000	0	2.00%	€	2024	
Non-current loans from related parties	106,895	0	106,895	0	7.00%	€	2024	
<b>Total non-current loans</b>	<b>57,157,397</b>	<b>4,708,316</b>	<b>52,449,081</b>	<b>0</b>				
Total finance lease liability	7,311,481	1,156,133	2,920,979	3,234,369				10
<b>Loan commitments total</b>	<b>91,215,799</b>	<b>32,611,370</b>	<b>55,370,060</b>	<b>3,234,369</b>				

	31.12.2020	Allocation by remaining maturity			Interest rate	Base currency	Maturity term	Note No.
		Within 12 months	Within 1-5 years	over 5 years				
Current loans								
Bank overdraft	7,377,633	7,377,633	0	0	4.00%	€	2021	
Current bank loans	4,712,677	4,712,677	0	0	4.95%	€	2021	
<b>Total current loans</b>	<b>12,090,310</b>	<b>12,090,310</b>	<b>0</b>	<b>0</b>				
Non-current loans								
Non-current bank loans	14,459,389	2,165,797	12,293,592	0	6-month Euribor +4.00%	€	2023	
Non-current bank loans	6,960,563	236,619	6,723,944	0	6-month Euribor +9.00%	€	2023	
<b>Total non-current loans</b>	<b>21,419,952</b>	<b>2,402,416</b>	<b>19,017,536</b>	<b>0</b>				
Total finance lease liability	29,397,577	2,930,586	13,150,535	13,316,456				10
<b>Loan commitments total</b>	<b>62,907,839</b>	<b>17,423,312</b>	<b>32,168,071</b>	<b>13,316,456</b>				

The loans are guaranteed by mortgage and commercial pledge; trade credit is guaranteed by pledged inventory. As of 31.12.2021, other assets pledged for guarantee included retained money and guarantee deposits in the amount of 473,553 euros (95,636 euros as of 31.12.2020) and inventory in the amount of 15,176 424 euros (8,777,022 euros as of 31.12.2020). Further information regarding guarantees and pledges can found in Notes 35 and 8.



Change in net debt:

	Cash and cash equivalents	Bank overdraft	Credit payables	Lease payables	Net debt
<b>31.12.2019</b>	<b>320,842</b>	<b>-7,549,035</b>	<b>-27,475,147</b>	<b>-32,021,587</b>	<b>-66,724,927</b>
Cash flow	147,800	171,403	1,342,518	3,124,107	4,785,828
Added lease payables	0	0	0	-500,097	-500,097
<b>31.12.2020</b>	<b>468,642</b>	<b>-7,377,632</b>	<b>-26,132,629</b>	<b>-29,397,577</b>	<b>-62,439,196</b>
Cash flow	1,298,838	-94,662	-23,033,573	2,544,844	-19,284,553
Added lease payables				-1,492,703	-1,492,704
Changes due to business combinations		-17,855	-27,247,967	21,033,955	-6,231,863
<b>31.12.2021</b>	<b>1,767,480</b>	<b>-7,490,149</b>	<b>-76,414,169</b>	<b>-7,311,481</b>	<b>-89,448,319</b>



## NOTE 13: PAYABLES AND PREPAYMENTS (in euros)

	31.12.2021	Allocation by remaining maturity		Note No.
		Within 12 months	Within 1-5 years	
Trade payables	31,983,986	31,983,986	0	
Employee payables	880,964	880,964	0	14
Tax liabilities	8,802,065	8,802,065	0	5
Other payables	300,524	298,516	2008	
Interest payables	99,144	97,136	2008	
Other accrued expenses	201,380	201,380	0	
Prepayments received	725,410	725,410	0	
Monetary guarantees received	95,664	95,664	0	
Other payables	23,543,634	23,543,634	0	
<b>Total payables and prepayments</b>	<b>66,332,246</b>	<b>66,330,238</b>	<b>2008</b>	

	31.12.2020	Allocation by remaining maturity		Note No.
		Within 12 months	Within 1-5 years	
Trade payables	18,977,068	18,977,068	0	
Employee payables	504,348	504,348	0	14
Tax liabilities	3,705,884	3,705,884	0	5
Other payables	558,861	557,523	1338	
Interest payables	171,454	170,116	1338	
Other accrued expenses	387,407	387,407	0	
Prepayments received	409,348	409,348	0	
Monetary guarantees received	7307	7307	0	
Other payables	2,559,731	159,731	2,400,000	
<b>Total payables and prepayments</b>	<b>26,722,547</b>	<b>24,321,209</b>	<b>2,401,338</b>	

As of 31.12.2021, the item 'Trade payables' includes payables to related parties in the amount of 655,759 euros (625,321 euros as of 31.12.2020).

As of 31.12.2021, the item 'Interest payables' includes payables to related parties in the amount of 0 euros (40,241 euros as of 31.12.2020).

As of 31.12.2021, the item 'Other payables' includes payables to related parties in the amount of 22,431,571 euros (2,400,000 euros as of 31.12.2020).

Transactions with related parties can be found in Note 27.

## NOTE 14: EMPLOYEE PAYABLES

Employee payables are as follows (in euros):

	31.12.2021	31.12.2020
Salary liability	576,786	311,368
Holiday pay liability	304,178	192,980
<b>Total employee payables</b>	<b>880,964</b>	<b>504,348</b>

## NOTE 15: PROVISIONS

Provisions have been made for compensation for health damages and payment of bonuses.

For the calculation of compensation for health damages, the discount rate was taken as the previous year's consumer price index increase published by Statistics Estonia.

As of 31.12.2021, compensation for health damages is 8760 euros, of which current payables 1022 euros and non-current liabilities 7738 euros. As of 31.12.2020, the provision for compensation was 9318 euros, of which current payables 1016 euros and non-current liabilities 8302 euros.

The provision of bonuses includes bonuses paid for the previous period's performance. Bonus payments are decided after approval of annual earnings.

in euros	31.12.2020	Establishing/ adjustments	Provision used	31.12.2021
Compensation for health damages	9318	464	-1022	8760
Provision of bonuses	181,624	450,066	-269,637	362,053
<b>Total provisions</b>	<b>190,942</b>	<b>450,530</b>	<b>-270,659</b>	<b>370,813</b>
Including:				
Short-term provisions	182,640	461,094	-270,659	373,075
Long-term provisions	8302	-564	0	7738

in euros	31.12.2019	Establishing/ adjustments	Provision used	31.12.2020
Compensation for health damages	12,090	-1757	-1015	9318
Provision of bonuses	122,864	269,977	-211,217	181,624
<b>Total provisions</b>	<b>134,954</b>	<b>268,220</b>	<b>-212,232</b>	<b>190,942</b>
Including:				
Short-term provisions	123,857	271,015	-212,232	182,640
Long-term provisions	11,097	-2795	0	8302



## NOTE 16: GRANTS

Grants include grants for purchasing non-current assets received from SA Keskkonnainvesteeringute Keskus and Klaipėdos Nafta AB.

Assets purchased using grants are recognised at cost.

in euros	31.12.2020 liabilities	Received	Repaid	Added via business combinations	Recognised in income statement	31.12.2021 liabilities
Grants for non-current assets	676,797	25,376	-99,882	267,168	-96,940	772,519
<b>Total grants</b>	<b>676,797</b>	<b>25,376</b>	<b>-99,882</b>	<b>267,168</b>	<b>-96,940</b>	<b>772,519</b>

in euros	31.12.2019 liabilities	Received	Repaid	Added via business combinations	Recognised in income statement	31.12.2020 liabilities
Grants for non-current assets	765,958	0	0	0	-89,161	676,797
<b>Total grants</b>	<b>765,958</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-89,161</b>	<b>676,797</b>

Important conditions included in grant agreements:

- The grant is contingent on self-financing.
- The recipient must ensure the preservation and intended use of the assets necessary for achieving the goal of the project for at least five years after the final payment.
- The recipient must use the grant-supported biomethane supply capability to provide biomethane for public sale for at least five years after the final grant payment. If the recipient is unable to provide biomethane for sale, they must make refuelling infrastructure available to entities providing biomethane for sale on equal and fair conditions.
- Annual amount of biomethane produced and used for transportation as a result of the project (ktoe) 0.01.



**NOTE 17: SHARE CAPITAL (in euros)**

	31.12.2021	31.12.2020
Share capital	1,619,410	1,619,410
Number of shares (pcs)	1,619,410	1,619,410
Nominal value of shares	1	1

**Changes in equity in 2020**

At the end of 2020, non-current assets at service stations were revaluated based on the fair value method. Fair values were determined by management. The fair values were determined using the discounted cash flow method, based on the actual and budgetary data of the service stations. The rates used for valuation are included in Note 8. The revaluation resulted in an increase in the value of non-current assets by 12,722,218 euros, which is recognised as an increase in equity reserve and on the 'Other changes' row of the non-current assets table, and a decrease by 1,610,338 euros, which is recognised in the 'Depreciation and impairment' item of the income statement.

**Changes in equity in 2021**

At the end of 2021, non-current assets at service stations were revaluated based on the fair value method. Fair values were determined by management. The fair values were determined using the discounted cash flow method, based on the actual and budgetary data of the service stations. The rates used for valuation are included in Note 8. The revaluation resulted in an increase in the value of non-current assets by 8,081,269 euros, which is recognised as an increase in equity reserve and on the 'Other changes' row of the non-current assets table, and a decrease by 170,406 euros, which is recognised in the 'Depreciation and impairment' item of the income statement.

**Net earnings per share**

For determining the undiluted net earnings per share, the annual net earnings to be distributed to shareholders is divided by the weighted annual average number of outstanding ordinary shares. Since the company does not have any potentially diluting ordinary shares, the diluted net earnings per share equals the undiluted net earnings per share.

In 2021, Alexela AS had net earnings of 8,320,170 euros and its undiluted and diluted net earnings per share were 5.14 euros.

In 2020, Alexela AS had net earnings of 3,382,152 euros and its undiluted and diluted net earnings per share were 2.09 euros.

In 2019, Alexela AS had a net loss of 1,629,902 euros and its undiluted and diluted net loss per share was 1.01 euros.

**Maximum income tax liability**

As of 31.12.2021, Alexela AS had retained earnings of 20,244,699 euros (9,170,955 euros as of 31.12.2020). Payment of dividends would entail income tax expense at the ordinary rate of 20/80 or, for regular payments, a reduced rate of 14/86 for a part thereof. As of 31.12.21, 16,195,759 euros of retained earnings is available to be paid out as dividends to shareholders (7,336,764 euros as of 31.12.2020), and the resulting maximum income tax liability from dividends at the ordinary rate would be 4,048,940 euros (1,834,191 euros as of 31.12.2020).

## NOTE 18: NET SALES (in euros):

	2021	2020
Net sales by geographical location		
Net sales in European Union		
Estonia	350,366,866	236,477,638
Net sales in European Union, other	13,261,113	7,905,148
<b>Net sales in European Union, total</b>	<b>363,627,979</b>	<b>244,382,786</b>
Net sales outside European Union		
Net sales outside European Union, other	4,170,949	5,456,234
<b>Net sales outside European Union, total</b>	<b>4,170,949</b>	<b>5,456,234</b>
<b>Total net sales</b>	<b>367,798,928</b>	<b>249,839,020</b>
Net sales by operating activities		
Retail sales of motor fuels	205,415,106	158,488,704
Wholesale of motor fuels	19,297,270	16,583,496
Sales of electric energy	73,327,473	30,631,574
Sales of other liquefied gas and gaseous fuels	47,206,371	27,240,539
Retail sales of other goods and services	18,929,175	15,460,182
Other sales	3,623,533	1,434,525
<b>Total net sales</b>	<b>367,798,928</b>	<b>249,839,020</b>

In 2021, net sales of natural gas to households was 2,710,192 euros (964,880 euros in 2020) and net sales to eligible customers was 17,166,893 euros (5,436,375 euros in 2020).

## NOTE 19: OTHER OPERATING INCOME (in euros):

	2021	2020	Note No.
Income from disposal of property, plant and equipment	63,832	1,665	8
Grants	96,940	89,161	16
Fines, penalties and compensations	136,723	126,624	
Other	49,448	52,371	
<b>Total other operating income</b>	<b>346,943</b>	<b>269,821</b>	

## NOTE 20: GOODS, RAW MATERIALS AND SERVICES (in euros)

	2021	2020
Cost of goods sold	327,032,537	208,499,965
Cost of services sold	774,137	945,795
Transportation cost of products	2,518,298	2,012,132
Goods lost	61,170	-10,574
Lease costs	-47,244	9367
Other sales costs	3,962,868	4,303,435
Other trading costs	9,775,356	3,676,869
Impact of derivative transactions	-9,993,343	1,747,590
<b>Total goods, raw materials and services</b>	<b>334,083,779</b>	<b>221,184,579</b>

## NOTE 21: MISCELLANEOUS OPERATING EXPENSES (in euros)

	2021	2020
Rent and lease	11,724	56,778
Miscellaneous office expense	1,475,109	1,474,522
Allowance for doubtful receivables	-29,265	352,833
Consultations	1,167,207	931,038
Audit expenses	34,740	23,919
Marketing expenses	1,323,747	1,262,074
Taxes and levies	133,963	115,503
Other operating expenses	445,075	390,888
<b>Total miscellaneous operating expenses</b>	<b>4,562,299</b>	<b>4,607,555</b>

## NOTE 22: LABOUR EXPENSES (in euros)

	2021	2020
Wage and salary expenses	6,489,080	5,378,507
Social tax	1,900,612	1,539,950
<b>Total labour expenses</b>	<b>8,389,692</b>	<b>6,918,457</b>
Average number of employees in full-time-equivalent units	281	246
Average number of employees by type of employment:		
Contract employees	317	270
Contractors on the basis of the law of obligations, except sole proprietors	5	26
Management or supervisory board member	6	6

Labour expenses also include the holiday pay reserve and bonus reserve allocated for the reporting year but not yet paid.

The bonus reserve is allocated monthly and its payment is determined by the management board and the supervisory board.

The balance of and payments from the bonus reserve can be found in Note 15.

## NOTE 23: OTHER OPERATING EXPENSES (in euros)

	2021	2020
Losses from exchange rate differences	0	18,853
Other	194,941	385,202
<b>Total other operating expenses</b>	<b>194,941</b>	<b>404,055</b>

## NOTE 24: INTEREST INCOME (in euros)

	2021	2020
Interest income from loans	22,430	643,743
Interest income from finance lease	5816	5972
<b>Total interest income</b>	<b>28,246</b>	<b>649,715</b>

As of 31.12.2021, 'Interest income from loans' includes income from related parties in the amount of 21,880 euros (643,435 euros as of 31.12.2020).

## NOTE 25: INTEREST EXPENSES (in euros)

	2021	2020
Interest expense from loans	1,551,219	1,809,203
Interest expense from leases	1,596,731	1,680,366
<b>Total interest expense</b>	<b>3,147,950</b>	<b>3,489,569</b>

## NOTE 26: OTHER FINANCIAL INCOME AND EXPENSE (in euros)

	2021	2020
Profit (loss) from exchange rate differences	-1648	16,475
Other financial income and expense	-134,297	-155,728
<b>Total other financial income and expense</b>	<b>-135,945</b>	<b>-139,253</b>

## NOTE 27: RELATED PARTIES

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

Until 30.04.2020, the parent company was Alexela Invest AS and the group's parent company was Alexela Group OÜ. In 30.04.2020, Alexela Invest AS sold its ownership interest in Alexela AS to Tanklate Investeeringud OÜ. As a result of the sale, Alexela AS became the parent company and Alexela Varahalduse AS became the new parent company of the group.

Transactions between related parties are classified based on the relationships prevailing on the transaction date, and balances are classified based on the relationship prevailing on the balance sheet date.

Related party balances according to groups (in euros):

	31.12.2021		31.12.2020	
	Receivables	Liabilities	Receivables	Liabilities
Parent company			0	0
Associates	5,950,241	469,466	692,394	0
Other entities belonging to same consolidation group	4809	27,051,846	11,299,416	27,560,779
Management and higher supervisory body and individuals with material ownership interest and entities under their prevalent and material influence	68,823	19,068	11,339	19,263
Legal person with material ownership interest and entities under their prevalent and material influence	864,882	1,115,295	5,375,613	1,016,381



## LOANS

2021	Given loans	Repayments from loans given	Interest received	Loans received	Repayments for loans received	Interest paid	Interest rate	Base currency	Maturity term
Associates									
Non-current loan	3,216,384	0	0	0	0	0	2.0%	€	2036
Other entities belonging to same consolidation group									
Non-current loan	0	0	0	1,700,000	0	0	2.0%	€	2024
Current loan	0	0	0	0	2,400,000	89,425	4.0%	€	2021

2020	Given loans	Repayments from loans given	Interest received	Loans received	Repayments for loans received	Interest paid	Interest rate	Base currency	Maturity term
Other entities belonging to same consolidation group									
Non-current loan	9,838,000	0	0	0	0	0	8.0%	€	2023
Current loan	0	45,000	1734	0	0	0	5.0%	€	2020
Current loan	576,000	1,146,127	5030	0	0	0	4.0%	€	2020
Legal person with material ownership interest and entities under their prevalent and material influence									
Non-current loan	600,000	0	0	0	0	0	8.0%	€	2023
Current loan	10,000	43,000	3539	0	0	0	5.0%	€	2020
Current loan	846,000	786,960	8040	0	0	0	4.0%	€	2020
Current loan	0	0	0	0	2,000,000	55,916	12.269%	€	2020

## GUARANTEES

As of 31.12.2021, there were no active guarantees to related parties.

## PURCHASES AND SALES OF GOODS AND SERVICES (in euros)

	2021		2020	
	Purchases of goods and services	Sales of goods and services	Purchases of goods and services	Sales of goods and services
Associates	0	6,979,196	0	4,025,418
Other entities belonging to same consolidation group	6,632,856	1,341,221	4,248,115	1,923,747
Management and higher supervisory body and individuals with material ownership interest and entities under their prevalent and material influence	253,498	3,380,910	362,850	38,693
Legal person with material ownership interest and entities under their prevalent and material influence	1,423,776	9,513,221	1,424,201	4,939,158

### Purchases and sales of non-current assets (in euros)

	2021		2020	
	Non-current asset purchased	Non-current asset sold	Non-current asset purchased	Non-current asset sold
Other entities belonging to same consolidation group	11,781	0	820	500
Management and higher supervisory body and individuals with material ownership interest and entities under their prevalent and material influence	43,693	0	85,228	0
Legal person with material ownership interest and entities under their prevalent and material influence	152,523	10,000	26,410	0

### Remuneration and other significant benefits calculated for management and higher supervisory body members (in euros)

	2021	2020
Remuneration	440,399	393,104

or 12-month prohibition of competition clause. If the clause is enforced, the company must pay compensation of 50% of the monthly salary for the duration of the prohibition of competition. The company is entitled to terminate the prohibition of competition at any time and stop paying the compensation. No provision has been made for payment of compensation relating to prohibition of competition.

As of 31.12.21, the item 'Legal person with material ownership interest and entities under their prevalent and material influence' includes right-of-use liabilities according to IFRS 16 in the amount of 841,111 euros in the related parties' balances. Of these, 115,969 euros is current and 725,142 euros is non-current (on 31.12.20, 950,888 euros, of which 109,777 euros was current and 841,111 euros was non-current). In 2021, the item 'Other entities belonging to same consolidation group' includes right-of-use liabilities in the amount of 0 euros (in 2020, right-of-use liabilities were in the amount of 24,596,484 euros, of which 2,366,252 euros was current and 22,230,232 euros was non-current liabilities).

Receivable and payable balances and interest income/expense from transactions with related parties are accordingly described in Notes 3, 13, 24 and 25.

## NOTE 28: NON CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in euros)

	31.12.2021	31.12.2020
Assets		
Current assets		
Cash	1,056,271	363,615
Short-term investments	0	6,801,101
Receivables and prepayments	53,793,665	22,363,725
Inventories	15,176,424	8,777,022
<b>Total current assets</b>	<b>70,026,360</b>	<b>38,305,463</b>
Non-current assets		
Investments in subsidiaries and associates	39,881,819	2,220,111
Receivables and prepayments	12,561,907	10,547,526
Property, plant and equipment	117,344,233	109,807,422
Intangible assets	1,925,741	1,788,513
<b>Total non-current assets</b>	<b>171,713,700</b>	<b>124,363,572</b>
<b>Total assets</b>	<b>241,740,060</b>	<b>162,669,035</b>
Liabilities and equity		
Liabilities		
Current liabilities		
Loan commitments	32,801,356	17,627,008
Payables and prepayments	67,817,767	24,522,596
Provisions	363,075	182,640
Grants	96,940	111,841
<b>Total current liabilities</b>	<b>101,079,138</b>	<b>42,444,085</b>
Non-current liabilities		
Loan commitments	50,630,651	45,484,527
Payables and prepayments	2008	2,401,338
Provisions	7738	8302
Grants	408,412	564,956
<b>Total non-current liabilities</b>	<b>51,048,809</b>	<b>48,459,123</b>
<b>Total liabilities</b>	<b>152,127,947</b>	<b>90,903,208</b>
Equity		
Nominal share capital	1,619,410	1,619,410
Share premium	280,000	280,000
Statutory reserve capital	161,941	161,941
Miscellaneous reserves	65,456,299	60,613,316
Retained profit (loss) from previous periods	12,307,486	5,760,259
Annual period profit (loss)	9,786,977	3,330,901
<b>Total equity</b>	<b>89,612,113</b>	<b>71,765,827</b>
<b>Total liabilities and equity</b>	<b>241,740,060</b>	<b>162,669,035</b>

## NOTE 29: NON CONSOLIDATED INCOME STATEMENT (in euros)

	2021	2020
Net sales	362,272,453	244,729,889
Other operating income	339,546	266,454
Goods, raw materials and services	-328,374,872	-216,408,023
Other operating expense	-4,420,200	-4,489,512
Labour expenses	-8,368,892	-6,899,270
Depreciation and impairment	-8,871,082	-10,281,278
Other operating expenses	-169,908	-373,904
<b>Total profit (loss)</b>	<b>12,407,045</b>	<b>6,544,356</b>
Profit (loss) from associates	-188,961	-234,346
Interest income	851,858	649,715
Interest expense	-3,147,018	-3,489,569
Other financial income and expense	-135,947	-139,255
<b>Profit (loss) before tax</b>	<b>9,786,977</b>	<b>3,330,901</b>
<b>Annual period profit (loss)</b>	<b>9,786,977</b>	<b>3,330,901</b>

## NOTE 30: NON CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in euros)

	2021	2020
Annual period profit (loss)	9,786,977	3,330,901
Other comprehensive income (loss):		
Other comprehensive income (loss)	8,059,309	12,722,218
<b>Total other comprehensive income (loss)</b>	<b>8,059,309</b>	<b>12,722,218</b>
<b>Total annual period comprehensive income (loss)</b>	<b>17,846,286</b>	<b>16,053,119</b>



**NOTE 31: NON CONSOLIDATED STATEMENT OF CASH FLOWS (in euros)**

	2021	2020
Cash flow from trade		
Profit (loss)	12,407,045	6,544,356
Adjustments		
Depreciation and impairment	8,871,082	10,281,278
Income (loss) from sale of non-current assets	-63,832	-1665
Other adjustments	82,931	-33,172
<b>Total adjustments</b>	<b>8,890,181</b>	<b>10,246,441</b>
Change in trade receivables and prepayments	-54,590,564	127,468
Change in inventory	-6,399,402	22,322,006
Change in trade liabilities and prepayments	43,118,207	-11,388,552
<b>Total cash flow from trade</b>	<b>3,425,467</b>	<b>27,851,719</b>
Cash flow from investment activities		
Payments for purchase of tangible and intangible assets	-6,374,245	-4,508,194
Income from sale of tangible and intangible assets	19,997	381,255
Subsidiary acquisition cost	-7,000,000	0
Associate acquisition cost	-1,617,997	-250,000
Other investment acquisition cost	0	-4,401,101
Given loans	-403,700	-11,885,000
Repayments from loans given	63,363	848,025
Interest income	6366	111,312
<b>Total cash flow from investment activities</b>	<b>-15,306,216</b>	<b>-19,703,703</b>
Cash flow from financing activities		
Loans received	68,271,592	59,437,667
Repayments for loans received	-49,338,019	-60,780,185
Change in current account balance	94,661	-171,403
Principal repayments for capital lease	-3,144,208	-3,124,107
Interest paid	-3,236,116	-3,456,421
Grants received	-74,505	0
<b>Total cash flow from financing activities</b>	<b>12,573,405</b>	<b>-8,094,449</b>
<b>Total cash flow</b>	<b>692,656</b>	<b>53,567</b>
Cash and cash equivalents at beginning of the period	363,615	310,048
<b>Change in cash and cash equivalents</b>	<b>692,656</b>	<b>53,567</b>
Cash and cash equivalents at end of the period	1,056,271	363,615

## NOTE 32: NON CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in euros)

	Nominal share capital	Share premium	Statutory reserve capital	Miscellaneous reserves	Retained earnings (loss)	Total
<b>31.12.2019</b>	<b>1,619,410</b>	<b>280,000</b>	<b>161,941</b>	<b>50,912,020</b>	<b>2,739,337</b>	<b>55,712,708</b>
Book value of holdings under prevalent and material influence	0	0	0	0	-1,898,275	-1,898,275
Equity value of holdings under prevalent and material influence	0	0	0	0	1,964,993	1,964,993
<b>Adjusted non-consolidated equity as of 31.12.2019</b>	<b>1,619,410</b>	<b>280,000</b>	<b>161,941</b>	<b>50,912,020</b>	<b>2,806,055</b>	<b>55,779,426</b>
Annual period profit (loss)	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
<b>31.12.2020</b>	<b>1,619,410</b>	<b>280,000</b>	<b>161,941</b>	<b>60,613,316</b>	<b>9,091,160</b>	<b>71,765,827</b>
Book value of holdings under prevalent and material influence	0	0	0	0	-1,898,275	-1,898,275
Equity value of holdings under prevalent and material influence	0	0	0	0	2,133,592	2,133,592
<b>Adjusted non-consolidated equity as of 31.12.2020</b>	<b>1,619,410</b>	<b>280,000</b>	<b>161,941</b>	<b>60,613,316</b>	<b>9,326,477</b>	<b>72,001,144</b>
Annual period profit (loss)	0	0	0	0	9,786,977	9,786,977
Changes in reserves	0	0	0	4,842,983	3,216,326	8,059,309
<b>31.12.2021</b>	<b>1,619,410</b>	<b>280,000</b>	<b>161,941</b>	<b>65,456,299</b>	<b>22,094,463</b>	<b>89,612,113</b>
Book value of holdings under prevalent and material influence	0	0	0	0	-29,554,089	-29,554,089
Equity value of holdings under prevalent and material influence	0	0	0	0	27,190,048	27,190,048
<b>Adjusted non-consolidated equity as of 31.12.2021</b>	<b>1,619,410</b>	<b>280,000</b>	<b>161,941</b>	<b>65,456,299</b>	<b>19,730,422</b>	<b>87,248,072</b>

The equity item 'Miscellaneous reserves' includes the reserve for revaluation of non-current assets. Further information regarding reserve adjustments may be found in Note 8.

Further information regarding share capital and other equity items may be found in Note 17.

## NOTE 33: CAPITAL MANAGEMENT

The goal of the company's capital management is to ensure the sustainability of the company and compliant capitalisation.

The company oversees its capital structure and adjusts it according to changing economic conditions.

The company's managed capital is equity. By law, equity must be at least 50% of share capital. As of 31.12.2021, equity was 4812% of share capital, which is compliant. As of 31.12.2020, equity was 4437% of share capital.

## NOTE 34: FINANCIAL RISK MANAGEMENT

The company's operations may incur various financial risks, of which the most significant are liquidity risk, credit risk and market risk (including foreign exchange risk, interest rate risk and price risk). Financial risk management is an obligation of the management board and includes the definition, measurement and verification of risks. The goal of financial risk management is hedging financial risks and reducing the volatility of earnings.

The risk hedging measures taken by the management board are monitored by the parent company's supervisory board.

### Foreign exchange risk

Foreign exchange risk is the risk of future fluctuations of the fair value or cash flows or financial instruments due to changing foreign exchange rates. Financial assets and obligations denominated in euros are considered exchange risk-free. In order to reduce the company's foreign exchange risk, most contracts are denominated in euros. All loan agreements are denominated in euros and are therefore considered free of foreign exchange risk.

In 2021, the company had a low foreign exchange risk. Previously, hedging instruments have been used to reduce the risk of USD transactions and these will continue to be used as necessary. In 2021, most transactions were made in euros, with some of the gas purchase transactions made in foreign currency (USD).

Purchases in foreign currency yielded a loss of 18,853 euros to the company (recognised in item 'Other operating expenses' of the income statement).

### Interest rate risk

Interest rate risk is the risk of rising interest rates increasing the interest payable on obligations, which may significantly impact the company's earnings. Most of the company's interest rate risk is due to non-current loans. The company's loans and leases from financial institutions are tied to Euribor and have a floating interest rate fixed for six months or three months. The company does not practice Euribor-fixing for longer periods. Overdraft agreements with financial institutions and loans from other companies have a fixed in-

terest rate or a floating interest rate tied to Euribor. In 2021, the six-month Euribor dropped from

-0.532% at the start of the year to -0.539% at the end of the year. A 2022 Euribor increase sufficient to significantly impact the company's earnings is not foreseen by analysts.

Information regarding the amounts and interest rates of financial obligations is provided in Notes 10 and 12.

### Hedging the electricity market price risk

Electric energy resellers and electric energy producers supplying the retail market hold both price risks and demand risks. In order to ensure financial stability, hedge risks and reduce any market volatility, sellers and producers of electric energy enter into various hedging agreements. For example, in order to hedge the price risk in the Estonian region, two contracts must be purchased. The group uses a forward contract to hedge the risk arising from the Nord Pool system price, and a CFD (EPAD) contract to hedge the price risk in the smaller Nord Pool Estonian price region.

### Fuel price risk

Similarly to 2020, the company had a relatively low fuel market risk in 2020: most purchases were made on the local market, which helped reduce the fuel price risk.

### Credit risk

Credit risk is the risk of the company incurring financial losses due to the counterparty of a financial instrument defaulting on their obligations. Approximately 35% of customer transactions are made in cash, with a bank card or a prepaid card. The company's credit risk mainly derives from sales made on credit. Since the company uses customer credit risk analysis to select which customers to provide credit to, the credit risk is not considered by the company to be high. Furthermore, there are many customers and their credit limits are low. Information about the amount and maturity of receivables is provided in Note 3.

As of 31.12.2021, the maximum conceivable credit risk is constituted by total receivables amounting to 53,243,383 euros (32,415,961 euros as of 31.12.2020).

The credit risk of cash and cash equivalents is low because the current accounts are with domestic banks that have a statutory license and a high international credit rating.

### Liquidity risk

Since the company has negative working capital (-30,744,737 euros as of 31.12.2021 and -3,799,290 euros as of 31.12.2020), the company has liquidity risk. The management board of the company does not consider the liquidity risk to be high because the receivables are significantly shorter-term than payables. The company's cash flows are constantly planned and monitored to manage the liquidity risk and any necessary measures are taken for covering negative cash flows.

### Fair value

The company estimates that the fair values of the assets and liabilities carried at amortised cost do not differ materially from their carrying amounts as of 31.12.2021 and 31.12.2020.

The levels of financial instruments at fair value through profit or loss are as follows:

- Level 1 – inputs are prices quoted in active markets
- Level 2 – inputs are directly or indirectly monitored alternative measures that are not classified as Level 1 inputs
- Level 3 – inputs are unobservable inputs for assets or liabilities

In determining the value of derivative instruments, the input is the price differences between fixed and forecast electricity purchase and sale transactions. As the inputs contain both Level 2 and Level 3 components, this measurement is classified as Level 3.

Such instruments are reported as follows:

	31.12.21	31.12.20
Other requirements	2,659,200	0
Other liabilities	0	159,731

## NOTE 35: LOAN GUARANTEES AND PLEDGED ASSETS

The company's financial obligations are guaranteed by mortgages and commercial pledges.

Type of pledge	Value €
Mortgage for the benefit of AS Swedbank	99,500,000
Commercial pledges on AS Alexela's assets for the benefit of AS Swedbank	12,240,000
Commercial pledges on 220 Energia OÜ's assets for the benefit of AS Swedbank	3,000,000
Commercial pledges on Alexela Motors AS's assets for the benefit of SEB Pank	300,000

Bank guarantees for trade payables amount to 6,441,955 euros in total (see Note 12).

Shares in subsidiaries are pledged as loan collateral:

Subsidiary	Nominal value
Balti Gaas OÜ	363,600
Alexela Tanklad OÜ	10,000
220 Energia OÜ	32,000
Hamina LNG Investeeringud OÜ	2500



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

	31.12.2021	31.12.2020
Land	46,933,430	32,242,140
Buildings	39,381,282	31,316,379
Machinery and equipment	5,821,087	5,221,240
Other property, plant and equipment	2,881,229	2,715,466
Other assets	15,649,977	8,872,659
<b>Total</b>	<b>110,667,005</b>	<b>80,367,884</b>

### NOTE 36: EVENTS AFTER THE REPORTING DATE

The war Russia started in Ukraine and the sanctions imposed in return by the US, Great Britain and the European Union, including Estonia, have a significant impact on AS Alexela's operations. Previously AS Alexela has sourced from Russia energy carriers, such as liquefied petroleum gas and liquefied natural gas. Continuing such sourcing would entail great risk, and the management board of AS Alexela is considering potential alternative sources to reduce the risks associated with security of supply and any future sanctions that may be imposed on Russian products, companies or payment institutions. Furthermore, the altered political and economic landscape affects all other aspects of Alexela's operations. We have

conducted a thorough risk assessment and charted the effects of these risks on the company's sustainability. Furthermore, contingency plans have been made for risk scenarios in order to ensure business continuity. The situation is still very volatile as battles are ongoing and new sanctions are imposed with very little notice and the resulting price volatility creates the constant need to re-evaluate the situation and its effects. In summary, AS Alexela's management board does not see any threat to business continuity and the effect on earnings is currently not major, although certain risks, if realised, may have an impact on earnings and require new planning.

### NOTE 37: STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT BY OPERATING ACTIVITY

Pursuant to section 17 of the Electricity Market Act, an electricity undertaking must present its statement of financial position (balance sheet) and an income statement for each area of activity as Notes to its annual report. Pursuant to section 16 of the Electricity Market Act, a company must keep accounts of its electricity-related and other areas of activity as well as of the different electricity-related areas of activity as would be required of separate companies operating in those areas.

### ACCOUNTING POLICIES APPLICABLE TO OPERATING ACTIVITIES

Compared to 2020, the proportions of electric energy sales have changed considerably and the relevant item coefficients were amended to prepare the 2021 reports. In 2021, electric energy sales constituted 18.72% of Alexela AS's total activity (10.43% in 2020) and electric energy sales constituted 68.78% of combined electric and gas billings (73.64% in 2020).

For subsidiary 220 Energia OÜ, electric energy sales constituted 93% of its activities (95% in 2020). Alexela SIA only operates as an electric energy seller, and the items on its balance sheet and income statement are recognised at a rate of 100/0. For subsidiary Alexela Energia Teenused AS, other activities constituted less than 0.01%, and the items on its balance sheet and income

statement were distributed based on the nature of transactions.

The other subsidiaries do not sell electric energy.

## Distribution of balance sheet items

The company's balance sheet was distributed between electric energy and other activities largely based on the economic nature of the balance sheet items. Balance sheet items tied to period costs were distributed similarly to the income statement.

### Assets

Cash and current accounts were distributed between product classes based on account usage; common accounts were distributed in proportion with activities. Trade receivables were classified based on invoices submitted. Other receivables, prepayments and inventories were distributed between activities based on their economic nature.

Non-current assets were distributed based on the product classes associated with their locations.

Assets in common use were distributed between electric energy sales and other activities based on the proportions of activities.

### Obligations

Debt obligations (both current and non-current) were distributed between activities based on their economic nature. Where possible, trade payables were distributed based on the invoice contents and other payables were distributed based on the proportions of activities.

Taxes payable: Labour taxes were distributed between activities based on economic nature and other taxes were distributed based on the proportions of activities. Value added tax was distributed based on economic nature. Excise duty tax was distributed based on economic nature.

### Equity

The loss for this period was entered on the balance sheet based on the income statement. Retained profit includes the loss incurred by the group's electric energy sales in 2020. Other equity items are not distributed.

## Distribution of the income statement Revenue

Sales revenue and other operating income are distributed based on the content of customer invoices.

### Expenses

Costs of goods, raw materials and services were distributed based on the cost-generating unit. Other operating expenses were distributed based on their economic nature, and common expenses were distributed based on the proportions of activities. Banking expenses were distributed according to the cost-generating unit and for cross-entity units based on the proportions of activities. Depreciation of non-current assets was distributed based on the product classes associated with their locations and depreciation of common assets was distributed based on the proportions of activities. Other operating expenses were distributed based on the content of customer invoices. Interest income and interest expenses were distributed based on economic nature. Other financial income and expenses were distributed based on generating unit. Common financial income and expenses were distributed based on proportions of activities.

Consolidated statement of financial position (in euros)	Total 31.12.2021	Sales of electric energy	Other operating activities, total	Note No.
Assets				
Current assets				
Cash	1,767,480	370,579	1,396,901	2
Receivables and prepayments	51,781,375	28,819,893	22,961,482	3, 5
Inventories	15,176,424	6,966	15,169,458	4
<b>Total current assets</b>	<b>68,725,279</b>	<b>29,197,438</b>	<b>39,527,841</b>	
Non-current assets				
Investments in subsidiaries and associates	24,151,285	0	24,151,285	7
Receivables and prepayments	6,275,858	0	6,275,858	3
Property, plant and equipment	130,752,763	166,773	130,585,990	8
Intangible assets	6,793,420	382,801	6,410,619	9
<b>Total non-current assets</b>	<b>167,973,326</b>	<b>549,574</b>	<b>167,423,752</b>	
<b>Total assets</b>	<b>236,698,605</b>	<b>29,747,012</b>	<b>206,951,593</b>	
Liabilities and equity				
Liabilities				
Current liabilities				
Loan commitments	32,611,370	25,895,443	6,715,927	10, 12
Payables and prepayments	66,330,239	10,497,127	55,833,112	5, 13, 14
Provisions	373,075	67,776	305,299	15
Grants	155,332	0	155,332	16
<b>Total current liabilities</b>	<b>99,470,016</b>	<b>36,460,346</b>	<b>63,009,669</b>	
Non-current liabilities				
Loan commitments	58,604,429	0	55,604,429	10, 12
Payables and prepayments	2008	0	2008	13
Deferred income tax liability	74,007	0	74,007	5
Provisions	7738	0	7738	15
Grants	617,187	0	617,187	16
<b>Total non-current liabilities</b>	<b>59,305,369</b>	<b>0</b>	<b>59,305,369</b>	
<b>Total liabilities</b>	<b>158,775,385</b>	<b>36,460,346</b>	<b>122,315,039</b>	
Equity				
Equity held by shareholders and partners in parent company				
Nominal share capital	1,619,410	0	1,619,410	17
Share premium	280,000	0	280,000	
Statutory reserve capital	161,941	0	161,941	
Miscellaneous reserves	54,271,881	0	54,271,881	8, 17
Retained profit (loss)	11,924,529	-1,723,534	13,648,063	
Annual period profit (loss)	8,320,170	1,396,581	6,923,589	
Balancing of undistributed equity items	0	-6,386,381	6,386,381	
<b>Total equity held by shareholders and partners in parent company</b>	<b>76,577,931</b>	<b>-6,713,334</b>	<b>83,291,265</b>	
Minority equity	1,345,290	0	1,345,290	
<b>Total equity</b>	<b>74,923,221</b>	<b>-6,713,334</b>	<b>84,636,555</b>	
<b>Total liabilities and equity</b>	<b>236,698,605</b>	<b>29,747,012</b>	<b>206,951,593</b>	

Consolidated statement of financial position (in euros)	Total 2021	Sales of electric energy	Total other activities	Note No.
Net sales	367,798,928	73,821,989	293,976,939	18
Other operating income	346,943	31,781	315,162	19
Goods, raw materials and services	-334,083,779	-70,589,631	-263,494,148	20
Other operating expenses	-4,562,299	-858,151	-3,704,148	21
Labour expenses	8,389,692	-525,220	-7,864,472	22
Depreciation and impairment	-9,511,568	-132,362	-9,379,206	8, 9
Other operating expenses	-194,941	-56,668	-138,273	23
<b>Profit (loss)</b>	<b>11,403,593</b>	<b>1,691,738</b>	<b>9,711,854</b>	
Profit (loss) from subsidiaries and associates	176,039	0	176,039	6, 7
Interest income	28,246	59	28,187	24
Interest expense	-3,147,950	-295,216	-2,852,734	25
Other financial income and expense	-135,945	0	-135,945	26
<b>Profit (loss) before tax</b>	<b>8,323,982</b>	<b>1,396,581</b>	<b>6,927,401</b>	
Income tax expense	-3812	0	-3812	
<b>Annual period profit (loss)</b>	<b>8,320,170</b>	<b>1,396,581</b>	<b>6,923,589</b>	
Parent company shareholder's share of the profit (loss)	8,320,170	1,396,581	6,923,589	

## NOTE 38: MANAGING BOARD'S CERTIFICATION OF THE CONSOLIDATED REPORT

The management board certifies that the AS Alexela 2021 consolidated annual accounts presented on pages 39-92 are accurate and complete and that:

- the accounting policies applied for preparing the annual accounts comply with the international financial reporting standards as adopted by the European Union;
- the annual accounts accurately and faithfully reflect the financial situation, earnings and cash flows of the parent company and the group; and
- AS Alexela and its subsidiaries continue to be active.



## DIGITAL SIGNATURES ON THE REPORT

The report was finalised on 02.05.2022.

**The accuracy of AS Alexela's (registry code: 10015238) 01.01.2021-31.12.2021 annual report has been certified by electronic signature by:**

Name of signatory	Role of signatory	Time of signing
TARMO KÄRSNA	Member of the Board	02.05.2022
AIVO ADAMSON	Member of the Board	02.05.2022
AIVAR RÄIM	Member of the Board	02.05.2022
ALAN VAHT	Member of the Board	02.05.2022
KARMO PIIKMANN	Member of the Board	02.05.2022
JAAK JÕGI	Member of the Board	02.05.2022

# STATUTORY AUDITOR'S REPORT

To shareholders of AS Alexela

## **A REPORT REGARDING THE CONSOLIDATED ANNUAL ACCOUNTS OPINION**

We have audited AS Alexela consolidation group's ("Group") consolidated annual accounts, including the consolidated statement of financial position as of 31.12.2021, as well as the consolidated income statement, statement of comprehensive income, consolidated statement of cash flow and consolidated statement of changes in equity regarding the year ending on the above date, as well as Notes to the consolidated annual accounts, including the summary of accounting principles of note.

It is our opinion that these annual accounts in all their material aspects fairly represent the Group's consolidated financial position as of 31.12.2021 and the financial outcome and consolidated cash flows of the year ending on that date, and are in accordance with international financial reporting standards as adopted by the European Union.

### **Basis of opinion**

We conducted the audit according to the international auditing standards (Estonia) ("ISA (EE)"). Our obligations pursuant to these standards are further described in the "Statutory auditor's obligations pertaining to auditing of annual accounts". We are independent from the Group in accordance with the Code of Ethics of Professional Accounting Experts (Estonia) (including standards of independence), and have fulfilled all other ethics-related obligations pursuant to these requirements. We believe that the audit evidence we have acquired is sufficient and relevant enough to substantiate our opinion.

### **Reference information**

The management is responsible for reference information. The reference information includes a management report, but does not include the consolidated annual accounts nor our statutory auditor's report. Our opinion regarding these

consolidated annual accounts does not cover the reference information, and we do not provide any assuring conclusions of any sort regarding the reference information.

Regarding our audit of the consolidated annual accounts, our duty is to review the reference information and to assess whether the reference information significantly contradicts the consolidated annual accounts or other information we have gained in the course of the audit, or otherwise seems to be misrepresented. Furthermore it is our duty to report whether the information presented in the management report is in accordance with the requirements set forth in applicable legislation.

If our work leads us to the conclusion that reference information has been significantly misrepresented in regards to the above, we are obligated to report this fact. We have nothing to report in this regard and we declare that the information provided in the management report is materially in accordance with the consolidated annual accounts and requirements set forth in applicable legislation.

### **Obligations of the management and executives regarding the consolidated annual accounts**

The management is responsible for preparing and submitting the consolidated annual accounts on time in accordance with international financial reporting standards as adopted by the European Union, and for any internal auditing the management deems necessary to prepare annual accounts free from material misrepresentation due to fraud or error.

In preparing the consolidated annual accounts, the management is obligated to evaluate whether the Group is a going concern, to provide any relevant information regarding any circumstances regarding the status of going concern, and to proceed on the basis of going concern, unless the management is planning to liquidate or dissolve the Group or has no realistic alternative to liquidation or dissolution.

The executives are responsible for supervising the Group's accounts reporting process.

### Statutory auditor's obligations pertaining to auditing of consolidated annual accounts

Our goal is to establish reasonable assurance as to whether the consolidated annual accounts as a whole are free from material misrepresentations due to fraud or error, and to prepare a statutory auditor's report which includes our opinion. Reasonable assurance constitutes a high level of assurance, but this does not ensure that a material misrepresentation will always be discovered in the course of an audit conducted in accordance with ISA (EE).

Misrepresentations may be due to fraud or error, and are considered material if it is reasonable to assume that they may, either singly or jointly influence economic decisions made based on the consolidated annual accounts.

Pursuant to ISA (EE), we apply professional judgment and maintain professional scepticism throughout the audit. Furthermore, we:

- identify and evaluate any risks of material misrepresentation due to fraud or error in the consolidated annual accounts, plan and implement audit procedures in response to these risks, and acquire sufficient and relevant audit evidence to base our opinion on. The risk of non-discovery of a material misrepresentation due to fraud is greater than that of misrepresentation due to error, because fraud may include a secret pact, forgery, intentional non-disclosure, submitting false information, or ignoring internal audit requirements;
- develop an understanding of internal audits relevant for our audit, in order to plan suitable audit procedures, but not to provide an opinion on the effectiveness of the Group's internal audit procedures;
- evaluate the relevance of accounting policies applied, and the reasonableness of the management's accounting estimates and information made public in association with these;
- form a conclusion whether the management's application of the going concern accounting basis was justified, and, based on the audit evidence acquired, whether there is any material uncertainty regarding any events or circumstances, which may cast significant doubt on the Group's status as a going concern. If we conclude that there is material uncertainty, we will be obligated to point out the relevant information published in the consolidated annual accounts in the statutory auditor's report or, where the information published is insufficient, to modify our opinion. Our conclusions are based on audit evidence

acquired until the date of the statutory auditor's report. Regardless, future events may negatively impact the Group's status as a going concern;

- evaluate the general representation, structure and contents of the consolidated annual accounts, including the information published and whether the consolidated annual accounts fairly represent the underlying transactions and events.
- acquire sufficient relevant evidence regarding the Group companies or businesses in order to provide an opinion regarding the Group's consolidated financial reports. We are responsible for managing, monitoring and conducting the Group's audit. We carry sole responsibility for the opinion expressed based on our audit.

We exchange information with the executives, regarding, inter alia, the planned scope and timing of the audit, and any significant observations made during the audit, including any significant shortcomings in internal audits we have identified during the audit.

## DISCLOSURE OF LEGAL AND REGULATIVE REQUIREMENTS

We have audited the statement of financial position and income statement for each electricity-related area of activity for the year ending on 31.12.2021, provided in Note 37 to AS Alexela annual accounts and prepared pursuant to the requirement set forth in § 17 of the Electricity Market Act. The Electricity Market Act includes a requirement for electricity undertakings to prepare a statement of financial position and income statement for each area of activity, but there are no guidelines for classifying areas of activity or preparing these statements. Due to the lack of guidelines, AS Alexela management board has developed policies for classifying operating activities, requiring management input for such classification. We are of the opinion that the statement of financial position and income statement for each electricity-related area of activity presented in Note 37 is essentially in accordance with the classification policy established by the management board.

/digitally signed/ Mati Nõmmiste

Statutory auditor no. 178 Grant Thornton Baltic  
OÜ Operating license no. 3  
Pärnu mnt 22, 10141 Tallinn  
May 2nd 2022



## DIGITAL SIGNATURES OF AUDITORS

The auditor's report attached to the AS Alexela (registry code: 10015238) 01.01.2021-31.12.2021 annual report has been digitally signed by:

Name of signatory	Role of signatory	Time of signing
MATI NÕMMISTE	Statutory auditor	02.05.2022

## NET SALES BY OPERATING ACTIVITY

Operating activity	EMTAK code	Sales (EUR)	Net sales %	Principal activity
Retail sales of motor fuels, including operation of service stations	47301	205,415,105	56.70%	Yes
Sales of electric energy	35141	67,832,578	18.72%	No
Wholesale of motor fuels	46712	19,297,767	5.33%	No
Retail sales in general stores, dominated by food, beverages and tobacco	47111	18,925,855	5.22%	No
Gas sales via trunk networks	35231	35,197,491	9.72%	No
Wholesale of other liquid and gaseous fuels etc.	46719	11,976,472	3.31%	No

## CONTACT INFORMATION

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