AS Alexela 2022 consolidated annual report

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ALEXELA

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1.1. ABOUT THE COMPANY

Statement by the chairman of the board

Marti Hääl
Chief Executive Officer at AS Alexela

2022 was a challenging year for all of us. Still reeling from the COVID crisis, we had to rapidly adjust to the energy crisis and turbulence on international markets arising from the war in Ukraine. We had to rework our business processes, find new partners and create new supply chains to maintain security of supply - all this within months or weeks, sometimes even days or hours. The external environment has had a significant effect on our business and the energy sector as a whole in the past few years. This has tested our resilience. However, we can be proud of our achievements last year - we did well thanks to everyone at Alexela. A big Thank You to you all!

In spite of the difficulties, we managed to maintain organic growth in all our market segments, as well as implementation of our long-term strategy. Investments in sustainability are one of our core pillars, and Alexela is pioneering new solutions, products and services in this area. We continued investing in local circular economies and biomethane production from biomass, developing and decarbonising the CNG/LNG market and developing new hydrogen projects, the first stage of which will be publicly launched in 2024. We also made good progress in providing renewable electricity and service solutions to reduce our corporate clients' energy expenditure and carbon footprint. In cooperation with Saku Õlletehas, we started up a 1.4 MW solar plant on their brewery - the largest industrial building in Estonia. In this area we are continuing development of both integrated short-term battery-based storage solutions as well as the 500 MW pumped hydroelectric plant in Paldiski for long-term storage. Based on last year's electricity consumption, the Energiasalv storage plant would have saved over 120 million euros for Estonian consumers in 2022 by smoothing price extremes. We also continue to focus on developing e-mobility. As of end of 2022 we had 77 public EV charging stations in Estonia, and this number will be more than doubled this year. In order to stay ahead of the expanding market and demand, we will be exponentially increasing our investments in e-mobility over the next few years. In addition to developing the public EV charging network we also offer individual charging solutions for both private and corporate clients – at home, at work or on the way. In this decade and the next, consumption of transportation fuels will see a huge transformation due to the European climate policy. We will need to keep an eye on developments in other alternative fuels and technologies, such as methanol, ammonia and e-fuels, and prepare for these transitions. We change the world!

Another area of focus has been the reduction of Alexela's own environmental impact - thanks to the efforts of everyone at Alexela, by the end of 2022 we reduced our footprint by 58% compared to the 2020 baseline. Over 48 thousand customers have joined the Alexela community program for the environment. In addition to the tree-planting program we also initiated a biodiversity project to raise everyone's awareness of the challenges associated with ecosystem diversity. We are happy to say our joint efforts have received international attention - for the third year in a row, based on the European Sustainable Brand Index survey, Alexela was the most sustainable company in Estonia in its field.

Our gasoline and diesel fuel was sourced from Europe already before the war in Ukraine, and we established new supply chains for gaseous fuels last year after the outbreak of war. In October we started up the LNG import infrastructure at the Kotka harbour in Hamina - Finland's first and only land terminal connected to the national gas network. This was the largest Estonian direct investment in Finland ever and helped us secure gas supply with zero Russian imports for both our Estonian and Finnish clients as early as last winter. In cooperation with our good partners at Infortar AS, we took on the challenge set by the Estonian Government to build a pier for a floating LNG terminal at Paldiski at a world-record pace. We kept our promise and handed over a compliant pier to Elering for building and starting up the gas infrastructure. We have power!

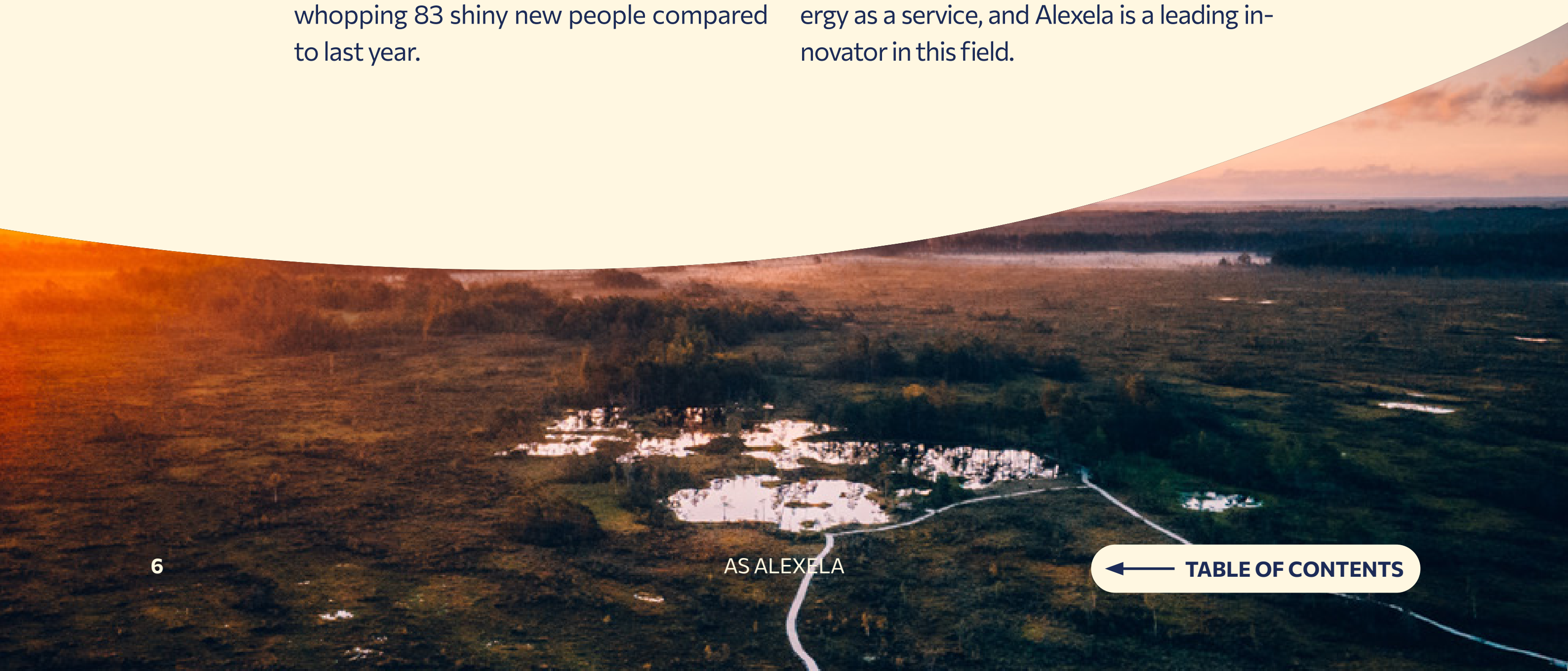
Last year Alexela grew in terms of both business volume as well as number of customers. I would like to thank all customers who trusted us with their energy security during these challenging times. Our strategic activities helped significantly grow our portfolio of power, natural gas and LPG clients - the number of active corporate clients grew by 10% and private clients by 7.5%. In the autumn we introduced a novel loyalty program for private customers - "My Alexela". With this we hope to give back even more to customers who value our community and use our various products and services. While 70% of the sales revenue growth was due to increasing energy prices, this effect has subsided. The exceptionally high and volatile energy prices multiplied the capital requirements and financial expenses of all energy companies, in addition to unforeseeable risks associated with managing their energy portfolios. While several European and Scandinavian energy companies needed state assistance to meet the unexpected challenges or faced insolvency, the Alexela team handled the situation well, maintaining both supply security as well as liquidity.

A positive result of the record-high energy prices is the increased awareness among companies and individuals. Clients faced unexpected difficulties with planning and, in some cases, paying their energy costs, and had to quickly find various solutions in cooperation with their energy provider. Healthy competition is good for the market and quickly proved its superiority compared to the Universal Service provided by the state as a crisis response measure. Since all consumers were automatically transitioned to the Universal Service on October 1st by default, but had to actively subscribe to an energy seller in order to cancel their Universal Service, tens of thousands of Estonian consumers are still overpaying for their electricity today. Currently, Alexela's "Pingevaba" electricity plan is the cheapest fixed-price plan for both home and business consumers, and there is no reason to continue with the Universal Service.

Changes in the business environment always impact people. Sustainable companies are able to adapt thanks to their employees' readiness to keep up with or stay ahead of the changing environment. The health crisis helped us learn new flexible modes of work, adopted by those who can. An organisational health survey conducted at Alexela showed that we have 71% positive remainers. There are 428 people working in the Alexela group - an increase by a whopping 83 shiny new people compared to last year.

We continued investing in IT last year, and will continue to do so. Digitalisation helps clients save time and must improve the convenience of Alexela product and services. The in-app refuelling solution received lots of positive feedback from fuel station visitors, so we decided to introduce it in convenience stores as well. However, we also need to admit to our mistakes and make changes where necessary. We reviewed several decisions which required starting from scratch. Constant experimentation is part of the Alexela DNA. The pace of technological development does not permit us to perfect new solutions before implementation.

Our innovations in product and service lineup, balanced investments for developing modern energy solutions and innovative steps toward climate neutrality were well-received by customers and helped us earn a TOP 3 spot in the leaderboard of retailers. Regionally, Alexela's product portfolio is unique, as we truly believe that a balanced energy transition is possible. However, for the transition to be successful it needs to be a team effort – no one must be left behind and essential services must remain affordable for both domestic and business consumers. While there is no silver bullet for replacing fossil fuels, diversification has become key in energy production, consumption and infrastructure development. For consumers, the future lies in energy as a service, and Alexela is a leading innovator in this field.



About Alexela in brief

Energy is on everyone's mind. Wind, solar, gas, even nuclear. We should make use of this unique moment and transition Estonia to a new age of energy together. In fact, it is high time to take control, make decisions and take action. For our energy security, affordability and the environment. We need to provide energy security and ensure competitiveness for ourselves and our country, in order to secure our future existence.

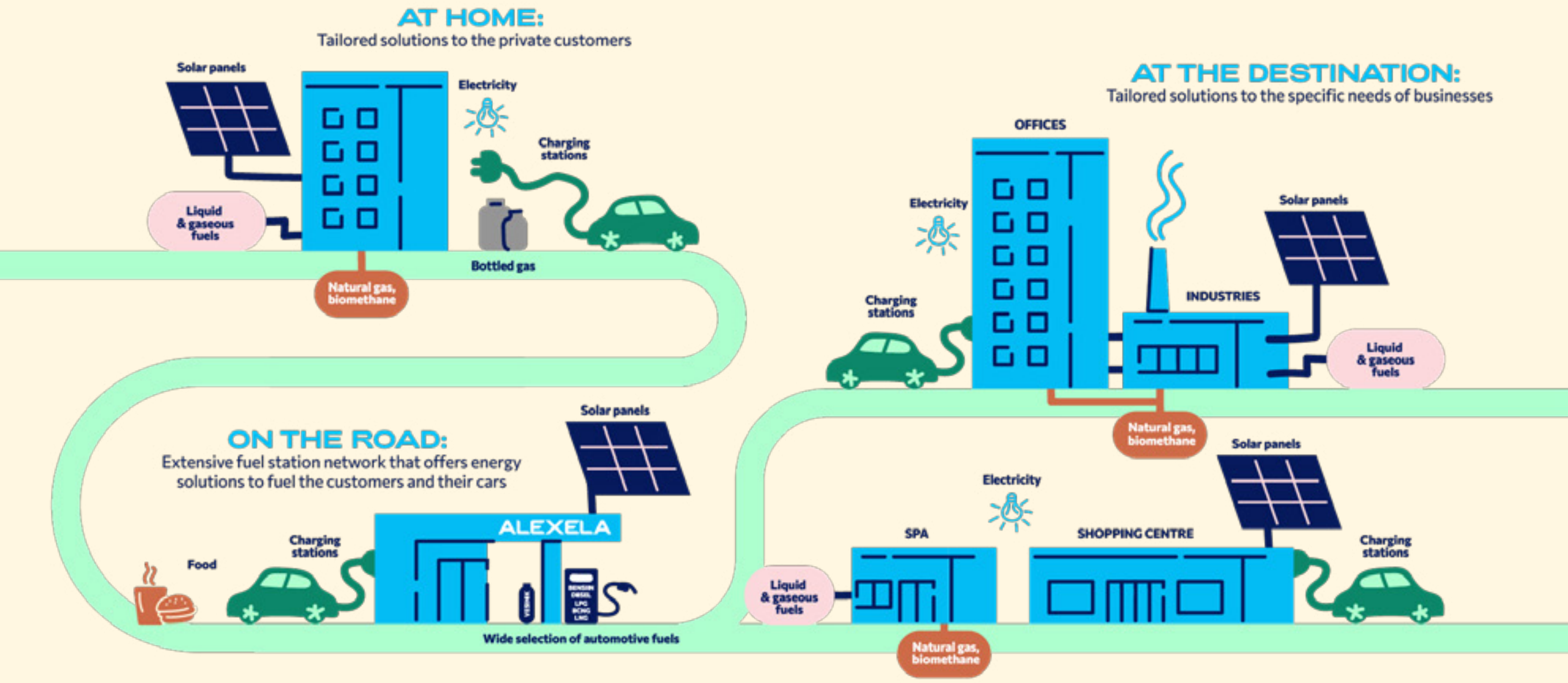
AS Alexela (hereinafter Alexela) has grown from a domestic fuel station chain to one of the largest energy companies and green innovators in the region. We will soon go public with an initial public offering. The energy field is complex and capital-intensive, and companies who remain small don't make it far. Alexela wants to become an even stronger energy company and the only way to accomplish this is to engage others and cooperate. We look forward to engaging our employees, partners, customers and competitors even more.

Alexela has often been a pioneer in its field. All of Estonia needs a balanced energy system for long-term economic competitiveness, and there are proven solutions to achieve this. Alexela is capable of leadership in this area by advancing through increased biomethane production and solar and wind energy production and storage to building a peak load powerplant, to be able to provide for our customers' energy needs at an affordable price point and leaving more added value in Estonia.

Concurrently with all these energy projects we are keeping an eye on commute trends, with the goal of being represented in all major centres in Estonia.

Alexela - Energy as a Service

PRODUCTS AND SERVICES AVAILABLE TO THE CUSTOMERS:



2022 key events

February

The first bioLNG supply in February - Estonian energy company Alexela is the first one in Estonia and the entire Baltic region to supply 100% carbon neutral liquefied biomethane (LBM) fuel, which is currently the most sustainable highway fuel and helps reduce GHG emissions of the trucking industry.

According to a survey by Kantar Emor, drivers value Alexela as the most environmentally friendly and responsible fuel station chain. Nearly 40% of drivers named Alexela as the most environmentally friendly and responsible fuel station chain in Estonia. Aivar Voog, the Insight Team Lead at Kantar Emor, highlighted Alexela's environmentally friendly and responsible image which helps it stand out from competition. "Of course, consumers also care about usability and other practical aspects, such as service station locations, convenience and price, but brands struggle to differentiate themselves based on these. Environmental issues are increasingly important and an environmentally friendly image is clearly becoming a must-have. Both the most recent as well as earlier surveys show that Alexela's brand is carried by exceptional environmental friendliness," Voog said. He claims that, globally, sustainable growth of brands has been based on long-term goals, and Alexela has succeeded in positioning itself as a company focusing on sustainable development in the eyes of Estonians. Furthermore, according to the largest European brand survey, the Sustainable Brand Index, Alexela was the most sustainable fuel station brand in Estonia in 2022 for the third year in a row. In the sustainability leaderboard of all brands, Alexela placed 15th - a head and shoulders above all other fuel station brands which placed 30th-40th.

March

We improved the availability of local renewable biomethane and advanced the circular economy by opening a CNG station in Viimsi.

April

By request of the Government of Estonia and in cooperation with Infortar, we initiated construction of a floating LNG terminal pier in Paldiski, promising to complete it by fall - a world-record pace. This was approximately a month after Russia invaded Ukraine.

May

The first Alexela community day and communal tree-planting in Rapla county. The day was attended by 50 Alexela employees and local enthusiasts who planted a grand total of 5000 trees.

July

Creating 40,000 m^2 of biodiversity on the green spaces of Alexela service stations.

August

The solar roof of the Saku Õlletehas brewery was completed. It's an innovative business model introduced by Alexela, helping clients reduce their electricity expenditure and carbon footprint without having to invest in design and hardware. It's the largest roof solar array in the Estonian industrial sector - 1.4 MW peak power and 1.1 GWh per annum on 16,000 m2 of roof area with 3,500 panels.

September

We built several EV charging stations - at Shnelli hotel, Metsavenna talu, and the Johani and Meri spa hotels in Saaremaa, among other locations. In total, Alexela operates 53 public EV charging stations in Estonia (with 77 charging plugs available), but we are also increasingly concentrating on installing private charging stations.

October

We introduced a new loyalty program - bonus points from fuel purchases can now be applied towards electricity and gas bills.

Arrival of the first commercial carrier at the Hamina LNG terminal marks its opening for business. It's the first LNG terminal connected to the national gas network in Finland, and the largest ever Estonian direct investment in Finland.

We kept the promise given in spring and completed the LNG terminal at Paldiski - at world-record pace, as no-one else has completed an LNG terminal in six months as far as we know. We would like to thank all 200+ people who worked from spring to October non-stop, braving wind and storms.

December

Alexela powers the Paldiski energy storage plant project, which received a building permit in December. The storage plant's capacity is comparable to the annual consumption of half of Estonian homes, and it would have saved Estonian private and corporate consumers over 100 million Euros in 2022.

Working for a better world

Social:

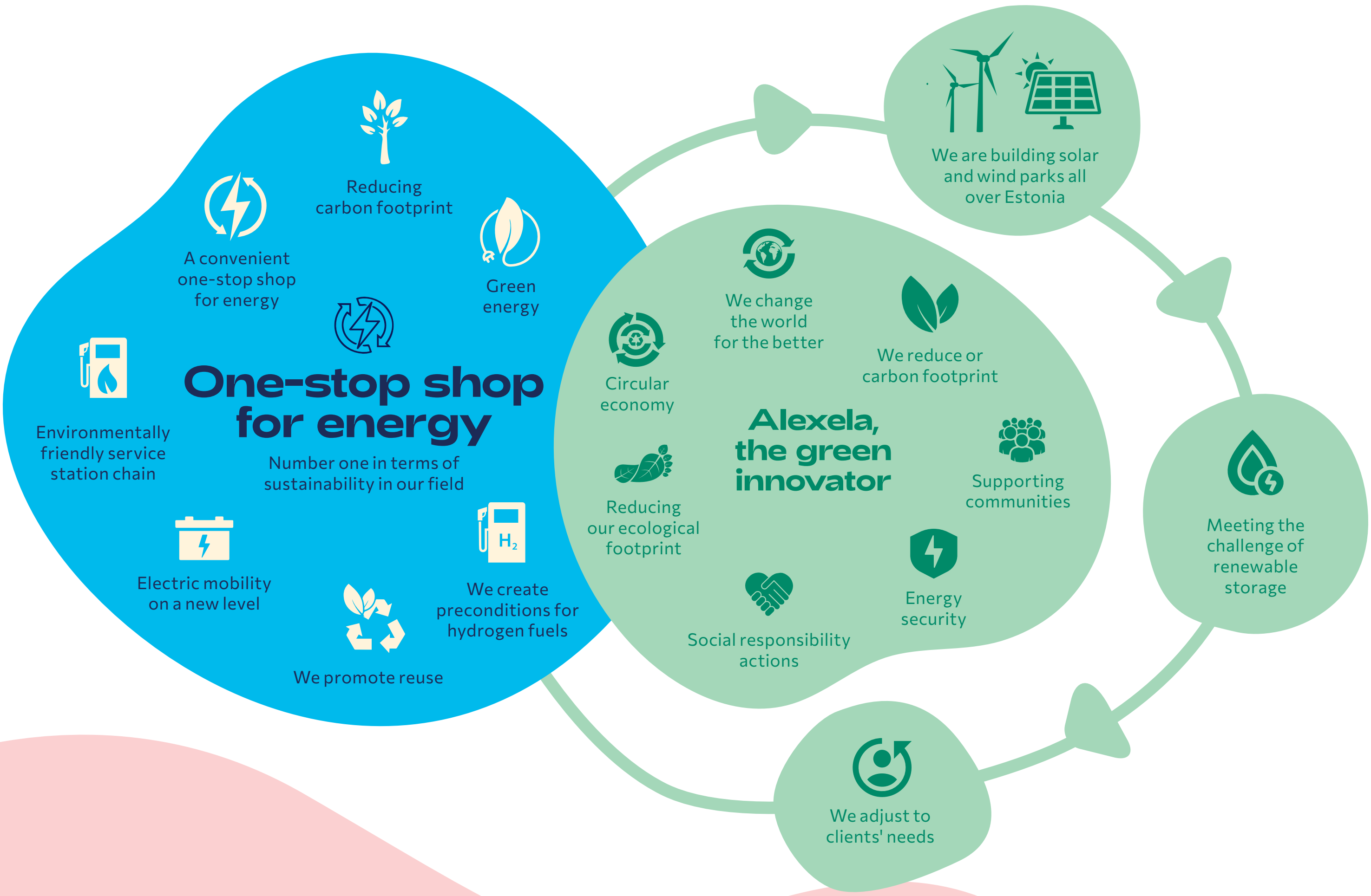
• Number of projects supported: 26 (23 in 2021, 17 in 2020)
• Total monetary value of support provided to projects: 276,266+ € (300,142 € in 2021, 175,180 € in 2020)
• Based on the employee satisfaction survey, 92% (89% in 2021; 78% in 2020) of respondents would recommend Alexela as an employer.

Environmental:

• 714,415 trees planted with the help of our customers (293,238 in 2021; 108,820 in 2020), capturing a total of 430,006 tons of CO_2 (175,942 tons in 2021; 65,292 tons in 2020)
• The amount of biomethane produced in terms of circular economy: 94,3 GWh (85 GWh in 2021, 28 GWh in 2020)
• Creating more environmentally friendly refuelling options:
• 53 public charging stations with 77 charging plugs available (21 in 2021, 15 in 2020)
• 10 biomethane stations (7 in 2021, 6 in 2020)
• Hot beverages dispensed in personal cups: 6% of all hot beverages sold (2021: 4.2%; 2020: 2%)

Strategy and direction

2022 once again showed how important it is to be prepared for rapid unexpected changes, to make changes to strategy and long-term planning, and to choose the correct tactical approach for this. The recent economic developments provide new opportunities for Alexela, as we are far from a stagnant organization. We view every new crisis - health, energy or security - as an opportunity. Alexela's values are "I am a force", "We have power" and "We change the world" - these underly all our achievements and dedication. We set five-year targets, but the recent events in Ukraine have forced us to get especially creative. On the other hand, we never lose sight of our primary goal of organic growth and increasing the number of Alexela's (satisfied) customers. In the energy sector, the business climate as a whole makes us stay sharp and creative to meet customers' expectations. Alexela's business model emphasizes sustainability - not because of EU regulations, but because of our innate desire to be climate neutral and follow best practices. Best practices include being reasonable, not rushing, thinking things through and acting efficiently. The future of the energy market is highly uncertain, so we must keep a close eye on all technological developments.



Our values

Alexela group's values have been defined by our own people from different companies and roles in the group. Our common values characterise what is universal and characteristic for the entire group, and also what we strive for. Our common values are not copied from text-books or developed by consultants.

Alexela's 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, well-being and success depends on me.
- I hold myself to agreements.

We have power

- We are strong and look out for each other.
- We share experiences, engage and learn from each other.
- We notice and recognise each other.
- We are open-minded, listen and trust each other.
- 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.
- Sure we can!

1.2. SUSTAINABILITY

1.2. SUSTAINABILITY

Alexela – an Estonian green innovator

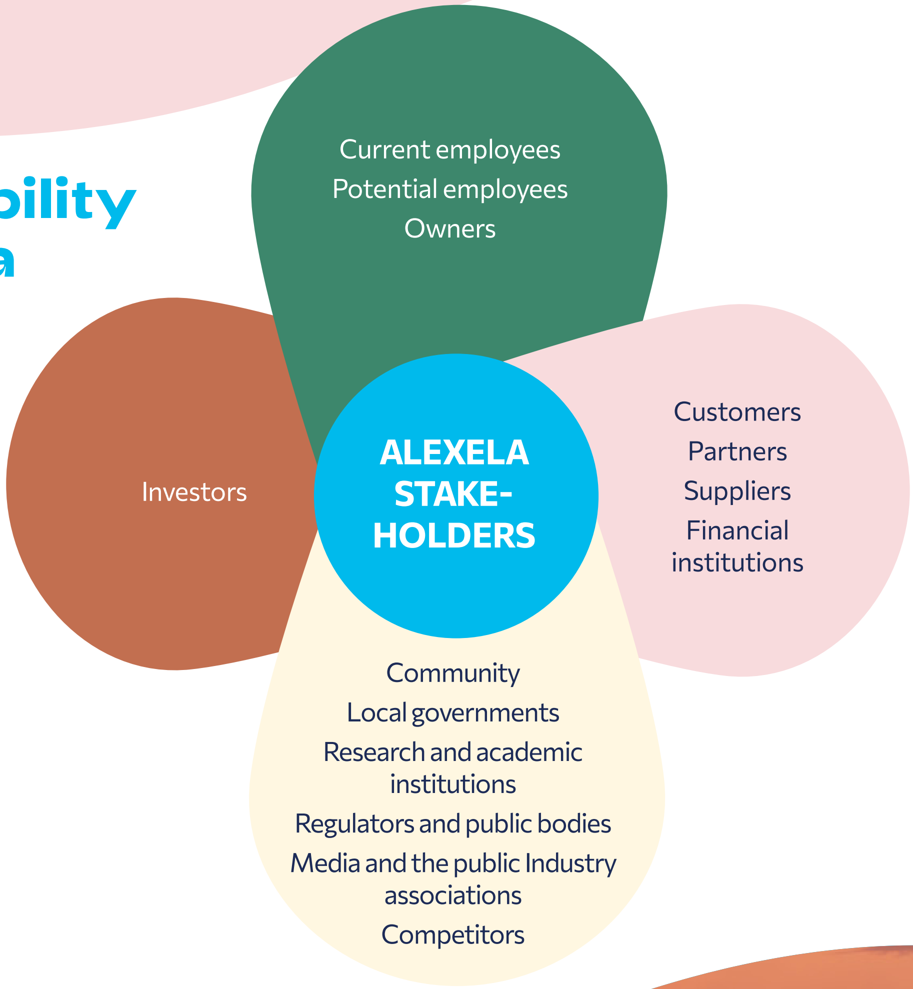
Alexela's strategic management is informed by global changes, and we have set the goal to become operationally climate neutral by 2030.

As a green innovator, Alexela's business and development activities have consistently contributed to innovative ways of reducing the negative impacts of its activities. This is driven by global targets for limiting global warming, including the Paris Agreement and the green transition.

The carbon footprint evaluation initially conducted in 2020 helped us identify the most critical areas in terms of reducing our carbon footprint. Based on this we are able to focus better and have initiated several actions to reduce our environmental impact.

By the end of 2022 we managed to reduce our carbon footprint by 58% compared to baseline (2020).

Sustainability in Alexela



Alexela's focus subjects are: development of environmentally friendly refueling solutions, development of circular economy, contributing to energy security, supporting local communities and promoting culture, sports and charities (see the Focus Subjects table).

Focus subjects were selected based on the areas where our company has the greatest impact, and considering inputs from major stakeholders.

Focus subjects are areas where we apply greatest scrutiny and which offer greatest leverage in terms of the eight sustainable development goals (SDGs) set by the UN. In the past we have gathered stakeholder inputs via annual surveys and direct feedback, but we are planning an additional evaluation of significant points of impact in 2023, involving all stakeholders. We also plan to review focus subjects based on the results of the evaluation.

Our 5 focus subjects:

Goal: to reach carbon neutrality by 2030

Alexela's sustainability strategy is in accordance with both 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 and ESG at Alexela

ESG is an acronym for environmental, social and corporate governance, a sustainable and responsible way of doing business.

ESG may also be considered to be sustainability materialised - actionable, measurable and controllable. Once there is enough data on the E, S and G aspects, we will develop a clearer picture of the organisation's impacts, enabling us to make relevant changes in business processes.

Human-caused climate change has led to emphasis being put on controlling the environmental impacts, but social and governance aspects are equally important for sustainable and balanced development.

At Alexela, the Management Board and the Head of Sustainability are responsible for ESG strategy. In every department, the department manager is responsible for covering the necessary ESG issues in their area of responsibility.

We realize the need to evaluate ESG-related risks and increase the transparency and responsibility of our decision-making processes, and therefore we are planning to conduct a more thorough ESG risk evaluation in 2023 to determine the company's readiness to adapt to climate change and resilience to sustainability risks, as well as any related opportunities for development. Based on a preliminary evaluation, the organisation's main ESG risks are in the scope of Environment, due to the large proportion of energy-related activities, and the resulting large quantities of greenhouse gases emitted by the organisation itself, its supply chain, and the life-cycles of its products and services. In the Social scope, the main risk is associated with retaining, managing and training talent. On the one hand this is due to a large proportion of our employees being in the competition-intense service sector, and on the other hand due to a shortage of talent with the expertise necessary to enact the green transition. In terms of Governance, the primary goal is to conduct a mapping of ESG risks, which this chapter is about.

MAPPING ESG RISKS AND UNCOVERING OPPORTUNITIES

Environmental			Social			Governance		
Climate change	**Natural resource use**	**Pollution and waste**	**Employees**	**Product and service liability**	**Stakeholder engagement**	**Corporate governance**	**Corporate culture**	**ESG management**
Direct contact with physical climate change risks	Eco efficiency or implementation of the company's sustainable development strategy	Hazardous materials and waste	Talent management and retention	Supply chain management	Regulatory affairs	Management responsibility	Legal compliance	Compliance with ESG rules (including new rules)
GHG emission	Ecosystem biodiversity and land-use, deforestation and impact on marine environment and marine life	Packaging waste	Occupational health and safety	Human rights	Goodwill	Risk management	Business ethics	Publication of ESG reports
Product/ service carbon footprint	Energy use	Electronic waste	Training and development	Product/ service safety and quality	Community relations and engagement	Salary policy	Anti money laundering	
Financing environmental impacts	Water shortage, water use and security	Air pollution	Equal pay and treatment, diversity	Customer health and safety	Charity	Ownership	Prevention of corruption and fraud	
Environmental compliance	Raw materials sourcing	Environmental charges	Employee engagement	Data protection and privacy	Local socioeconomic impact	Financial accounting	Tax compliance	
	Circular economy		Work-life balance	Customer satisfaction		Legal opportunities	Financial sustainability	
				Responsible investing		Complaint processes and systems	Open communication	
						Management remuneration		
						Board structure and diversity		
						Policies and standards		

Opportunities (Environmental)

- Circular economy
- Green technologies
- Green buildings
- Green office
- Renewable energy
- Innovating environmentally friendly products and services

Opportunities (Social)

- Novel areas in education, trainings
- Improving access to information
- Access to financing
- Access to healthcare service and enabling healthcare services
- Nutritional and health opportunities
- Innovating environmentally friendly products and services

The table is based on the European Banking Authority's report "On management and supervision of ESG risks for credit institutions and investment firms" and the Estonian Business School ESG Development Manager class materials by Merili Vares, among others.

As an organisation, we have long contributed to sustainability-related opportunities, especially concerning the environmental aspect and greening.

- Creation of less-polluting refueling solutions:
    - Development of biomethane filling stations
    - Developing e-mobility
- Biomethane production based on circular economy
- Solar and wind development
- Development of renewable energy storage capabilities - Energiasalv at Paldiski
- Rohesärts - a green electricity plan
- Customer engagement - planting trees in a community program
- Promoting biodiversity - insect drive-in-project on the green spaces of Alexela fuel stations
- We promote reuse in commerce - hot beverages are discounted if dispensed in a reusable cup. Alexela bottled water uses recycled plastic bottles.

(For more details see the Focus Subjects table on page 24)

The solar array Alexela built on the roof of the Saku Õlletehas brewery: 1.4 MW peak power, annual production 1.1 GWh, 3500 panels on 16,000 m² of roof. It's the largest roof solar array among Estonian industrial companies.

Environmental

At the 2015 COP21 climate conference in Paris, 195 countries signed a legally binding global agreement to limit climate change. The agreement took effect on November 4th 2016. The main goals of the agreement are to mitigate climate change and reduce emissions, in order to keep the increase in global mean temperature significantly below 2 °C compared to levels before the industrial revolution.

Alexela acts in accordance with the goals of the Paris climate agreement, to look for ways to reduce its negative impact on the environment and increase its positive impact, and has given these goals center stage in its strategy. These actions are briefly described above and will also be covered below, where we talk about the individual Alexela group companies in more detail. Additionally, the Alexela group has set the goal of becoming carbon-neutral by 2030.

We have been measuring the carbon footprint of our main companies since 2020, which we have taken as the baseline year. In 2022 we conducted a verification of AS Alexela's baseline year calculations in cooperation with Sustinere, one of leading service providers in the region. Based on the verification results, we adjusted past measurements of carbon footprint, in addition to applying the guidelines in calculating the 2022 carbon footprint. We are planning to start measuring the carbon footprint of all subsidiaries and associates in the Alexela group in 2023.

According to the GHG Protocol Standard, Scope 1-2 calculations are mandatory and Scope 3 calculations are optional for organisations. Therefore companies are able to start by mapping the most immediate impacts. For Scope 3, a step-by-step approach is applied by including various material impact categories based on data availability and capabilities. Work is ongoing in this area.

The GHG inventory data for the baseline year was also updated based on new and more accurate information. These amendments were in accordance with the GHG Protocol Standard and the existing practice on the market. The current and previous GHG inventory results have also been adjusted using Estonia-specific emissions factors, which have largely been approved by organisations conducting GHG inventories, ensuring that they are representative on the local level.

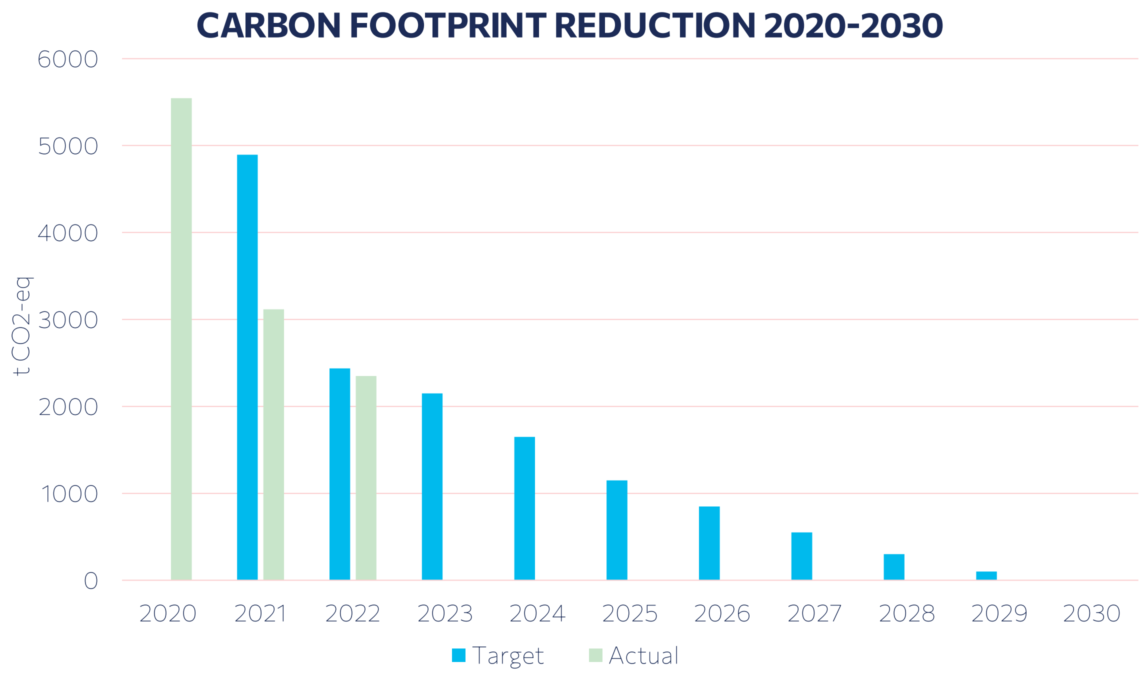
AS ALEXELA AND ALEXELA MOTORS AS CARBON FOOTPRINT

GHG emission source		GHG emissions (t CO_2-eq)		
		2020	**2021**	**2022**
Scope 1		986	1186	1505
	Fuel hauling	845	1001	1285
	Business travel in company vehicles	43	63	148
	Heating (gas)	97	122	72
Scope 2		4037	680	0
	Electricity	4037	680	0
Scope 3		522	1251	845.6
	Mixed household waste	135	840	220
	Biodegradables	0	0	0.1
	Paper/cardboard	0	0	0
	Recyclables (packaging)	0	0	1,4
	Steel	0	0	0
	Water consumed	0	6	7
	Business travel in private vehicles	35	53	112
	Commute	352	352	504.2
Total	**Scope 1-3**	**5545**	**3117**	**2350**

Recommendations to AS Alexela regarding future GHG inventories concerned the expansion of calculation in the categories of Scope 3. For example, purchased products and services; non-current goods; and indirect effects associated with production of fuels and energy. E.g., calculation of impacts associated with purchased products and services should include so-called upstream impacts - those arising from the extraction, manufacture, etc. of raw materials / the product.

AS Alexela's and Alexela Motors's current roadmap to achieving carbon neutrality is provided in the table below. We continue to look for new areas and actions for reducing our carbon footprint, as well as updating them every year. Based on latest information we foresee a certain amount of offsetting to be necessary in addition to reducing our carbon footprint, because we will likely not succeed in achieving total neutrality purely by adjusting our own operations.

Year	CO_2 emission reduction compared to baseline year, %	Added measure
2020 (baseline), t CO_2-eq	5545	
2021	44%	Purchased energy, partly green
2022	14%	Purchased energy, fully green
2023	4%	Improved waste management
2024	9%	Use of less-polluting fuels for fuel transportation
2025	9%	More sustainable business travel and commuting
2026	5%	Offset
2027	5%	Offset
2028	5%	Offset
2029	4%	Offset
2030	2%	Offset

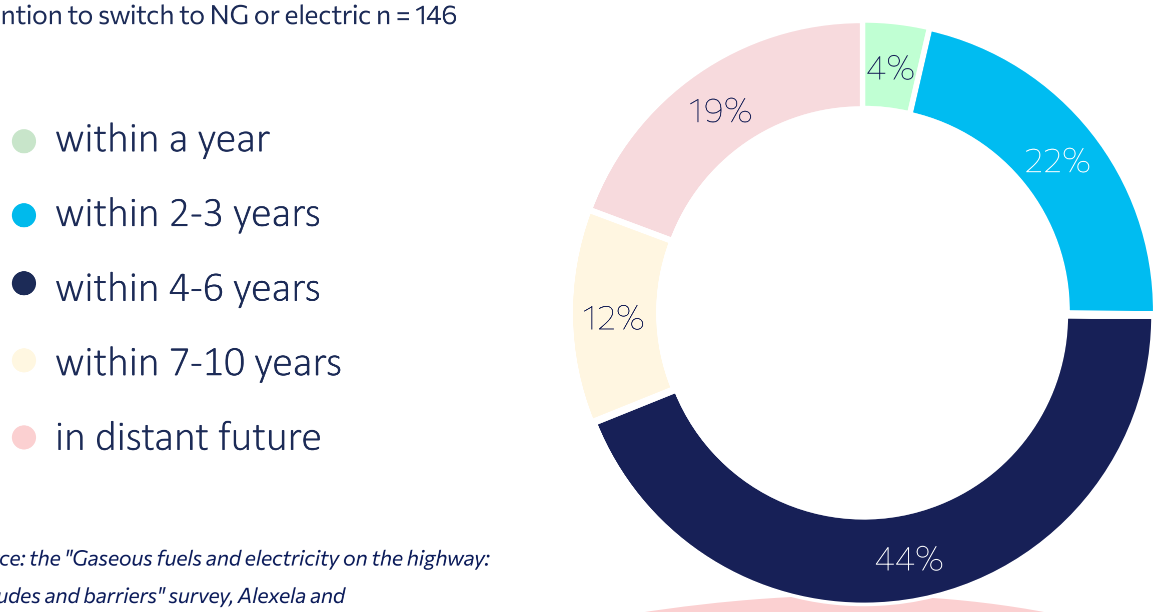


Carbon footprint measurement and reduction is important, but we do recognise that our environmental impact is significantly wider. Therefore we consider it important to reduce any air pollution in our main area of activity, which is energy. The main mode for this is developing our filling station chain to be less-polluting, as well as emphasizing development of e-mobility and biomethane filling stations.

In 2022, in cooperation with Kantar Emor, we conducted a survey in the Estonian population titled "Gaseous fuels and electricity on the highway: attitudes and barriers". 26% of respondents are considering replacing their car for a more sustainable vehicle. Of these respondents, 4% were prepared to make the switch immediately (within a year) and 22% within 2-3 years. In summary, Estonians apply caution regarding switching to less-polluting vehicles.

TRANSITION TIMELINE

Intention to switch to NG or electric n = 146



Source: the "Gaseous fuels and electricity on the highway: attitudes and barriers" survey, Alexela and Kantar Emor, 2022

In addition to reducing pollution, we also focus on the preservation and promotion of biodiversity. To this end, in 2022 we initiated the insect drive-in pilot project on the green spaces of 40 filling stations owned by AS Alexela. In 2023 we are planning to extend the project to all AS Alexela's filling stations.

Focus topics	SDG impacted	2020	2021	2022
1. Development of environmentally friendly refuelling capabilities				
Development of CNG and LNG stations to sell 100% renewable biomethane. We are developing sustainable LNG filling stations for transportation companies. 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. We are increasingly focusing on installation of private chargers.	Total number of CNG/LCNG stations	6	7	11
	Biomethane sold in stations (GWh)	69	85	65
	Recharging stations (public)	15	21	53 (with 77 available charging plugs)
2. Developing circular economy				
Alexela's associate Eesti Biogaas produces biomethane mainly from agricultural waste, greatly contributing to Estonian circular economy and creating jobs in rural areas.	Number of biomethane plants	1	3	3
	Biomethane produced (GWh)	28	82	94,3
3. Contributing to energy security				
Alexela's subsidiary is building a pumped hydroelectric storage plant in Paldiski, in order to solve the challenge of renewable energy storage. Over eight years, the construction of this pumped hydro storage will constitute 7% of total new infrastructure investment in Estonia, directly and indirectly create around 700 jobs and bring in 200 million euros of tax revenue. Once in operation, the plant will help reduce Estonian CO_2 emissions by 8.5 million tons.	Status of Energiasalv	Geological surveys	Communication	Construction permit
We are developing a peaking power plant to compensate for the intermittent nature of renewables and to establish reliable climate-neutral electricity production capability which will replace oil shale plants after their closure.	Power plant status			Business plan development

Focus topics	SDG impacted	2020	2021	2022
Alexela's subsidiary Alexela Solar builds solar farms for Alexela. The company also provides sustainable energy solutions as a service to corporate clients who are increasingly interested in saving on electricity, reducing their emissions and improving security of supply.	Number of solar farms*	0	2	4
	Capacity of solar farms (kWh)	0	122	1473
	Output of solar farms (kWh)	0	104	1,324,035
4. Supporting communities				
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 we started the Alexela community program in June 2020, 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. The lifecycle carbon sequestering capability of a 1 m3 stem-volume tree is 917 kg - the same amount of CO_2 emitted by an average car over 7900 km.	Number of trees planted by the community program	108,820	293,238	714,415
	CO_2 sequestered by the community program** (t)	65,292	175,943	430,006
	Number of members in the community program	6411	18,589	42,700
5. Supporting culture, sports and charities				
As a large company, we are aware of the role we play for both the Estonian economy as well as in local communities. That's 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.	Number of projects supported	17	23	26
	Support projects (€)	175,180	300,142	276,266
	Number of sports projects	10	13	16
	Sports projects (€)	82,189	167,286	168,165
	Number of charity projects	5	5	4
	Charity projects (€)	12,991	29,811	9,440
	Number of culture projects	2	4	4
	Culture projects (€)	80,000	100,046	87,461
	Number of educational projects	0	1	2
	Educational projects (€)	0	3,000	11,200

* Solar farms on Alexela premises
** Over the lifetime of planted trees

Our people and community

There are 428 awesome employees at Alexela – a whopping 83 more than last year. Estonian people meet them every day whenever they stop for a snack at one of our shops. On a monthly basis, we come in contact with a quarter of the Estonian population. Alexela also provides 24/7 customer support online – helping choose the best electricity plan or swiftly solving any issues.

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 recruiting and human resource management is founded on our core values developed and implemented in 2019 and supporting value-based management. 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 engaged employees on all levels in developing the values to make sure they will take root - this proved to be a good decision.

The turnover rate is highest among service station attendants. We have made employee retention our priority. This includes yearly reviews of our benefit 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.

Key indicators		**2022**	**2023 target**
Employee satisfaction	% who would recommend	92	93
Employee development	% trained	48%	51%
Turnover rate		34%	30%
Occupational health and safety	number of incidents	7	5

Number of employees	**Total**	**Total**
Management board members	6	6
Executives and specialists	133	143
Customer service and staff	206	279
Advisory and management boards		
Women	0	0
Men	10	11
30-49 yrs.	6	7
Over 50 years	4	4
New employees*		
Women	92	215
Men	29	71
Under 30 yrs.	77	166
30-49 yrs.	28	83
Over 50 yrs.	16	37
Employees who left*		
Women	138	184
Men	45	50
Under 30 yrs.	82	135
30-49 yrs.	69	63
Over 50 yrs.	32	36

* Includes seasonal employees, of whom there were 111 in 2022 (81 in 2021)

Along with our values, our "Best practices of service and conduct" constitute important tools and codes of conduct for all our employees. Employees are AS Alexela's greatest asset and making them feel appreciated and empowered is our important daily task. Every year we hold events to recognise the best employees.

We regularly conduct "Induction days" to introduce the company, its areas of activity and values to new employees and help them get settled in. As a talent management effort, we hold annual "Empowering" interviews with all current employees.

Alexela values lifelong learning and development. We help our employees take part in professional and vocational trainings to develop their skills. Furthermore, we support participation in personal development courses.

We conduct cybersecurity trainings to prevent cyber attackers from taking advantage of our employees, customers or companies. We hold annual data storage and communication trainings led by our data protection officer, and have established the relevant code of conduct.

Employees are a company's face and shape its reputation. In order to strengthen our team and promote networking, in addition to smaller department- and project-based events, for several years now we have organised a traditional Alexela Gala, summer days and a customer service appreciation event.

The health and safety of our employees is our priority. We provide our employees and their families with various benefits, including sports credit and health insurance among others. In 2022 we started a team-based movement tradition at Alexela using the YuMuuv app, in order to motivate our people to be more physically active. Furthermore, there is an employee tennis tournament early every summer.

We want to make sure our employees are paid fairly. In order to determine fair pay, we subscribe to the Fontes salary surveys and apply the principle of always paying our employees more than the average salary for their position.

Powering our community

Alexela is an Estonian company born along with the restoration of independent Estonia. We follow the principle of sustainable development, which has helped us rise among the top of our field in Estonia. Alexela will become carbon neutral by 2030 at the latest by developing circular economy, investing in energy security and implementing projects with real reduction of carbon footprint.

As a large company, we realise the major impact we have on local people and communities, and therefore Alexela has always supported sports, culture, charities and education. Alexela has been awarded the coveted title of Kultuurisõber (Supporter of Culture) and the title of Spordisõber (Supporter of Sports) by the Estonian Olympic Committee several times. In 2022 we reviewed AS Alexela's sponsorship principles and areas of focus, and formed the relevant committee.

Our goal is to be a good and dedicated sponsor, and we expect the same from our partners. Of course, our resources are limited, and therefore we carefully select projects to support. Any project supported by Alexela must contribute to at least one of Alexela's focus areas of support - innovation, sustainability or locality. Alexela does not sponsor martial arts, political campaigns, religious work, athletes who have been accused of doping or other unethical conduct, initiatives which are in conflict with our values and strategic goals or do not support them (for example, activities and projects which are harmful to the environment, people's health and biodiversity), and activities targeted to an individual or a small circle of individuals.

Management

MANAGEMENT BOARD

In 2022, AS Alexela was led by a six-member management board including:

AIVO ADAMSON
Chairman of the management board

ALAN VAHT
Member of the Board

AIVAR RÄIM
Member of the Board

TARMO KÄRSNA
Member of the Board

KARMO PIIKMANN
Member of the Board

JAAK JÕGI
Member of the Board

There have been changes to the management board by the date of this report. Starting on 11.04.2023, the AS Alexela management board consists of Marti Hääl, Aivo Adamson and Karmo Piikmann.

ADVISORY BOARD

In 2022, AS Alexela had a five-member advisory board.

MARTI HÄÄL
Chairman of the Advisory Board

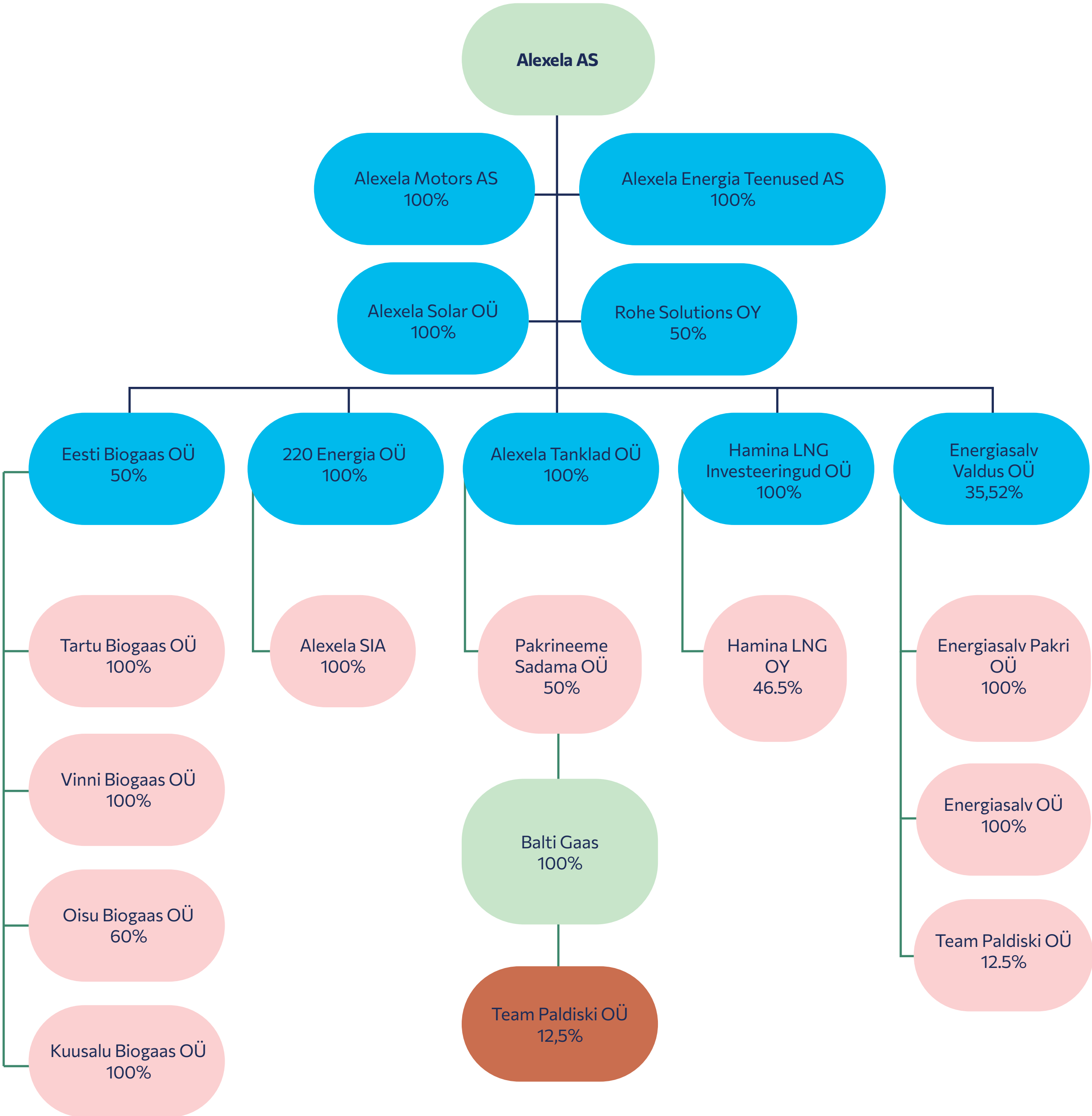
TOOMAS VIRRO
Member of the Advisory Board

HANS PAJOMA
Member of the Advisory Board

ANDREAS LAANE
Member of the Advisory Board

PRIIT PENJAM
Member of the Advisory Board

There have been changes to the advisory board by the date of this report. As of 10.04.2023, the advisory board includes: Hans Pajoma (Chairman of the Advisory Board), Andreas Laane, Toomas Virro, Kersti Kaljulaid, Priit Penjam.



Alexela AS
Alexela Motors AS 100%
Alexela Energia Teenused AS 100%
Alexela Solar OÜ 100%
Rohe Solutions OY 50%
Eesti Biogaas OÜ 50%
220 Energia OÜ 100%
Alexela Tanklad OÜ 100%
Hamina LNG Investeeringud OÜ 100%
Energiasalv Valdus OÜ 35,52%
Tartu Biogaas OÜ 100%
Alexela SIA 100%
Pakrineeme Sadama OÜ 50%
Hamina LNG OY 46.5%
Energiasalv Pakri OÜ 100%
Vinni Biogaas OÜ 100%
Balti Gaas 100%
Energiasalv OÜ 100%
Oisu Biogaas OÜ 60%
Team Paldiski OÜ 12.5%
Team Paldiski OÜ 12,5%
Kuusalu Biogaas OÜ 100%

Alexela's activity is based on its values, focus subjects, strategic goals and national laws and regulations.

At Alexela, the Management Board and the Head of Sustainability are responsible for ESG strategy. Therefore the management has a significant role in integrating sustainability aspects in business processes, but all employees also play a key part, as they are responsible for quality, safety and environmental protection in their area. Employee training starts at the Induction Day, where every new employee learns our values, strategic focus subjects and codes of conduct with the goal of creating a pleasant and safe workplace for all. Personnel receive training the entire time they work at Alexela - in addition to area-specific trainings it includes general subjects such as cybersecurity, data protection, mental health, etc. In order to promote an open organisational culture and internal communication, there is ongoing communication via the intranet, as well as company-wide briefings held several times every year, including via Teams. In the intranet, employees are able to easily provide feedback on ongoing processes, praise colleagues and provide criticism on any areas needing improvement.

In 2022, AS Alexela's sustainability management was based on the ISO 9001 management system principles. In 2023, our sustainability principles and action plan will be specified. This will include an official commitment to consider sustainability aspects in executive decisions, and designation of committees responsible for environmental and social impacts.

Alexela relies on principles of ethics, integrity and transparency in its communications with all stakeholders. The company applies the principle of zero tolerance for corruption (including offering and taking bribes, conflicts of interest, abuse of position and associated influence, embezzlement) and unfair competition (including disclosure of trade secrets and internal information and using these for personal gain) by both partners and employees. All large transactions are reviewed and approved by the management board to help avoid and prevent cases of corruption or unfair competition, for example due to conflict of interest arising from family, business or other ties.

2022. THE YEAR AT AS ALEXELA:

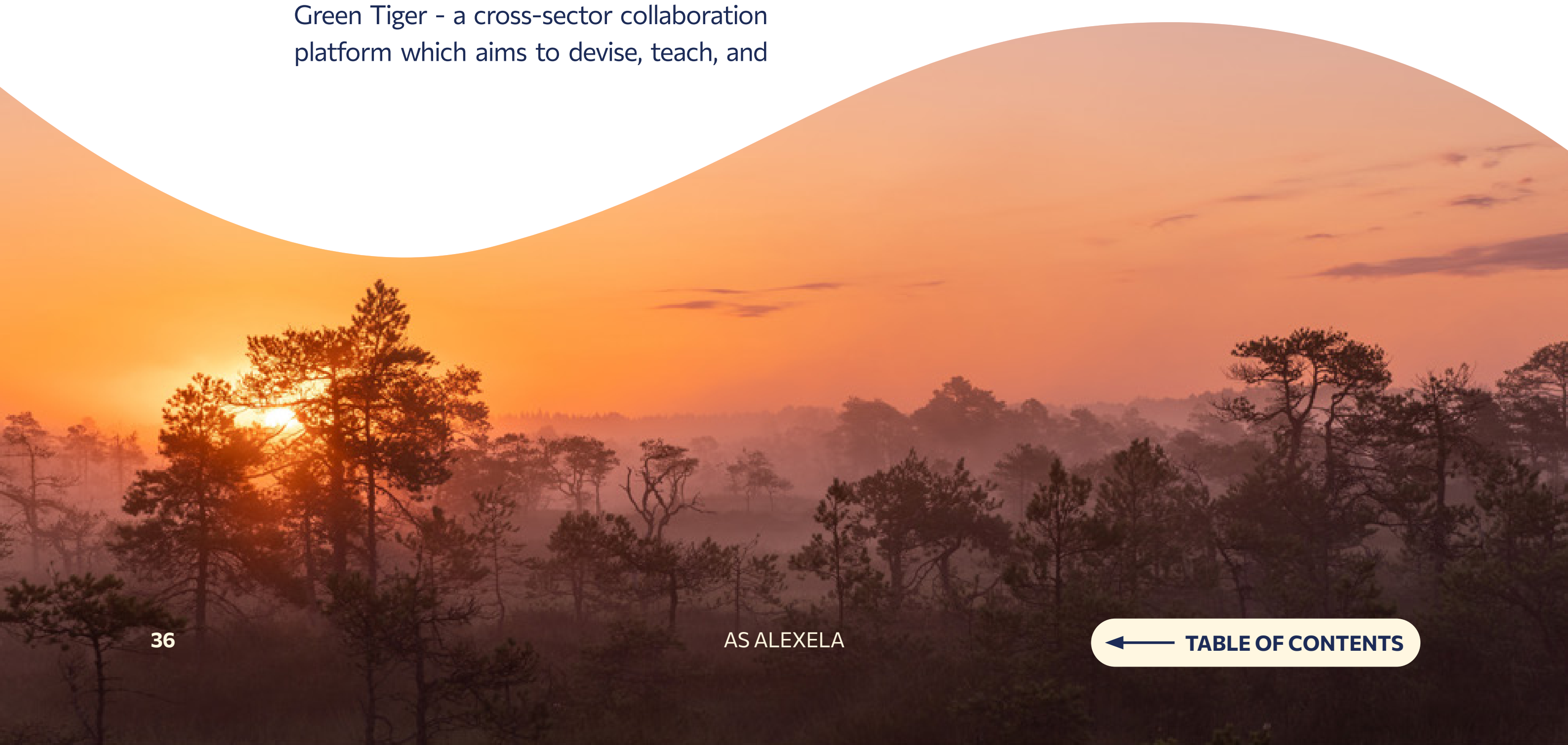
- There were no cases of corruption and no judicial processes concerning corruption initiated against our company. No employees were fired and no contracts with partners were suspended/terminated due to corruption.
- There were no instances of non-compliance with current regulations (including social, economical or environmental regulations).
- AS Alexela's subsidiary AS Alexela Motors received a precept from the Estonian Tax and Customs Board due to non-compliant handling of liquid fuel at Piiri tn 6, Võsu, Lääne-Viru county. This was due to mixed fuel supplied to the storage tank, but there were no fines or other sanctions applied to the company, because the company submitted to the precept immediately and disposed of the non-compliant fuel.
- The Environmental Board initiated misdemeanor proceedings against Pakrineeme Sadama OÜ, a subsidiary of AS Alexela, because Pakrineeme Sadama OÜ neglected to deploy so-called turbidity curtains to stop the spread of turbidity during the construction of the temporary pier, thereby violating the requirements of the water permit. The proceedings were dropped for expediency, because the Environmental Board found that: (i) during the environmental impact assessment, the expert determined that curtains were not needed, (ii) Pakrineeme Sadama OÜ conducted online monitoring of the situation during the entire construction process and fully cooperated with the Environmental Board, and (iii) any environmental impact was limited to the immediate construction area and was short-term, and therefore there was no real damage to the environment.
- There were no judicial proceedings initiated against the company or an employee, to our knowledge.
- The company did not make any monetary or non-monetary political contributions.

In 2023, a code of conduct and questionnaire will be prepared for all partners, in order to apply due diligence more strictly. In 2023, risk management will also be implemented as a management responsibility, to make it an integral part of strategic and operational management. All risk management activities and the process will be overseen by the audit committee and the risk management officer.

Alexela is a member of the Estonian Transport Fuels Union - an industry association for Estonian companies trading in mineral fuels and biofuels. The primary goal of the Estonian Transport Fuels Union is to contribute to the development of energy and liquid fuels policy, ensuring that mineral fuels and biofuels are treated on equal grounds with other energy carriers, to ensure the quality and optimal pricing of fuels and sufficiency and stability of energy supply, and ensure that environmental regulations are followed by providing oversight. Alexela is also a member of the Estonian Gas Association - an industry body for Estonian companies engaged in the importing, transportation, sales, implementation and use of natural gas and liquefied gas. Alexela is also a founding member and active participant in Green Tiger - a cross-sector collaboration platform which aims to devise, teach, and implement a plan for a balanced economy in Estonia and the world.

Alexela is also a founding member of Hydrogen Valley Estonia. Hydrogen Valley Estonia is a consortium of Estonian public and privately funded organisations, including research institutions, the goal of which is to improve the sustainability of the local energy system, currently based mainly on fossil fuels. It fits Estonia's ambitious plan to transition to 100% renewable energy by 2030. In 2022, Hydrogen Valley Estonia introduced a plan to develop a world-first nation-wide hydrogen ecosystem, with the first production plants, distribution solutions and consumption opportunities being created within the next six years. Such a hydrogen ecosystem will create new jobs and contribute to economic growth all over Estonia.

As a member of the Estonian Employers' Confederation, Alexela shares this organisation's position that successful private-sector employers are the foundation of Estonia's development and thereby the wellbeing of Estonian people. We recognise our responsibility for the future of Estonia and the commensurate part we must play in promoting life in Estonia.



1.3. EARNINGS

1.3. FINANCIAL RESULTS

Company development

Estonian retail network

LIQUID FUELS AND ALEXELA MOTORS

2022 was a turbulent year for fuels - both for global market prices as well as domestic consumption. Fuel prices on the global market rose in late 2021 due to relaxing of COVID restrictions and renewed economic growth, as well as the OPEC+ format limiting production. February 24th was a game changer. There was no more talk of COVID and markets followed news from the front and the sanctions applied to Russia by the European Union and the G7. The above factors resulted in major volatility of market prices. By the end of the year the markets stabilized, as the restrictions were applied with sufficient deadlines to find new suppliers and rework logistics chains.

Fuels sold by Alexela come from European refineries and the sanctions imposed on Russia did not threaten our security of supply. Our largest partner ORLEN PGI was quickly able to replace Russian crude oil, and therefore fuels sold in Alexela are not associated with Russia.

Domestic consumption increased in March and April, possibly due to consumers increasing their supplies. The summer brought all-time highest fuel prices, with both gasoline and diesel breaking the 2 euro/l barrier. This had an immediate effect on consumption, and by autumn private consumption of motor fuels had dropped by 10%. The high rate of inflation brought the share of energy products to a record-high level in family budgets, and people started to consciously limit their consumption. Customers refilled in smaller quantities and visited filling stations more often.

Estonia is a digital country and customers have quickly embraced the Alexela app and the option of in-app payments both at the pump and in the store. The monthly number of in-app refills increased by a factor of 14 within a year, with a sixth of customers preferring to pay in-app at the pump. In addition to the convenience, in-app payments help the environment by reducing usage of plastic loyalty cards. Thanks to the app, the number of plastic loyalty cards issued is 20% lower.

TRADE AND RETAIL

The added value of retail is growing every year. Our goal is to provide our customers with convenience, excellent service and positive emotions, as well as saving their time.

By the end of 2022, the Alexela retail network included 39 convenience stores.

Clients increasingly prefer to refill at stations with tasty food and a convenience store available. Therefore we will continue to invest in our convenience stores in the coming years by renovating and developing them, in order to retain our customers and increase their value. The business processes in convenience stores are in constant development to meet customer expectations and our financial ambitions. We continue to contribute to product development at our convenience stores, as well as raising the competence and service skills of our attendants. Our goal is to increase the rate of customer loyalty and continue to grow our business in the commerce and food direction, as well as increasing Alexela's market share in the fuel station commerce sector.

We care about environmental sustainability and one of our priorities is to maintain a focus on reusable coffee cups. This focus has helped increase the number of hot beverages served in reusable cups by 36% compared to last year. In cooperation with Panditops, we have installed two reusable cup vending machines in our convenience stores - the Alexela Rosen convenience store at Rotermann City in Tallinn, and at the Kakumäe harbour convenience store in Tallinn. By the end of 2022, the share of own-cup coffee purchases exceeded 6%.

As any good hero, the Alexela energy company has a desire to change the world. Considering that Estonians increasingly feel the need to save and plan their expenses, we developed the "My Alexela" loyalty program in late autumn 2022, which lets customers earn digital vouchers with monetary value in addition to any rebates from fuel and convenience store goods, and use these vouchers to pay for goods and services, for example their electricity and gas bills.

Our loyalty program is a valuable energy source for our loyal customers - it's exciting and stimulating and helps them save money conveniently. There is no other similar loyalty program providing rebates on a wide spectrum of everyday energy products - electricity, natural gas, LPG and highway fuels in more than 100 filing stations, as well as goods in 39 convenience stores and trailer rentals all over Estonia. Who else but our own Estonian energy company Alexela.

GASEOUS FUELS

2022 will be remembered as the year war began, bringing many changes. Similarly to many other companies here and elsewhere in the world, we had to reorganise our supply chains. For gaseous fuels, we switched to Kazakhstani and Finnish LPG, and replaced natural gas with mostly US LNG. Looking back, the price extremes were due to overreacting, with market participants panicking and not knowing how to replace Russian natural gas.

The Hamina LNG terminal was completed in October and by the end of the year it had received 7 vessels full of European LNG.

The high prices and questionable supply security of natural gas in 2022 made customers look for alternative heating solutions. Providing higher security of supply and more stable prices, the sales of liquefied petroleum gas (LPG) based heating solutions grew rapidly.

Although the year was difficult for the energy market, there is a silver lining. In terms of supply security, many supply chains were made more robust and the Paldiski pier for floating LNG terminals was completed in October at a record pace, led by

Alexela and Infortar. Furthermore, 2022 saw an incredible transformation of gas supply chains - something no-one could have predicted just a year ago.

ELECTRICITY

2022 continued the 2021 trend of rising electricity prices, further carried by the war-induced rally of gas prices. On the Nordic and Baltic market, in addition to the high gas prices, electricity prices were influenced by difficulties in starting up the new Block 3 of Olkiluoto nuclear power plant, cessation of Russian imports in Finland and Baltic countries, and limited renewables production. All this resulted in a market anomaly, with summer electricity prices at record highs instead of lows.

Thanks to warm weather the market settled down by the end of the year - European gas supplies proved sufficient to get us through the winter.

Estonian market was also influenced by the state compensation for energy prices and the Universal Service introduced in September. The latter resulted in a dramatic change in consumer behaviour. While most Estonians had preferred market-price plans, 70% of consumers now chose the fixed-price Universal Service.

Customers increasingly value Alexela's wide portfolio of services and loyalty program benefits covering the entire portfolio. Alexela's market share continued to grow, reaching 11%.

New business

E-MOBILITY

Installation of EV chargers supports Alexela's wider vision to lead the market for sustainable transportation fuels. Unlike traditional refilling, which can only be done in dedicated filling stations, we take a much wider view of e-mobility and EV charging. Alexela provides a total solution for EV recharging, including chargers at home, at work, on the way and in various destinations. We recognise that every customer has different recharging needs and Alexela needs to provide a wide array of different charging solutions.

For e-vehicle travellers, Alexela filling stations have EV chargers as well as convenience stores to have a snack while their vehicle recharges. Travelers value their time, which is why we are installing ultra-fast chargers in our filling stations, adding up to 100 km of range in less than 5 minutes. By installing ultra-fast chargers and operating convenience stores in our filling stations, we support our vision to provide one-stop shops for all highway fuel needs. In addition to installing EV chargers at filling stations, Alexela also focuses on providing recharging opportunities in various destinations – malls, hotels, spas and other recreation facilities. Visitors will be able to recharge their vehicle while it is parked for the visit. Another important segment of Alexela's total solution for EV recharging is the turnkey installation of charging stations at homes and workplaces.

As of the end of 2022, Alexela had 77 public EV charging locations, 34 of these were ultra-fast chargers and 43 were fast chargers for recharging over several hours. In 2023, Alexela plans to reach 140 public EV chargers, 60 of which will be ultra-fast and 80 will be fast chargers.

ALEXELA SOLAR

Alexela's subsidiary Alexela Solar OÜ focuses on consulting, planning and building renewable energy projects. At Alexela Solar, we have introduced an innovative business model, helping customers reduce their electricity expenditure and carbon footprint without investing in solar array design or technology.

In 2022, we were actively developing or constructing 4.5 MW of solar farms, to be completed in early 2023. A major project completed in 2022, which received media attention, was the solar array installed on the roof of the Saku Õlletehas brewery - it's the largest solar farm installed on an industrial building roof in Estonia. The 1.4 MW array was installed on approximately 16,200 m2 of roof area. The solar array on the brewery roof is projected to produce 1.1 GWh of green energy per year, which will cover a third of the brewery's energy needs in the summer when beer consumption is highest. There are over 3500 panels on the roof. The solar array and its interconnections were built at our own expense.

Furthermore, we designed and built a 47 kW solar array at the Alexela Saku filling station. A solar farm will also be completed at the Paldiski filling station in spring of 2023.

More than 300 MW of land-based wind and solar farms are in development. These projects are in various stages of completion, but their future is largely dependent on the transmission network providers.

BIOMETHANE PRODUCTION

In cooperation with partners, Alexela currently operates three plants (Oisu, Vinni and Ilmatsalu biogas plants) producing biogas from primarily agricultural waste - solid and liquid manure as well as excess silage.

First, our partners help collect the raw materials from all over Estonia. All raw material is from Estonia, primarily from agricultural producers. The majority is manure, especially liquid manure, but essentially all biodegradable plant-based material can be used. The common denominator is that the material is not suitable for any other use. For someone they are excess or waste, but for us they have value.

The gathered raw materials are then fermented. Depending on the production plant, the average daily capacity may be 15 truckloads. The result is domestic green fuel with quality equal to that of natural gas, suitable to be fed into the NG network or sold directly to customers.

An illustrative fact - the manure produced by a single milk cow in a year is enough to produce 200 kg of renewable natural gas,

fuelling a car for 5000 km. Alexela sells CNG produced from 100% Estonian bio-waste, suitable for all applications currently fuelled by mineral natural gas. In Estonia, all of it is consumed by the transportation sector: buses, trucks, taxis as well as private consumers. For example, Tartu city buses are fuelled with Alexela's biomethane.

The biomethane produced makes up approximately 5% of natural gas consumed in Estonia. Currently our production plants only consume 4-5% of manure produced in Estonia, with plenty of unused potential. While the current amount is not insignificant, we are working to make it 20% in five years. There is certainly not a lack of raw material. What is missing is clear support from the government - companies are not sure what is the national plan for this sector. Clear goals would give market participants something specific to strive for.

PRODUCTION CAPACITY:

GWh	2021	2022	%
Tartu Biogaas	34.128	34.067	-0.2%
Vinni Biogaas	30.883	31.569	3.0%
Oisu Biogaas*	17.237	28.737	66.7%
Eesti Biogaas in total	82.248	94.612	15.0%

** Oisu started biomethane production in May 2021*

ENERGIASALV

We are convinced that energy storage will be an integral part of tomorrow's energy economy. In cooperation with partners, Alexela is developing the Energiasalv project in Paldiski. The Zero Terrain storage technology will enable construction of energy storage plants in locations previously considered unsuitable, with minimal impact on the environment.

In December 2022, Energiasalv received construction permits - a major milestone which lets us continue preparations to construct the storage plant. Energiasalv will save money for electricity consumers, improve the profitability of wind and solar generation, and provide preconditions for eventually establishing a fully renewable electricity system. For 2023, the goal is to achieve FID approval and make preparations to start construction in 2024, aiming for startup in 2031 at the latest, in tandem with offshore wind farms.

ROHE SOLUTIONS AND HAMINA LNG

Built with joint investment from Alexela and Hamina Energia OY, the Hamina LNG terminal was opened in autumn 2022. The terminal capacity is 30,000 m3, and as of end of 2022 it was the only LNG terminal in Finland connected to its national gas network.

Hamina is a good strategic location for the terminal, providing LNG supplies to corporate clients in Southern Finland with minimum additional logistics expense. The Russian stoppage of natural gas supplies to Finland in summer 2022 influenced the entire market. A search began for alternative fuels as well as supply channels, and the Hamina LNG terminal was a perfect fit. In 2022, Alexela supplied 7 vessel loads of LNG to Hamina, sourced from outside Russia.

Rohe OY is a joint undertaking by Alexela and Hamina Energia OY, engaged in selling LNG and natural gas in Finland. For distributing the LNG, the company operates its own fleet of trucks.

The 2022 sudden rise in natural gas prices and stoppage of Russian pipeline gas supply painfully highlighted supply security risks. Transition to alternative fuels reduced the Finnish market for natural gas by 50%. Rohe's natural gas portfolio saw a 65% decline year-over-year, while LNG volumes increased by 42%. The pace of client and contract acquisition increased with the opening of the Hamina LNG terminal in the autumn. Currently it is Rohe's main source of LNG and natural gas supplies.

DIGITALISATION

We live in a world transitioning to the digital age, and people expect convenient e-solutions. Digitalisation changes the ways customers interact with us, bringing us closer to them - one could say it puts us in their pockets. Every year we invest more than a million euros in digital solutions. In 2022 we updated our self-service platforms. The largest project was a hardware and software update for convenience stores.

We updated the Alexela app, adding functionalities and improving user-friendliness. Late in the year we completed the automation of accounting for government compensation of electricity prices as well as the process to subscribe to Universal Service.

In 2023, we will continue developing our self-service and other digital channels.

Data security is a standard of trustworthiness. We will continue to invest in improving the cybersecurity of our systems and developments.

Investments

INVESTMENTS IN 2022 AND PLANS FOR 2023

In 2022, AS Alexela invested almost 7 million euros in its service stations and infrastructure (see Notes 6-9).

KEY INVESTMENTS IN 2022

1. Reconstruction of the Saku filling station, convenience store and LCNG refuelling solution construction, ultrafast charger installation.
2. Reconstruction of the Jõhvi filling station, convenience store and LCNG refuelling solution construction, ultrafast charger installation.
3. Construction of a convenience store at the Karksi-Nuia filling station.
4. Convenience store reconstruction and forecourt expansion at Harutee filling station.
5. Truck forecourt expansion and addition of AdBlue pumps at Laeva filling station.
6. Reconstruction of the storage tanks at Elva filling station.
7. Construction of a CNG refilling solution at Jõgeva.
8. Construction of a CNG refilling solution at Viimsi.
9. Construction of an LPG station at Tõrva.
10. Construction of new LPG terminals (heating and manufacturing).
11. IT developments, including development of a new customer self-service platform, updating our loyalty programs and convenience store point-of-sales systems, as well as developments for e-mobility and electricity sales.
12. Improving the state of the LPG terminal railway infrastructure.

INVESTMENTS PLANNED FOR 2023:

13. We will continue investing in convenience stores as well as new developments in 2023.
14. We will continue to contribute to the development of environmentally friendly compressed natural gas (CNG) filling stations and promote sales of 100% biomethane in these stations.
15. We will promote e-mobility by creating various recharging options. While we will continue installing public chargers at service stations, we will increasingly focus on installation of private chargers.
16. In order to provide more convenient customer service, we will continue to invest in IT systems development this year.
17. We will invest in renewable energy solutions, as well as storage and IT-based demand management solutions, to provide energy-as-a-service solutions for our customers - essentially virtual power plants.
18. Creation of regasification capability at the Hamina LNG terminal.
19. Expansion of biomethane production at the Oisu and Ilmatsalu plants.

KEY FINANCIAL INDICATORS

Ratio	2022	2021	2020	2019
Revenue (thousand €)	620,384	367,799	249,839	247,539
Revenue growth (%)	68.7%	47.2%	0.9%	14.5%
Net profit (thousand €)	14,612	8,320	3,382	-1,630
Profit margin (%)	2.4%	2.3%	1.4%	-0.6%
Current ratio	1.01	0.69	0.91	0.83
ROA (%)	4.2%	3.6%	2.1%	-1.0%
ROE (%)	11.1%	10.7%	4.7%	-2.9%

Formulae based on which the indicators were calculated:

Revenue growth (%) = (2022 revenue – 2021 revenue) / 2021 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

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Part 2
ANNUAL ACCOUNTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN EUROS)

	31.12.2022	31.12.2021	Note no.
Assets			
Current assets			
Cash	1,001,309	1,767,480	2
Receivables and prepayments	91,196,092	51,781,375	3, 5
Inventories	46,331,334	15,176,424	4
Total current assets	**138,528,735**	**68,725,279**	
Non-current assets			
Non-current investments	40,173,080	24,151,285	7
Receivables and prepayments	20,643,782	6,275,858	3
Property, plant and equipment	141,493,279	130,752,763	8
Intangible assets	3,214,578	6,793,420	9
Total non-current assets	**205,524,719**	**167,973,326**	
Total assets	**344,053,454**	**236,698,605**	
Liabilities and equity			
Liabilities			
Current liabilities			
Loan commitments	56,583,747	32,611,370	10, 12
Payables and prepayments	79,506,656	66,330,238	5, 13, 14
Provisions	612,845	373,075	15
Grants	218,054	155,332	16
Total current liabilities	**136,921,302**	**99,470,015**	
Non-current liabilities			
Loan commitments	74,448,486	58,604,429	10, 12
Payables and prepayments	80,977	2,008	13
Deferred income tax liability	456,576	74,007	5
Provisions	7,521	7,738	15
Grants	727,646	617,187	16
Total non-current liabilities	**75,721,206**	**59,305,369**	
Total liabilities	**212,642,508**	**158,775,384**	
Equity			
Equity held by shareholders and partners in parent company			
Nominal share capital	1,643,933	1,619,410	17
Share premium	1,435,477	280,000	
Statutory reserve capital	161,941	161,941	
Miscellaneous reserves	83,401,095	54,271,881	8, 17, 35
Retained profit	30,158,842	11,924,529	
Annual period profit (loss)	14,609,658	8,320,170	
Total equity held by shareholders and partners in parent company	**131,410,946**	**76,577,931**	
Non-controlling interest	**0**	**1,345,290**	
Total equity	**131,410,946**	**77,923,221**	
Total liabilities and equity	**344,053,454**	**236,698,605**	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN EUROS)

	2022	2021	Note no.
Sales	620,384,334	367,798,928	18
Other operating income	641,786	346,943	19
Goods, raw materials and services	-571,262,877	-334,083,779	20
Other operating expenses	-7,112,317	-4,562,299	21
Labour expenses	-12,890,508	-8,389,692	22
Depreciation and impairment	-12,870,636	-9,511,568	8, 9
Other operating expenses	-323,443	-194,941	23
Profit (loss)	**16,566,339**	**11,403,592**	
Profit (loss) from subsidiaries and associates	2,454,856	176,039	6, 7
Interest income	388,476	28,246	24
Interest expense	-4,249,713	-3,147,950	25
Other financial income and expense	-164,984	-135,945	26
Profit (loss) before tax	**14,994,974**	**8,323,982**	
Income tax expense	-382,569	-3,812	5
Annual period profit (loss)	**14,612,405**	**8,320,170**	
Profit share from non-controlling interest	2,747	0	
Parent company shareholder's profit share	**14,609,658**	**8,320,170**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IN EUROS)

	2022	2021	Note no.
Annual period profit (loss)	14,612,405	8,320,170	
Other comprehensive income (loss)			
Other comprehensive incomes (losses)	31,624,855	8,059,309	8, 17, 35
Total other comprehensive income (loss)	**31,624,855**	**8,059,309**	
Annual period comprehensive income (loss)	**46,237,260**	**16,379,479**	
Profit share from non-controlling interest	2,747	0	
Parent company shareholder's share of comprehensive income (loss)	46,234,513	16,379,479	

CONSOLIDATED STATEMENT OF CASH FLOWS (IN EUROS)

	2022	2021	Note no.
Cash flow from trade			
Profit (loss)	16,566,339	11,403,592	
Adjustments			
Depreciation and impairment	12,870,636	9,511,568	8, 9
Income (loss) from sale of non-current assets	-31,671	-63,832	8, 9, 19
Other adjustments	99,122	92,931	15, 16
Total adjustments	**12,938,087**	**9,540,667**	
Change in trade receivables and prepayments	-7,819,246	-69,346,990	
Change in inventory	-31,154,910	-6,399,402	4
Change in trade liabilities and prepayments	8,868,280	58,028,643	
Total cash flow from trade	**-601,450**	**3,226,510**	
Cash flow from investment activities			
Payments for purchase of tangible and intangible assets	-18,598,892	-6,374,245	8, 9
Income from sale of tangible and intangible assets	66,526	19,997	8
Subsidiary acquisition cost	-2,657,310	-11,266,303	
Net cash flow from subsidiary acquisition	0	568,742	
Associate acquisition cost	-658,418	-1,617,997	7
Income from sale of subsidiaries	2,029,288	0	6
Net cash flow from sale of subsidiaries	-606,456	0	6
Given loans	-4,829,105	0	3
Repayments from loans given	3,073,115	63,363	3
Interest income	16,311	5,366	
Total cash flow from investment activities	**-22,164,941**	**-18,601,077**	
Cash flow from financing activities			
Loans received	185,986,000	69,971,592	12
Repayments for loans received	-155,723,883	-46,938,019	12
Change in current account balance	-4,914,176	94,661	12
Principal repayments for capital lease	-1,506,087	-3,144,208	10
Interest paid	-3,335,246	-3,236,116	
Grants received	313,612	-74,505	16
Share issue	1,180,000	0	17
Total cash flow from financing activities	**22,000,220**	**16,673,405**	
Total cash flow	**-766,171**	**1,298,838**	
Cash and cash equivalents at beginning of the period	1,767,480	468,642	2
Change in cash and cash equivalents	**-766,171**	**1,298,838**	
Cash and cash equivalents at end of the period	1,001,309	1,767,480	2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IN EUROS)

	Equity held by shareholders and partners in parent company					Minority share	Total
	Nominal share capital	Share premium	Statutory reserve capital	Other reserves	Retained profit (loss)		
31.12.2020	**1,619,410**	**280,000**	**161,941**	**60,613,316**	**9,170,955**	**0**	**71,845,622**
Annual period profit (loss)	0	0	0	0	8,320,170	0	8,320,170
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
31.12.2021	**1,619,410**	**280,000**	**161,941**	**54,271,881**	**20,244,699**	**1,345,290**	**77,923,221**
Annual period profit (loss)	0	0	0	0	14,609,658	2,747	14,612,405
Share capital increase	24,523	1,155,477	0	0	0	0	1,180,000
Changes in reserves	0	0	0	29,129,214	2,495,641		31,624,855
Other changes in equity	0	0	0		7,418,502	-1,348,037	6,070,465
31.12.2022	**1,643,933**	**1,435,477**	**161,941**	**83,401,095**	**44,768,500**	**0**	**131,410,946**

The equity item "Miscellaneous reserves" includes the reserve for revaluation of non-current assets, as well as the reserves for natural gas and electric energy hedging. More information on the changes in the reserve for revaluation of non-current assets may be found in Note 8, and more information on the hedging reserves may be found in Note 35.

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 accounts

NOTE 1. ACCOUNTING POLICIES

GENERAL INFORMATION

AS Alexela is a public limited company registered and operating in Estonia with the main operating activity of retail sales of motor fuel, including operating service stations. The registered address of the company is at Roseni 11, Tallinn, Estonia.

The 2022 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- subsidiaries and associates (group structure is presented in Note 6).

This consolidated report is signed by the management board on May 12th 2023.

According to the Estonian Commercial Code, the annual report (which includes the consolidated annual accounts), as prepared by the 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 OF PREPARING THE ANNUAL REPORT

AS Alexela's 2022 consolidated annual accounts have been prepared according to international reporting standards as adopted by the European Union.

The functional currency and reporting currency of AS Alexela and its subsidiaries is the euro, and 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 2022 consolidated annual accounts have been prepared using new or amended standards and interpretations thereof as issued by IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Interpretations Committee), as applicable to the company's activities during the reporting period starting on January 1st 2022.

"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 originally were in force until 30.06.2021, were extended to 30.06.2022.

Because 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 in the lease, such rent concession may be considered to not be 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.

"Proceeds before Intended Use, Onerous Contracts - Cost of Fulfilling a Contract, reference to conceptual framework" - IAS 16, IAS 37 and IFRS 3 limited amendments and annual IFRS developments 2018-2020 – IFRS 1, IFRS 9 and IFRS 16 amendments

Applicable to reporting periods starting on January 1st 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 that relate directly 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 shall apply those amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). The entity shall not restate comparative information. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- The amendment to IFRS 3 makes an update by referring to the 2018 Conceptual Framework for Financial Reporting instead of the 1989 Framework, and adds a new section clarifying that acquirer shall not recognise a contingent asset at 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 the 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 significant impact on the group's accounting.

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS THEREOF ENTERING INTO FORCE

A number of new standards, amendments or interpretations thereof have been adopted, which entered into force on 01.01.2023 or later, and which the group has not implemented early:

"Disclosure of Accounting Policies" - amendments to IAS 1 and IFRS Practice Statement 2 Applies to reporting periods starting on January 1st 2023 or later.

The amendments clarify what is material accounting policies information and how to identify material accounting policy information, require disclosure of material accounting policy information, and clarify that immaterial accounting policy information should not be disclosed, or, if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

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

"Definition of Accounting Estimates" - amendments to IAS 8. Applies to reporting periods starting on January 1st 2023 or later.

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 significant impact on the group's accounting.

"Deferred income tax associated with assets and liabilities originating from a single transaction" - IAS 12 amendments. Applies to reporting periods starting on January 1st 2023 or later.

The IAS 12 amendments specify the taxation of temporary differences and the recognition of deferred income tax on transactions such as lease agreements and decommissioning, restoration and similar liabilities. On certain conditions, companies may be exempted from deferred income tax at the initial recognition of assets or liabilities. The amendments clarify that this deferral does not apply to recognition of lease liabilities and assets at the time of transitioning to IFRSs, and that companies must recognise deferred income tax from these transactions. The group's opinion is that this has no material effect on its financial reporting.

"Leases: Lease Liability in a Sale and Leaseback" - IFRS 16 amendments. Applies to reporting periods starting on January 1st 2024 or later. Not yet adopted in the European Union.

The amendments add subsequent measurement obligations to sale-leaseback transactions recognised as sale pursuant to IFRS 15. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction such that assets for which they retain right of use, as well as profit and loss associated with them, are recognised proportionally to the asset's previous carried value. The group's opinion is that this has no material effect on its financial reporting.

"Classification of liabilities as current or non-current, deferral of effective date" - IAS 1 amendments - applies to reporting periods starting on January 1st 2024 or later. Not yet adopted in the European Union.

The amendments clarify 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 expectations regarding if and when the entity may exercise the right. The amendments also clarify what settlement refers to.

The group believes that at the time of initial implementation the amendments do not have 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 §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 acts enacted under it 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 §8 of the Act, must keep accounts for transmission, distribution and sale of gas and for any activity area unrelated to these activities in the manner that separate undertakings operating in these areas of activity would be obligated to. The Natural Gas Act and acts enacted under it are enforced by the Consumer Protection and Technical Regulatory Authority.

ERROR ADJUSTMENTS

Errors may arise in recording, measurement, presentation or disclosure of components of financial reports.

Any errors in the previous accounting period shall be 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 shall be 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 to be controlled by the parent if the parent 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 or 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. Any difference between the cost of acquired ownership interest and the fair value of net assets acquired is recognised as 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 or 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 shall be 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 in the group's balance sheet (including goodwill) as of the date of disposal shall be 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 book value of the acquired net assets (i.e. as the acquired assets and payables were carried in the balance sheet of the acquired entity). The difference between the cost of acquisition and the book value of the acquired net assets shall be recognised as an increase or decrease of the equity of the acquirer.

The 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 preparing 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) shall be 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 shall be recognised directly in equity (similarly to the differences arising in purchase and sale of treasury shares).

FINANCIAL ASSETS

CLASSIFICATION

KThe 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 which are 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 that is determined by evaluating a range of possible outcomes,
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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;
- 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 after 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 LIABILITES DENOMINATED IN A 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 liabilities denominated in a foreign currency are translated into euros based on the official 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 carried using the amortised cost method (i.e. nominal value minus repayments and any write-down).

Receivables are written down by 50% if overdue by 90-180 days, and by 100% if overdue by over 180 days. At end of 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 reduction in the allowance for doubtful receivables.

INVENTORIES

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

In addition to their 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.

Because 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, inventories are recognised at cost or at net realisable value, whichever is lower.

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

NON-CURRENT ASSETS

PROPERTY, PLANT AND EQUIPMENT

Property plant and equipment are assets used in the group's operating activities with useful life of over one year and cost of over 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 revalued 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 carried value, the difference between the old and new carried value is recognised as other comprehensive income and accumulated in the revaluation reserve.

If the revaluation results in a decrease of the asset's carried value, the difference between the old and new carried 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 which meet the definition of property, plant and equipment and carrying criteria will be added to the cost of the 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 to be 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 expense.

Depreciation is calculated using the linear method. The amortisation 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 expense 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 carried amount, until the asset is definitively removed from use or reclassified as held for sale.

INTANGIBLE ASSETS

Intangible assets are long-term licenses, 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 which 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 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 which was paid for acquiring a company's assets which are not readily distinguishable and measurable. On the date of acquisition, the goodwill is recognised on the balance sheet as an intangible asset at cost.

After recognition, intangible assets are carried at cost, less accumulated depreciation and impairment losses.

Goodwill is not depreciated. Instead, a goodwill impairment test will be conducted yearly (or earlier, if there is an event or change in circumstances which may indicate impairment of goodwill). In order to test impairment, the goodwill is distributed between the cash-generated units or groups of units which are expected to benefit from this goodwill in the future. Independent cash-generating unit (or a group of units) is the smallest distinguishable asset group not larger than the business segment used for segment reporting.

Impairment is determined by measuring the recoverable value of the cash-generating unit associated with the goodwill. If the recoverable value of the cash-generating unit is lower than its carried amount (including goodwill), then impairment of goodwill is recognised, as well as the proportional write-down of other assets associated with the cash-generating unit. Write-down of goodwill is not offset.

Threshold of recognising non-current assets is 1000 euros.

USEFUL LIFE BY ASSETS GROUP (YEARS)

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

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

LEASES

GROUP AS LESSOR

Finance lease constitutes a lease agreement which transfers all material ownership risks and benefits of the leased asset to the lessee. All other lease agreements are recognised as operating lease.

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 in its balance sheet as a receivable 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, will be 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, 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 carried value of lease liabilities is increased by the lease liability interest and reduced by the lease payments made. The carried 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

All financial liabilities (trade payables, borrowings, accrued expenses and other

current and non-current liabilities) are initially recognised on the adjusted cost method.

The adjusted cost of current financial liabilities generally equals their nominal value; therefore, current financial liabilities are carried on the balance sheet at their net realisable value. For determining the amortised cost of non-current financial liabilities they are initially recognised at the fair value of the consideration received (less transaction costs), and subsequently their interest expense is calculated using the effective interest rate method. A financial liability is considered to be current if its repayment term is within 12 months from the balance sheet date or if the Company does not have a non-contingent right to postpone the repayment of the liability to a date more than 12 months after the balance date.

Loan liabilities repayable within 12 months after the balance sheet date, but refinanced as non-current liabilities after the balance sheet date but before approval of the annual report, are recognised as current. Loan liabilities which the creditor was entitled to collect on the balance sheet date due to violation of loan agreement are also recognised as current.

DERIVATIVES AS HEDGING INSTRUMENTS

Derivatives arising from hedging agreements and reflecting future transactions (forwards, futures, swaps, options) are recognised on the balance sheet at fair value from contract date.

The group has purchased derivatives classified as cash flow risk hedging instruments with the purpose of hedging natural gas and electricity price volatility risks.

At the time of transaction, the group documents the material relationship between the hedging instrument and the hedged asset, the goals of hedging and the strategy on which the transaction is based.

Furthermore, changes in the cash flow of hedged assets are documented.

If the derivative is classified as a cash flow risk hedging instrument, its net fair value change will be recognised as other comprehensive income via the hedging reserve. The fair value of hedging derivatives is classified as a non-current receivable or liability when the remaining maturity of the hedging instrument is more than 12 months and as a current asset or liability when the remaining maturity of the hedging instrument is less than 12 months. For such derivatives, the fair values and hedging reserve changes are listed in Note 35.

Sums recognised in the equity risk hedging reserve are reclassified as profit or loss during the period when the hedged asset's cash flow impacts profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer qualifies for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecasted transaction is ultimately recognised in profit or loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately recognised as other operating income or other operating expenses in the income statement.

Derivatives for which efficacy analysis has not been conducted are recognised as ineffective. Profit or loss due to ineffective hedging instruments is recognised on the "Goods, raw materials and services" row of the income statement, if the contract was for hedging price risk, or otherwise in financial income and expense.

PROVISIONS AND CONTINGENT 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 shall be in the management's opinion the best estimate of the expenditure required to settle the present obligation as of the reporting date

In case the provision is likely to be settled later than 12 months after the reporting date, it shall be 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 payables 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 which 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 for assets are recognised using the gross method.

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 when the company recognises costs associated with 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 net profit must be held for reserve, until the reserve makes up at least 10% of 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, 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 programs or the customer's purchase volumes. Any discounts are fixed at the time of recognising the sale 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 which 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 obligated to accept them based on the acceptance deadline or the fulfilling of all acceptance criteria, which 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 to be 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 units 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 profits. Income tax is paid on dividends, fringe benefits, gifts, donations, costs of entertaining guests, payments not attributable to business, and transfer price amendments.

In Estonia, earnings distributed as dividends is 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 a liability and as an income tax expense in the period when 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 some particular characteristics of the Estonian tax system, companies established in Estonia do not incur any difference between the taxable and carried values of assets, and therefore there are no deferred income tax liabilities or obligations. The balance sheet does not include any income tax liability contingent on distributing parent's retained profits as dividends. The maximum income tax liability which would arise from distributing retained profits as dividends is included in Notes to this 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 subsidiary's or associate's retained earnings is 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 to be 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:

- controlling or able to exercise significant influence over it);
- other entities belonging to same consolidation group (including other subsidiaries of the same parent;)
- executives and top managers;
- the above parties' immediate family and companies controlled by them or under their prevalent and material influence.

MATERIAL ACCOUNTING ESTIMATES

In preparing IFRS-compliant annual accounts, the management has to develop presumptions, make estimates and make decisions regarding 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 of making the adjustment, if it only concerns that period, or for that period and future periods, if the adjustment concerns both the current period and future periods.

Below are presented major management estimates which may impact financial reports.

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 carried value. 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 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 character of the company's non-current assets (real estate), they are placed on Level 3, and 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 the service stations' actual and budgetary data from which the revenue-benefit of belonging to the Alexela retail chain is eliminated for the purpose of service station evaluation, 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 on it.

INVENTORY EVALUATION (NOTE 4)

The management's evaluation of inventories is based on best available information, taking into account 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.

EVALUATION OF 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 a cost. The carrying value of claims is reduced by the allowance for doubtful receivables, and the write-down loss is normally reported in the statement of financial position under miscellaneous operating expenses. Any repayment of previously written-down doubtful receivables is reported as reduction in the allowance for doubtful receivables.

MISCELLANEOUS RESERVES

Miscellaneous reserves include non-current asset revaluation reserve and derivative hedging reserves. These reserves are tied to equity and are not distributed to shareholders.

The non-current asset revaluation reserve is reduced yearly by depreciation based on cost. This reduction in the revaluation reserve is added to retained earnings from previous periods.

The derivative hedging reserve reflects the change of fair value of hedging instruments, which is reclassified as profit or loss for the period when the hedged transaction cash flow contributes to profit or loss.

NET EARNINGS PER SHARE

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

Diluted net earnings per share is calculated by adjusting both the net earnings and the average number of shares by any potential shares which may dilute the net earnings per share. Because 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 which 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 which are not included in the evaluation of assets and liabilities, but which have material impact on earnings in the next reporting year, are disclosed in Notes of the annual report.

NOTE 2. CASH (in euros)

	31.12.2022	31.12.2021
Cash in cash register	328,674	343,408
Current accounts	597,992	1,387,266
Cash in transit	74,643	36,806
Total cash	1,001,309	1,767,480

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

NOTE 3. RECEIVABLES AND PREPAYMENTS (in euros)

		Allocation by remaining maturity		
	31.12.2022	Within 12 months	Within 1-5 years	Note no.
Trade receivables	58,414,953	58,414,953	0	
Trade receivables	58,738,129	58,738,129	0	
Doubtful receivables	-323,176	-323,176	0	
Prepaid and deferred taxes	669,245	669,245	0	5
Other current receivables	10,882,505	1,104,305	9,778,200	
Loan receivables	10,591,117	940,551	9,650,566	
Interest receivables	271,559	143,925	127,634	
Accrued income	19,829	19,829	0	
Prepayments	1,044,357	1,044,357	0	
Other prepayments made	1,044,357	1,044,357	0	
Guarantees and deposits	238,551	221,730	16,821	
Finance lease receivables	90,290	57,412	32,878	10
Derivatives	28,216,718	17,416,217	10,800,501	35
Other current receivables	12,283,255	12,267,873	15,382	
Total receivables and prepayments	**111,839,874**	**91,196,092**	**20,643,782**	

		Allocation by remaining maturity		
	31.12.2021	Within 12 months	Within 1-5 years	Note no.
Trade receivables	43,193,232	43,193,232	0	
Trade receivables	43,283,430	43,283,430	0	
Doubtful receivables	-90198	-90198	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	33760	
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	3000	
Total receivables and prepayments	**58,057,233**	**51,781,375**	**6,275,858**	

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):

	2022	2021
Doubtful receivables at the start of the period	-90,198	-97,402
Receivables determined to be doubtful	-434,629	-70,002
Doubtful receivables repaid	94,536	77,206
Receivables determined to be uncollectible	107,115	0
Doubtful receivables at the end of the period	**-323,176**	**-90,198**

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

Maturity of trade receivables:

	Total	Not due	Overdue by up to 30 days	Overdue by 31–90 days	Overdue by 91–180 days	Overdue by over 180 days
31.12.2022	**58,738,129**	**56,009,722**	**1,408,404**	**798,904**	**216,903**	**304,196**
Including related entities	5,505,105	5,405,795	82,983	12,802	1,734	1,791
31.12.2021	**43,283,430**	**41,428,075**	**805,438**	**73,236**	**28,530**	**948,151**
Including related entities	3,933,193	3,933,193	0	0	0	0

Maturities and interest rates of loan receivables:

31.12.2022	Total	Interest rate	Base currency	Year
Given loans	525,552	6.00%	€	2023
Given loans	415,000	7.00%	€	2023
Given loans	147,500	7.00%	€	2024
Given loans	682,500	7.00%	€	2025
Given loans	3,960,182	6.00%	€	2027
Given loans	1,144,000	2.00%	€	2035
Given loans	3,216,383	2.00%	€	2036
Given loans	500,000	2.00%	€	2037
Total	**10,591,117**			
31.12.2021	**Total**	**Interest rate**	**Base currency**	**Year**
Given loans	1,800,000	6.00%	€	2024
Given loans	1,144,000	2.00%	€	2035
Given loans	3,216,384	2.00%	€	2036
Total	**6,160,384**			

As of 31.12.2022, loan receivables from related parties amount to 10,591,117 euros (as of 31.12.2021 this was 6,160,384 euros).

As of 31.12.2022, "Interest receivables" includes receivables from related parties in the sum of 271,558 euros (36,719 euros as of 31.12.2021).

As of 31.12.2022, "Trade receivables" includes receivables from related parties in the sum of 5,505,105 euros (3,933,193 euros as of 31.12.2021).

NOTE 4. INVENTORY (in euros)

	31.12.2022	31.12.2021
Raw materials	347,234	236,784
Goods for resale	40,278,192	13,836,114
Prepayments for inventories	5,705,908	1,103,526
Total inventory	**46,331,334**	**15,176,424**

During the reporting period, inventories have been written down by 26,199 euros (24,279 euros in 2021).

All stockpiled inventories are pledged for financial liabilities as receivable pledge or commercial pledge (see Note 12). Information on pledged inventories is found in Note 36.

NOTE 5. TAX PREPAYMENTS AND LIABILITIES (in euros)

	31.12.2022		31.12.2021	
	Prepayment	**Tax liability**	**Prepayment**	**Tax liability**
Estonian value added tax	595,572	10,879,637	168,802	7,971,843
Personal income tax	0	282,851	0	222,988
Fringe benefit income tax	0	15,267	0	11,516
Social tax	0	543,874	0	426,285
Mandatory funded pension	0	19,906	0	16,742
Unemployment insurance tax	0	35,064	0	27,605
Excise duty tax	0	130,942	0	120,361
Other tax prepayments and liabilities	0	588	0	986
Prepayment account balance	29,853	0	18,871	0
Foreign value added tax	43,820	305,874	79,852	341
Other tax prepayments and liabilities abroad	0	16,499	0	3,398
Total tax prepayments and liabilities	**669,245**	**12,230,502**	**267,525**	**8,802,065**

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

As of 31.12.2022, value added tax prepayment includes the amount recognised based on the December VAT declaration, but still controlled on the balance sheet date.

Deferred income tax from retained revenue of subsidiaries and associates:

	2022	2021
Income tax expense	382,569	3,812
	31.12.2022	**31.12.2021**
Deferred income tax liability	456,576	74,007

NOTE 6. SHARES OF SUBSIDIARIES (in euros)

Subsidiary registry code	Name of subsidiary	Country of incorporation	Principal activity	Ownership interest (%)	
				31.12.2021	31.12.2022
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-4010375297	Alexela SIA (subsidiary of 220 Energia OÜ)	Latvia	Sales of electric energy	100	100
14387534	Hamina LNG Investeeringud OÜ	Estonia	Investments	100	100
14128985	Alexela Motors AS	Estonia	Transportation services	100	100
12817083	Alexela Solar OÜ	Estonia	Construction design and consulting	100	100
12935931	Alexela Tanklad OÜ	Estonia	Leasing out of real estate	100	100
11162912	Pakrineeme Sadama OÜ (subsidiary of Alexela Tanklad OÜ)	Estonia	Buying and selling real estate	88	0
11514541	Balti Gaas OÜ	Estonia	Business consulting	90	0

The subsidiary Alexela Energia Teenused AS was incorporated on 28.11.2016 and was 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. There was no writing down of goodwill in 2022 (in 2021, goodwill was written down by 640,486 euros) (see Note 9).

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 was 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 resulting cash flows were discounted at a rate of 9.41%, calculated using the weighted average capital method. The valuation result differed from the book value by 0,12% and no goodwill revaluation was conducted. A new asset valuation test was conducted as of 31.12.2022, based on the assumption that the company will dispose of its ownership share in Hamina LNG OY in 2027, and will receive repayment for loans given and repay loans received the same year. The resulting cash flows were discounted at a rate of 10.02%, calculated using the weighted average capital method. Based on the revaluation, the value of Hamina LNG Investeeringud OÜ is 3,748,128 euros, and the total goodwill of Hamina LNG Investeeringud OÜ amounting to 3,420,884 euros was written down.

In 2022, 12% ownership share in the subsidiary Pakrineeme Sadama OÜ was purchased, resulting in a total ownership share of 100%. A non-Group shareholder increased the share capital of Pakrineeme Sadama OÜ, as a result of which the Group's ownership share decreased to 50% and Pakrineeme Sadama OÜ is recognised as an associate as of 30.06.2022. The transaction resulted in a loss of -721,233 euros, included on the "Profit (loss) from subsidiaries and associates" line of the income statement.

In 2022, 10% ownership share in the subsidiary Balti Gaas OÜ was purchased, resulting in a total ownership share of 100%. Division of Balti Gaas OÜ resulted in a new subsidiary, Hamina Consult OÜ. Both subsidiaries were sold in 2022. The losses from these transactions are included on the "Profit (loss) from subsidiaries and associates" line of the income statement - -129,078 euros for Balti Gaas OÜ and -85,880 euros for Hamina Consult.

NOTE 7. SHARES OF ASSOCIATES (in euros)

				Ownership interest (%)	
Associate registry code	Name of associate	Country of incorporation	Principal activity	31.12.2021	31.12.2022
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	46.5	46.5
14754903	Eesti Biogaas OÜ	Estonia	Energetics	50	50
14010321	Energiasalv Valdus OÜ	Estonia	Energetics	35.52	35.52
11162912	Pakrineeme Sadama OÜ (associate of Alexela Tanklad OÜ)	Estonia	Buying and selling real estate	0	50

Shares of associates, detailed information:

Name of associate	31.12.2021	Acquisition	Profit (loss) based on the equity method	Other changes	31.12.2022
Rohe Solutions OY	132,875	200,000	1,502,509	-81,086	1,754,298
Hamina LNG OY (associate of Hamina LNG Investee-ringud)	13,820,000	0	1,850,422	313,290	15,983,712
Eesti Biogaas OÜ	5,194,855	0	310,842	6,499,045	12,004,742
Energiasalv Valdus OÜ	5,000,000	0	-182,807	977,984	5,795,177
Pakrineeme Sadama OÜ (associate of Alexela Tank-lad OÜ)	0	4,725,070	-89,919	0	4,635,151
Total shares of associates	**24,147,730**	**4,925,070**	**3,391,047**	**7,709,233**	**40,173,080**

Associates' profit/loss is recognised based on the equity method on the income statement. Because the company carries non-current assets at fair value, the fair value of ownership share in associates is established and any change in fair value is recognised as an adjustment to previous periods' profit/loss.

200,000 euros were paid into the equity reserve of the associate Rohe Solutions OY in 2022. The equity contributions were made proportionally with other equity holders, with no change in relative equity interests.

In 2022, based on the equity method, Rohe Solutions OY returned a profit of 1,502,509 euros (loss of -188,961 euros in 2021). Evaluation of associate ownership share resulted in a write-down of -81,086 euros in 2022.

The FCFF principle was applied to determine the value of ownership share on 31.12.22 based on financial forecasts for the following years and an expected return on equity of 15% per year with 0% growth rate.

Rohe Solutions OY financials (for 100% ownership share), adjusted to meet IFRS rules:

	31.12.2022	31.12.2021
Current assets	5,591,283	2,100,155
Non-current assets	372,743	437,952
Current liabilities	2,455,429	2,272,357
Equity	3,508,597	265,750

	2022	2021
Net sales	14,211,938	9,130,076
Annual period profit (loss)	3,005,018	-377,922

The determination of fair value of Hamina LNG OY as of 31.12.22 was based on the FCFF principle, assuming future cash flows over 13 years and terminal value. A discount rate of 8.18% and a growth rate of 1% per year were applied.

As a result of the evaluation, the goodwill of 3,748,128 euros acquired by acquisition of the Hamina LNG OY investor Hamina LNG Investeeringud OÜ was derecognised from the balance sheet (see Note 9) and the equity profit for the associate Hamina LNG OY was increased by the same amount.

The determination of fair value of Hamina LNG OY as of 31.12.21 was based on the FCFE principle, assuming 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.

Hamina LNG OY financials (for 100% ownership share), adjusted to meet IFRS rules:

	31.12.2022	31.12.2021
Current assets	18,230,685	13,139,025
Non-current assets	107,896,329	116,669,674
Current liabilities	19,724,980	30,595,464
Non-current liabilities	72,028,460	69,492,805
Equity	34,373,574	29,720,430

	2022	2021
Net sales	5,595,178	7218
Annual period profit (loss)	-3,377,340	-4,313,488

The valuation of the ownership interest in Eesti Biogaas was based on the FCFF principle and earnings forecast for the coming years at a discount rate of 10.27%. Until the end of June 2024, biomethane manufacturing plants operated by Eesti Biogaas are eligible to receive the biomethane subsidies managed by Elering.

In 2021, the FCFE principle was applied to determine the value of ownership share in Eesti Biogaas, based on financial forecasts for the following years and an expected return on equity of 12% per year.

Eesti Biogaas OÜ financials (for 100% ownership share), adjusted to meet IFRS rules:

	31.12.2022	31.12.2021
Current assets	4,604,212	2,070,484
Non-current assets	40,017,750	24,614,029
Current liabilities	3,655,456	9,365,291
Non-current liabilities	16,364,700	6,449,021
Equity	24,601,805	10,870,201
including equity owned by parent company shareholders	24,009,484	10,389,710

	2022	2021
Net sales	11,772,862	2,644,523
Annual period profit (loss)	733,515	933,002
including profit owned by parent company shareholders	621,685	823,652

The value test applied to Energiasalv Valdus OÜ is based on a financial model which includes financing 25% of the project from equity, applying the FCFE valuation principle, and discounting based on expected return on equity of 12% per year.

Equity ownership is recognised net of the loans received from Alexela AS.

In 2021, the value test applied to Energiasalv Valdus OÜ was based on a financial model which includes financing 25% of the project from equity, applying the FCFE valuation principle, and discounting based on expected return on equity of 15% per year.

Energiasalv Valdus OÜ financials (based on 100% equity interest), adjusted to meet IFRS rules:

	31.12.2022	31.12.2021
Current assets	628,560	761,555
Non-current assets	23,641,597	20,586,651
Current liabilities	452,268	1,043,209
Non-current liabilities	3,592,378	2,134,808
Equity	20,225,511	18,140,900

	2022	2021
Net sales	0	0
Annual period profit (loss)	-514,658	-96,072

A new shareholder increased the share capital of subsidiary Pakrineeme Sadama OÜ, as a result of which the Group's ownership share decreased to 50% and Pakrineeme Sadama OÜ is recognised as an associate as of 30.06.2022.

Pakrineeme Sadama OÜ financials (for 100% ownership share), adjusted to meet IFRS rules:

	31.12.2022	31.12.2021
Current assets	503,600	751
Non-current assets	38,934,197	4,955,974
Current liabilities	15,849,628	1,000
Non-current liabilities	14,317,868	106,895
Equity	9,270,301	4,848,830

	2022	2021
Net sales	0	0
Annual period profit (loss)	-267,770	-11,182

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 prepayments	Total
31.12.2020										
Acquisition cost	32,242,140	66,920,206	899,064	10,960,015	11,859,079	4,584,508	780,847	1,404,447	2,185,294	117,791,227
Accumulated depreciation	0	-223,888	-231,129	-5,659,745	-5,890,874	-1,869,042	0	0	0	-7,983,804
Residual cost	32,242,140	66,696,318	667,935	5,300,270	5,968,205	2,715,466	780,847	1,404,447	2,185,294	109,807,423
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
Changes 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-down due to impairment	0	-170,406	0	0	0	0	0	0	0	-170,406
Write-offs (at residual cost)	0	-150,614	-1,092	-5,881	-6,973	-21,881	-33,869	0	-33,869	-213,337
Disposal (at residual cost)	0	0	-1,926	-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	1,431	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
31.12.2021										
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
Residual cost	**47,111,370**	**49,889,954**	**2,560,841**	**13,755,199**	**16,316,040**	**2,881,229**	**8,787,365**	**1,482,169**	**10,269,534**	**126,468,127**
Acquisitions and additions	145,095	603,173	712,516	3,275,709	3,988,225	394,387	18,039,564	604,387	18,643,951	23,774,831
Purchase of land and previously in-use buildings	145,095	171,473	0	0	0	0	0	0	0	316,568
Purchase of new buildings, new construction, additions	0	117,894	0	0	0	0	17,658,723	0	17,658,723	17,776,617
Other acquisitions and additions	0	313,806	712,516	3,275,709	0	394,387	380,842	604,387	0	-631,021
Changes via business combinations	0	-54,624	0	0	0	0	-17,430,717	0	-17,430,717	-17,485,341
Depreciation cost	0	-4,642,270	-583,338	-2,110,560	-2,693,898	-594,342	0	0	0	-7,930,510
Write-down due to impairment	-71,554	-559,467	0	0	0	0	0	0	0	-631,021
Write-offs (at residual cost)	0	0	-259	-4,904	-5,163	-723	-12,106	0	-12,106	-17,992
Disposal (at residual cost)	-1,135,268	-903,070	-27,877	-291,091	-318,968	-1,875	0	0	0	-2,359,181
Reclassifications	800	3,321,078	152,500	1,585,183	1,737,683	743,887	-5,625,774	-173,801	-5,799,575	3,873
Reclassification from prepayments	0	35,728	127,500	0	127,500	10,573	0	-173,801	-173,801	0
Reclassification from unfinished projects	800	3,285,350	25,000	1,585,183	1,610,183	733,314	-5,629,647	0	-5,629,647	0
Other reclassifications	0	0	0	0	0	0	3,873	0	3,873	3,873
Other changes	12,271,402	7,399,091	0	0	0	0	0	0	0	19,670,493
31.12.2022										
Acquisition cost	58,321,845	55,068,299	4,339,351	25,907,970	30,247,321	6,226,180	3,758,332	1,912,755	5,671,087	155,534,732
Accumulated depreciation	0	-14,434	-1,524,968	-9,698,434	-11,223,402	-2,803,617	0	0	0	-14,041,453
Residual cost	**58,321,845**	**55,053,865**	**2,814,383**	**16,209,536**	**19,023,919**	**3,422,563**	**3,758,332**	**1,912,755**	**5,671,087**	**141,493,279**

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

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	7,660	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	639,726	6,374,245
2022	**Property, plant and equipment**	**Intangible assets**	**Total**
Purchase of property, plant and equipment in 2022	23,774,831	848,410	24,623,241
Purchased using finance lease or loan	-934,780	0	-934,780
New right of use leases	-753,189	0	-753,189
Trade payables balance 31.12.21 excl. VAT	556,312	36,340	592,652
Trade payables balance 31.12.22 excl. VAT	-4,911,680	-17,351	-4,929,031
Paid at purchase of non-current assets in 2022	17,731,493	867,399	18,598,892

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

	Buildings	Machinery and equipment	Total
31.12.2020			
Acquisition cost	35,603,826	93,607	35,697,433
Accumulated depreciation	-223,888	-14,577	-238,465
Residual cost	**35,379,938**	**79,030**	**35,458,968**
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
31.12.2021			
Acquisition cost	8,881,293	351,946	9,233,239
Accumulated depreciation	-358,969	-85,655	-444,624
Residual cost	**8,522,324**	**266,291**	**8,788,615**
Acquisitions and additions	456,453	296,736	753,189
Depreciation cost	-705,605	-122,020	-827,625
Write-down due to impairment	-301,488	0	-301,488
Disposal (at residual cost)	-18,542	-227,357	-245,899
Other changes	2,127,193	0	2,127,193
31.12.2022			
Acquisition cost	10,094,653	296,736	10,391,389
Accumulated depreciation	-14,318	-83,086	-97,404
Residual cost	**10,080,335**	**213,650**	**10,293,985**

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

	31.12.2022	31.12.2021
Machinery and equipment	3,040,594	2,606,018
Total	**3,040,594**	**2,606,018**

The liquefied gas terminal at Vana-Kuuste and the non-current assets at service stations are carried at fair value.

31.12.21 no impairment of liquefied gas terminal assets was recognised, and the assets were not revaluated.

31.12.22 valuation of the liquefied gas terminal assets was based on future cash flows over 6 years and terminal value. A discount rate of 9.12%, gain of 2%, profit margin of 7.63% and future growth rate of 2% per year was used for evaluation. The profit margin and growth rates applied are conservative, based on experience of the management and an assessment of the competitive situation in the business segment. Based on the evaluation, the value of non-current assets of the liquefied gas terminal as of 31.12.22 is 2,060,183 euros. The positive revaluation is recognised as an increase of the equity reserve and in the non-current assets table on row "Other changes".

The value of non-current assets of service stations was measured at the end of 2022 and revalued at fair value. 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 9.13% discount rate and growth rates provided in the table below. 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 fair value of non-current assets, the price margin of fuel sales was reduced by 0.01275 euros/liter. Furthermore, a risk margin of 0.03 cents/liter was applied in order to reduce the difference between long-term average margins and current period margins, caused by increased biofuel requirements, general competitive situation and the effects of COVID-19 and energy crisis on the economy as a whole. The revaluation increased the value of non-current assets in total by 18,786,351 euros. Of this, 25,727,814 euros was write-up of assets and 6,941,463 euros was write-down of previous revaluations, recognised as an increase of equity reserve and in the "Miscellaneous changes" row of the non-current assets table. Assets were written down by 631,022 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 2022	2023	2024	2025	2026	2027	2028	2029	2030
Fuel sales volume increase at service stations	2.00%	2.00%	2.00%	1.00%	0.00%	-2.00%	-2.00%	-2.00%
Goods revenue increase	5.00%	3.00%	3.00%	3.00%	3.00%	0.00%	0.00%	0.00%
Goods revenue margin increase	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

The end-of-2021 revaluation of service stations based on fair value used the same methodology as in the end of 2022. The evaluation used a discount rate of 7.12% and growth rates specified in the table below. A growth rate of -10% 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 fair value of non-current assets, the price margin of fuel sales was reduced by 0.0123 euros/liter. Furthermore, a risk margin of 0.03 cents/liter was applied in order to reduce the difference between long-term average margins and current period margins, caused by increased biofuel requirements, general competitive situation and the effects of COVID-19 and energy crisis on the economy as a whole. 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 of assets and 4,848,035 euros was write-down of previous revaluations, recognised as an increase of equity reserve and in 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	2028	2029
Fuel sales volume increase at service stations	3.00%	3.00%	3.00%	2.00%	1.00%	0.00%	0.00%	-1.00%
Goods revenue increase	5.00%	3.00%	3.00%	3.00%	3.00%	0.00%	0.00%	0.00%
Goods revenue margin increase	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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 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 character of the company's assets, the company's non-current assets (real estate) belong to Level 3. Therefore, management's evaluations were used to establish 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 on it.

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	9.13%	A 1% increase in the rate reduces value by 8.0 M€
		A 1% decrease in the rate increases value by 9.1 M€
Fuel sales volume increase at service stations	According to the table (same residual value)	A 1% increase in growth increases value by 7.5 M€
		A 1% decrease in growth reduces the value by 7.1 M€
Goods revenue and margin increase	According to the table (same residual value)	A 1% increase in growth and rate increases value by 9.0 M€
		A 1% decrease in growth and rate reduces the value by 9.4 M€
Growth rate of residual value	-5%	A 1% increase in growth and rate increases value by 3.4 M€
		A 1% decrease in rate reduces the value by 2.9 M€

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 equipment	Total	Including right-of-use assets
31.12.2021	47,079,680	49,055,946	11,864,137	107,999,763	8,080,872
31.12.2022	61,475,916	53,989,919	12,667,199	128,133,034	9,546,058

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

	Land	Buildings	Machinery and equipment	Total	Including right-of-use assets
31.12.2021	20,598,504	21,265,241	11,864,137	53,727,882	4,264,140
31.12.2022	23,039,483	22,998,840	12,667,199	58,705,522	3,858,346

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

	Land	Buildings	Total	Including right-of-use assets
Reserve balance as of 31.12.2020	**27,594,389**	**33,018,927**	**60,613,316**	**10,822,929**
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
Reserve balance as of 31.12.2021	**26,481,176**	**27,790,705**	**54,271,881**	**3,816,732**
Revaluation	12,363,749	6,422,602	18,786,351	2,140,439
Depreciation adjustment	0	-2,495,641	-2,495,641	-269,459
Change due to business combination	-408,492	-726,587	-1,135,079	0
Reserve balance as of 31.12.2022	**38,436,433**	**30,991,079**	**69,427,512**	**5,687,712**

The changes in reserves are carried in equity as follows:

2021	**Miscellaneous reserves**	**Retained earnings (loss)**	**Total**
Revaluation	8,059,309	0	8,059,309
Depreciation adjustment	-3,216,326	3,216,326	0
Total changes in reserves	**4,842,983**	**3,216,326**	**8,059,309**
2022	**Miscellaneous reserves**	**Retained earnings (loss)**	**Total**
Revaluation	17,651,272	0	17,651,272
Depreciation adjustment	-2,495,641	2,495,641	0
Total changes in reserves	**15,155,631**	**2,495,641**	**17,651,272**

The company's assets are pledged to cover financial obligations (see Note 12). More information about pledged assets may be found in Note 36.

	Investment properties
31.12.2020	**0**
Additions via business combinations	4,284,636
31.12.2021	**4,284,636**
Reductions via business combinations	-4,284,636
31.12.2022	**0**

NOTE 9. INTANGIBLE ASSETS (in euros):

	Goodwill	Other intangible assets	Unfinished projects and prepayments	Total
31.12.2020				
Acquisition cost	1,648,932	2,839,889	147,864	4,636,685
Accumulated depreciation	0	-1,199,239	0	-1,199,239
Residual cost	**1,648,932**	**1,640,650**	**147,864**	**3,437,446**
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	-7,503
31.12.2021				
Acquisition cost	4,690,252	3,804,386	67,359	8,561,997
Accumulated depreciation	0	-1,768,577	0	-1,768,577
Residual cost	**4,690,252**	**2,035,809**	**67,359**	**6,793,420**
Acquisitions and additions	0	719,683	128,727	848,410
Additions via business combinations	-129,122	0	0	-129,122
Depreciation cost	0	-692,238	0	-692,238
Write-down due to impairment	-3,552,684	0	0	-3,552,684
Write-offs	0	-46,191	0	-46,191
Reclassifications	0	189,069	-196,086	-7,017
31.12.2022				
Acquisition cost	**1,008,446**	**4,605,134**	**0**	**5,613,580**
Accumulated depreciation	0	-2,399,002	0	-2,399,002
Residual cost	**1,008,446**	**2,206,132**	**0**	**3,214,578**

In 2018, shares in OÜ 220 Energia were purchased for 1,831,365 euros. Most recent tests of goodwill and value of other assets were conducted as of 31.12.2022. 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 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 covered the recognised goodwill, and the goodwill was not written down in 2022. Based on tests conducted as of 31.12.21, goodwill was written down by 640,486 euros.

Main test inputs:

	31.12.2022	31.12.2021
Profit margin over next 5 years	0.80%	0.90%
Discount rate	11.88%	9.88%
Revenue growth over next 5 years	2.00%	2.00%
Future growth rate	2.00%	2.00%

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

In 2022, ownership share in subsidiary Balti Gaas OÜ was disposed of and the goodwill was derecognised.

The goodwill from the purchase of subsidiaries Alexela Motors AS and Alexela Solar OÜ was written down to 0 euros in 2022.

On 28.04.2020, AS Alexela bought shares in Hamina LNG Investeeringud OÜ for 6,900,000 euros, and acquired receivables in the sum 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 resulting cash flows were discounted at a rate of 9.41%, calculated using the weighted average capital method. Because the valuation result differs from the book value by 0.12%, no goodwill revaluation was conducted. As of 31.12.2022, a new asset valuation test was conducted based on the assumption that the company will sell its ownership share in Hamina LNG OY, thereby recovering loans issued and returning loans taken in 2027. The resulting cash flows were discounted at a rate of 10.02%, calculated using the weighted average capital method. Based on the evaluation, the value of Hamina LNG Investeeringud OÜ is 3,748,128 euros, and the goodwill of Hamina LNG Investeeringud OÜ was derecognised in order to carry fair value.

NOTE 10. FINANCE LEASE

ACCOUNTING ENTITY AS LESSOR (IN EUROS):

		Allocation by remaining maturity		Interest rate	Base currency	Due date
		Within 12 months	Within 1-5 years			
Finance lease receivables 31.12.2022	90,290	57,412	32,878	4.5–8.5%	€	2023–2027
Finance lease receivables 31.12.2021	102,680	40,787	61,893	4.5–8.5%	€	2022–2025

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

	2022	2021
Trade revenue or loss	-13,062	393
Finance lease revenue	6,368	5,816

ACCOUNTING ENTITY AS LESSEE

After the introduction of IFRS 16 on 01.01.2019, lease liabilities also 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:

	31.12.2022	Allocation by remaining maturity			Interest rate	Base currency	Due date
		Within 12 months	Within 1-5 years	Over 5 years			
Finance lease	519,051	185,996	333,055	0	3-month Euribor +1.99-3.35%	€	2023–2027
Finance lease	1,698,185	451,387	1,223,459	23,339	6-month Euribor +1.45-5.5%	€	2023–2028
Finance lease	30,094	6,770	23,324	0	7.50%	€	2026
Right of use	4,708,416	402,974	1,499,322	2,806,120	5.50%	€	2023–2053
including agreements with related parties	725,141	122,511	563,158	39,472	5.50%	€	2028
Right of use	692,658	126,828	441,141	124,689	7.50%	€	2024–2033
including agreements with related parties	168,312	15,870	40,849	111,593	7.50%	€	2033
Total finance lease liabilities	**7,648,404**	**1,173,955**	**3,520,301**	**2,954,148**			

	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	658,730	1,495,943	3,212,472	5.50%	€	2023–2053
including agreements with related parties	841,110	115,969	533,088	192,053	5.50%	€	2028
Total finance lease liabilities	**7,311,481**	**1,156,133**	**2,920,979**	**3,234,369**			

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

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:

	2022	2021
Buildings and rooms	80,964	57,772
Vehicles	312,017	190,813
Machinery and equipment	268,249	165,037
Other assets	3,567	49,637
Total	**664,797**	**463,259**

Residual cost of leased assets

	2022	2021
Machinery and equipment	989,383	633,159
Total	**989,383**	**633,159**

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	2022	2021
Buildings and rooms	8124	0
Other assets	11,332	10,088
Total	**19,456**	**10,088**

NOTE 12. LOAN COMMITMENTS (in euros)

As of 31.12.2022, total bank overdraft limit was 8,000,000 euros (8,000,000 euros as of 31.12.2021).

In addition to loans, as of 31.12.2022 the group had bank guarantees for trade payables in the amount of 11,791,955 euros (as of 31.12.2021, bank guarantees amounted to 6,441,955 euros).

	31.12.2022	Allocation by remaining maturity			Interest rate	Base currency	Due date	Note no.
		Within 12 months	Within 1-5 years	Over 5 years				
Current loans								
Bank overdraft	2,575,973	2,575,973	0	0	6-month Euribor 3.25%	€	2023	
Current bank loans	48,005,000	48,005,000	0	0	6-month Euribor 3.25%	€	2023	
Total current loans	50,580,973	50,580,973	0	0				
Non-current loans								
Non-current bank loans	29,176,193	3,185,882	25,990,311	0	6-month Euribor 3.25%	€	2023	
Non-current bank loans	25,050,820	1,642,937	23,407,883	0	6-month Euribor 3.60%	€	2026	
Non-current loans from related parties	18,575,843	0	18,575,843	0	6.00%	€	2026	
Total non-current loans	**72,802,856**	**4,828,819**	**67,974,037**	**0**				
Total finance lease liability	7,648,404	1,173,955	3,520,301	2,954,148				10
Loan commitments total	**131,032,233**	**56,583,747**	**71,494,338**	**2,954,148**				

	31.12.2022	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	
Total current loans	26,746,921	26,746,921	0	0				
Non-current loans								
Non-current bank loans	28,466,202	2,863,946	25602256	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	1700000	0	2.00%	€	2024	
Non-current loans from related parties	106,895	0	106,895	0	7.00%	€	2024	
Total non-current loans	**57,157,397**	**4,708,316**	**52,449,081**	**0**				
Total finance lease liabilities	7,311,481	1,156,133	2,920,979	3,234,369				10
Loan commitments total	**91,215,799**	**32,611,370**	**55,370,060**	**3,234,369**				

The loans are guaranteed by mortgage and commercial pledge; trade credit is guaranteed by pledged inventory. As of 31.12.2022, other assets pledged for guarantee included retained money and guarantee deposits in the sum of 221,730 euros (473,553 euros as of 31.12.2021) and inventory in the sum of 46,298,984 euros (on 31.12.2021 this was 15,176,424 euros). Detailed information on loan collateral and pledges may be found in Notes 36 and 8.

Change in net debt:

	Cash and cash equivalents	Bank overdraft	Debt payables	Lease payables	Net debt
31.12.2020	**468,642**	**-7,377,632**	**-26,132,629**	**-29,397,577**	**-62,439,196**
Cash flow	1,298,838	-94,662	-23,033,573	3,144,208	-18,685,189
Added lease payables	0	0	0	-2,092,067	-2,092,067
Changes from business combinations	0	-17,855	-27,247,967	21,033,955	-6,231,867
31.12.2021	**1,767,480**	**-7,490,149**	**-76,414,169**	**-7,311,481**	**-89,448,319**
Cash flow	-766,171	4,914,176	-30,262,117	1,506,087	-24,608,025
Added lease payables	0	0	0	-1,843,010	-1,843,010
Changes from business combinations	0	0	7,306,700	0	7,306,700
Other non-monetary changes	0	0	-21,438,270	0	-21,438,270
31.12.2022	**1,001,309**	**-2,575,973**	**-120,807,856**	**-7,648,404**	**-130,030,924**

NOTE 13. PAYABLES AND PREPAYMENTS (in euros)

	31.12.2022	Allocation by remaining maturity		Note no.
		Within 12 months	Within 1-5 years	
Trade payables	40,208,970	40,208,970	0	
Employee payables	1,024,600	1,024,600	0	14
Tax liabilities	12,230,502	12,230,502	0	5
Other payables	1,392,652	1,389,975	2,677	
Interest payables	980,511	977,834	2,677	
Other accrued expenses	412,141	412,141	0	
Prepayments received	13,002,832	13,002,832	0	
Monetary guarantees received	137,914	137,914	0	
Derivative-related payables	11,583,935	11,505,635	78,300	35
Other payables	6,228	6,228	0	
Total payables and prepayments	**79,587,633**	**79,506,656**	**80,977**	

	31.12.2021	Allocation by remaining maturity		Note no.
		Within 12 months	Within 1-5 years	
Trade payables	31,983,985	31,983,985	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	2,008	
Interest payables	99,144	97,136	2,008	
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	
Total payables and prepayments	**66,332,246**	**66,330,238**	**2,008**	

As of 31.12.2022, the item "Trade payables" includes payables to related parties in the sum of 5,922,846 euros (655,759 euros as of 31.12.2021).

As of 31.12.2022, the item "Interest payables" includes payables to related parties in the sum of 633,055 euros (0 euros as of 31.12.2021).

As of 31.12.2022, the item "Other payables" includes payables to related parties in the sum of 0 euros (22,431,571 euros as of 31.12.2021).

Transactions with related parties are found in Note 27.

NOTE 14. EMPLOYEE PAYABLES

Employee payables are as follows (in euros):

	31.12.2022	31.12.2021
Salary liability	634,984	576,786
Vacation pay liability	389,616	304,178
Total employee payables	**1,024,600**	**880,964**

NOTE 15. PROVISIONS

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

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

As of 31.12.2022, compensation for health damages is 8758 euros, of which current payables are 1237 euros and non-current payables are 7521 euros. As of 31.12.2021, compensation provision was 8760 euros, of which current payables were 1022 euros and non-current payables were 7738 euros.

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

in euros	31.12.2021	Establishing/adjustments	Provision used	31.12.2022
Compensation for health damages	8,760	1,031	-1,033	8,758
Provision for bonuses	372,053	725,021	-485,466	611,608
Total provisions	**380,813**	**726,052**	**-486,499**	**620,366**
Including:				
Short-term provisions	373,075	726,269	-486,499	612,845
Long-term provisions	7,738	-217	0	7,521

in euros	31.12.2020	Establishing/adjustments	Provision used	31.12.2021
Compensation for health damages	9,318	464	-1,022	8,760
Provision for bonuses	181,624	450,066	-269,637	362,053
Total provisions	190,942	450,530	-270,659	370,813
Including:				
Short-term provisions	182,640	461,094	-270,659	373,075
Long-term provisions	8,302	-564	0	7,738

NOTE 16. GRANTS

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

Assets purchased using the grant are recognised at cost and the grant is carried as income during the asset's useful life.

in euros	31.12.2021 liabilities	Received	Repaid	Added via business combinations	Recognised in the income statement	31.12.2022 liabilities	including non-current	current
Grants for non-current assets	772,519	313,612	0	0	-140,431	945,700	727,646	218,054
Total grants	**772,519**	**313,612**	**0**	**0**	**-140,431**	**945,700**	**727,646**	**218,054**

in euros	31.12.2020 liabilities	Received	Repaid	Added via business combinations	Recognised in the income statement	31.12.2021 liabilities	including non-current	current
Grants for non-current assets	676,797	25,376	-99,882	267,168	-96,940	772,519	617,187	155,332
Total grants	**676,797**	**25,376**	**-99,882**	**267,168**	**-96,940**	**772,519**	**617,187**	**155,332**

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 the 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) 0.01-0.07. depending on the project.

NOTE 17. SHARE CAPITAL (in euros)

	31.12.2022	31.12.2021
Share capital	1,643,933	1,619,410
Number of shares (pcs)	1,643,933	1,619,410
Nominal value of shares	1	1

CHANGES IN SHARE CAPITAL IN 2022

Share capital was increased in 2022. A new shareholder was issued 24,523 shares at a nominal value of 1 euro, paid for at a premium.

CHANGES IN SHARE CAPITAL 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 of the value of non-current assets by 8,081,269 euros, which is recognised as an increase of 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.

CHANGES IN SHARE CAPITAL IN 2022

At the end of 2022, 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 of the value of non-current assets by 18,786,351 euros, which is recognised as an increase of equity reserve and on the "Other changes" row of the non-current assets table, and a decrease by 631,022 euros, which is recognised in the "Depreciation and impairment" item of the income statement.

In 2022, derivatives were classified as effective hedging instruments, their fair values were carried in receivables and payables and the equity hedge reserve was increased by 13,973,583 euros, including 11,220,715 euros for electric energy instruments and 2,752,868 euros for natural gas instruments.

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. Because the company does not have any potentially diluting ordinary shares, the diluted net earnings per share equals undiluted net earnings per share.

In 2022, Alexela AS had net earnings of 14,609,657 euros and its undiluted and diluted net earnings per share were 8,89 euros.

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 31.12.2022, Alexela AS had retained earnings of 44,768,500 euros (20,244,699 euros as of 31.12.2021). 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 of it. As of 31.12.2022, 35,814,800 euros of retained earnings is available to be paid out as dividends to shareholders (16,195,759 euros as of 31.12.2021), and the resulting maximum income tax liability from dividends at the ordinary rate would be 8,953,700 euros (as of 31.12.2021 this was 4,048,940 euros).

NOTE 18. NET SALES (in euros):

	2022	2021
Net sales by geographical location		
Net sales in European Union		
Estonia	549,933,448	350,366,866
Net sales in European Union, other	40,981,701	13,261,113
Net sales in European Union, total	**590,915,149**	**363,627,979**
Net sales outside of European Union		
Net sales outside of European Union, other	29,469,185	4,170,949
Net sales outside of European Union, total	**29,469,185**	**4,170,949**
Total net sales	**620,384,334**	**367,798,928**
Net sales by operating activities		
Retail sales of motor fuels	286,923,481	205,415,106
Wholesale of motor fuels	30,440,037	19,297,270
Sales of electric energy	135,104,973	73,327,473
Sales of other liquefied gas and gaseous fuels	141,224,769	47,206,371
Retail sales of other goods and services	22,809,939	18,929,175
Other sales	3,881,135	3,623,533
Total net sales	**620,384,334**	**367,798,928**

In 2022, net sales of natural gas to households was 5,536,406 euros (2,710,192 euros in 2021) and net sales to eligible customers was 57,955,022 euros (17,166,893 euros in 2021).

NOTE 19. OTHER OPERATING INCOME (in euros):

	2022	2021	Note no.
Income from disposal of property, plant and equipment	31,671	63,832	8
Grants	140,431	96,940	16
Profit from exchange rate differences	60,217	5,060	
Fines, penalties and compensations	313,971	136,723	
Other	95,496	44,388	
Total other operating income	**641,786**	**346,943**	

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

	2022	2021
Cost of goods sold	571,837,572	327,032,537
Cost of services sold	685,450	774,137
Transportation cost of products	91,754	2,518,298
Goods lost	638,331	61,170
Lease costs	45,446	-47,244
Other sales costs	2,496,438	3,962,868
Other trading costs	13,243,616	9,775,356
Impact of derivative transactions	-17,775,730	-9,993,343
Total goods, raw materials and services	**571,262,877**	**334,083,779**

NOTE 21. MISCELLANEOUS OPERATING EXPENSES (in euros)

	2022	2021
Rent and lease	19,595	11,724
Miscellaneous office expense	1,969,023	1,475,109
Allowance for doubtful receivables	329,035	-29,265
Consultations	2,159,736	1,167,207
Audit expenses	60,616	34,740
Marketing expenses	1,720,712	1,323,747
Taxes and levies	144,309	133,963
Other operating expenses	709,291	445,074
Total miscellaneous operating expenses	**7,112,317**	**4,562,299**

NOTE 22. LABOR EXPENSES (in euros)

	2022	2021
Wage and salary expense	9,997,909	6,489,080
Social tax	2,892,599	1,900,612
Total labour expense	**12,890,508**	**8,389,692**
Average number of employees in full time equivalent units	380	281
Average number of employees by types of employment:		
Contract employees	426	317
Contractors on the basis of the law of obligations, except sole proprietors	5	5
Management or supervisory board member	13	6

Labor expenses also include the vacation 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 bonus reserve are found in Note 15.

NOTE 23. OTHER OPERATING EXPENSES (in euros)

	2022	2021
Other business expenses	323,443	194,941
Total other operating expenses	**323,443**	**194,941**

NOTE 24. INTEREST INCOME (in euros)

	2022	2021
Interest income from loans	382,108	22,430
Interest income from finance lease	6,368	5,816
Total interest income	**388,476**	**28,246**

As of 31.12.2022, "Interest income from loans" includes income from related parties in the sum of 381,546 euros (21,880 euros as of 31.12.2021).

NOTE 25. INTEREST EXPENSES (in euros)

	2022	2021
Interest expense from loans	3,873,030	1,551,219
Interest expense from leases	376,683	1,596,731
Total interest expense	**4,249,713**	**3,147,950**

NOTE 26. OTHER FINANCIAL INCOME AND EXPENSE (in euros)

	2022	2021
Profit (loss) from exchange rate differences	3,951	-1,648
Other financial income and expense	-168,935	-134,297
Total other financial income and expense	**-164,984**	**-135,945**

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	AVH Grupp AS
Country where the parent company of the group is registered	Estonia

As of January 2023, the group's parent company Alexela Varahalduse AS is named AVH Grupp AS. 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):

	31.12.2022		31.12.2021	
	Receivables	Liabilities	Receivables	Liabilities
Associates	20,805,903	977,874	5,950,241	469,466
Other entities belonging into same consolida-tion group	113,335	23,228,959	4,809	27,051,846
Management and higher supervisory body and individuals with material ownership interest, and entities under their prevalent and material influence	897,842	94,746	68,823	19,068
Legal persons with material ownership interest, and entities under their prevalent and material influence	1,366,462	998,475	864,882	1,115,295

LOANS

2022	Given loans	Repayments from loans given	Interest received	Loans received	Repayments for loans received	Interest paid	Interest rate	Base currency	Maturity term
Associates									
Current loan	415,000	0	0	0	0	0	7.00%	€	2023
Non-current loan	500,000	0	0	0	0	0	6.00%	€	2027
Non-current loan	500,000	0	0	0	0	0	2.00%	€	2037
Other entities belonging into same consolidation group									
Non-current loan	0	0	0	0	1,700,000	9,222	2.00%	€	2022
Non-current loan	0	0	0	0	3,100,000	0	6.00%	€	2026

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	2.00%	€	2036
Other entities belonging into same consolidation group									
Non-current loan	0	0	0	1,700,000	0	0	2.00%	€	2024
Current loan	0	0	0	0	2,400,000	89,425	4.00%	€	2021

GUARANTEES

In 2022, an associate's obligations were guaranteed in the sum of 20,000,000 euros.

PURCHASES AND SALES OF GOODS AND SERVICES (IN EUROS)

	2022		2021	
	Goods and services purchased	Goods and services sold	Goods and services purchased	Goods and services sold
Associates	9,239,996	15,165,722	0	6,979,196
Other entities belonging into same consolidation group	25,094,100	345,097	6,632,856	1,341,221
Management and higher supervisory body and individuals with material ownership interest, and entities under their prevalent and material influence	1,988,590	7,518,794	253,498	3,380,910
Legal persons with material ownership interest, and entities under their prevalent and material influence	1,967,626	19,152,471	1,423,776	9,513,221

PURCHASES AND SALES OF NON-CURRENT ASSETS (IN EUROS)

	2022		2021	
	Non-current asset purchased	Non-current asset sold	Non-current asset purchased	Non-current asset
Other entities belonging into same consolidation group	0	0	11,781	0
Management and higher supervisory body and individuals with material ownership interest, and entities under their prevalent and material influence	1,525,914	0	43,693	0
Legal persons with material ownership interest, and entities under their prevalent and material influence	64,010	0	152,523	10,000

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

	2022	2021
Remuneration	848,261	440,399

Management board contracts and some key employees' employment contracts include a discretionary 6- or 12-month prohibition of competition clause. If the clause is enforced, the company must pay compensation of 50% of 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 31.12.22, 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 sum of 899,766 euros in the related parties' balances, of which 6,312 euros is interest payables and 138,381 euros is current principal payables and 755,073 euros is non-current principal payables (as of 31.12.21 this was 841,111 euros, of which 115,969 euros was current and 725,142 euros was non-current).

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

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

	31.12.2022	31.12.2021
Assets		
Current assets		
Cash	868,163	1,056,271
Receivables and prepayments	96,360,765	53,793,665
Inventories	46,327,737	15,176,424
Total current assets	**143,556,665**	**70,026,360**
Non-current assets		
Investments in subsidiaries and associates	38,486,865	39,881,819
Receivables and prepayments	32,660,456	12,561,907
Property, plant and equipment	136,229,469	117,344,233
Intangible assets	2,064,191	1,925,741
Total non-current assets	**209,440,981**	**171,713,700**
Total assets	**352,997,646**	**241,740,060**
Liabilities and equity		
Liabilities		
Current liabilities		
Loan commitments	57,690,990	32,801,356
Payables and prepayments	80,309,627	67,817,767
Provisions	483,078	363,075
Grants	96,940	96,940
Total current liabilities	**138,580,635**	**101,079,138**
Non-current liabilities		
Loan commitments	68,130,376	50,630,651
Payables and prepayments	80,977	2,008
Provisions	7,521	7,738
Grants	326,373	408,412
Total non-current liabilities	**68,545,247**	**51,048,809**
Total liabilities	**207,125,882**	**152,127,947**
Equity		
Nominal share capital	1,643,933	1,619,410
Share premium	1,435,477	280,000
Statutory reserve capital	161,941	161,941
Miscellaneous reserves	94,976,724	65,456,299
Retained profit (loss) from previous periods	33,309,119	12,307,486
Annual period profit (loss)	14,344,570	9,786,977
Total equity	**145,871,764**	**89,612,113**
Total liabilities and equity	**352,997,646**	**241,740,060**

NOTE 29. NON CONSOLIDATED INCOME STATEMENT (in euros)

	2022	2021
Net sales	612,510,820	362,272,453
Other operating income	1,894,476	339,546
Goods, raw materials and services	-566,002,393	-328,374,872
Other operating expenses	-6,678,915	-4,420,200
Labor expenses	-11,103,912	-8,368,892
Depreciation and impairment	-10,311,239	-8,871,082
Other business expenses	-273,556	-169,908
Total profit (loss)	**20,035,281**	**12,407,045**
Profit (loss) from associates	-2,596,609	-188,961
Interest income	1,494,159	851,858
Interest expense	-4,431,703	-3,147,018
Other financial income and expense	-156,558	-135,947
Profit (loss) before tax	**14,344,570**	**9,786,977**
Annual period profit (loss)	**14,344,570**	**9,786,977**

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

	2022	2021
Annual period profit (loss)	14,344,570	9,786,977
Other comprehensive income (loss):		
Other comprehensive incomes (losses)	33,339,138	8,059,309
Total other comprehensive income (loss)	**33,339,138**	**8,059,309**
Total annual period comprehensive income (loss)	**47,683,708**	**17,846,286**

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

	2022	2021
Cash flow from trade		
Profit (loss)	20,035,281	12,407,045
Adjustments		
Depreciation and impairment	10,311,239	8,871,082
Income (loss) from sale of non-current assets	-1,376,575	-63,832
Other adjustments	37,747	82,931
Total adjustments	**8,972,411**	**8,890,181**
Change in trade receivables and prepayments	-30,398,331	-54,590,564
Change in inventory	-31,151,313	-6,399,402
Change in trade liabilities and prepayments	20,106,017	43,118,207
Total cash flow from trade	**-12,435,935**	**3,425,467**
Cash flow from investment activities		
Payments for purchase of tangible and intangible assets	-7,633,002	-6,374,245
Income from sale of tangible and intangible assets	677,529	19,997
Subsidiary acquisition cost	-1,727,310	-7,000,000
Associate acquisition cost	-658,418	-1,617,997
Income from sale of subsidiaries	2,029,288	0
Given loans	-7,645,913	-403,700
Repayments from loans given	11,433,981	63,363
Interest income	77,174	6,366
Total cash flow from investment activities	**-3,446,671**	**-15,306,216**
Cash flow from financing activities		
Loans received	178,686,000	68,271,592
Repayments for loans received	-152,071,009	-49,338,019
Change in current account balance	-4,896,320	94,661
Principal repayments for capital lease	-3,604,955	-3,144,208
Interest paid	-3,599,218	-3,236,116
Grants received	0	-74,505
Share issue	1,180,000	0
Total cash flow from financing activities	**15,694,498**	**12,573,405**
Total cash flow	**-188,108**	**692,656**
Cash and cash equivalents at beginning of the period	1,056,271	363,615
Change in cash and cash equivalents	**-188,108**	**692,656**
Cash and cash equivalents at end of the period	868,163	1,056,271

NOTE 32. NON CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (in euros)

	Nominal share capital	Share premium	Statutory reserve capital	Other reserves	Retained earnings (loss)	Total
31.12.2020	**1,619,410**	**280,000**	**161,941**	**60,613,316**	**9,091,160**	**71,765,827**
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
Adjusted non-consolidated equity as of 31.12.2020	**1,619,410**	**280,000**	**161,941**	**60,613,316**	**9,326,477**	**72,001,144**
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
31.12.2021	**1,619,410**	**280,000**	**161,941**	**65,456,299**	**22,094,463**	**89,612,113**
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
Adjusted non-consolidated equity as of 31.12.2021	**1,619,410**	**280,000**	**161,941**	**65,456,299**	**19,730,422**	**87,248,072**
Annual period profit (loss)	0	0	0	0	14,344,570	14,344,570
Equity increase	24,523	1,155,477	0	0	0	1,180,000
Changes in reserves	0	0	0	29,520,425	3,818,713	33,339,138
Other changes	0	0	0	0	7,395,943	7,395,943
31.12.2022	**1,643,933**	**1,435,477**	**161,941**	**94,976,724**	**47,653,689**	**145,871,764**
Book value of holdings under prevalent and material influence	0	0	0	0	-18,932,648	-18,932,648
Equity value of holdings under prevalent and material influence	0	0	0	0	22,321,588	22,321,588
Adjusted non-consolidated equity as of 31.12.2022	**1,643,933**	**1,435,477**	**161,941**	**94,976,724**	**51,042,629**	**149,260,704**

The equity item "Miscellaneous reserves" includes the reserve for revaluation of non-current assets, as well as the reserves for natural gas and electric energy hedging. More information on the changes in the reserve for revaluation of non-current assets may be found in Note 8, and more information on the hedging reserves may be found in Note 35.

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 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 31.12.2022, equity was 7994% of share capital, which is compliant. As of 31.12.2021, equity was 4812% of share capital.

NOTE 34. FINANCIAL RISK MANAGEMENT

The company's operations may incur various financial risks, of which the most significant ones 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 defining, measurement and verification of risks. The goal of financial risk management is hedging of 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 to be 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 to be free of foreign exchange risk.

In 2022, 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 2022, most transactions were made in euros, with some of the liquefied gas purchase transactions made in foreign currency (USD).

Purchases in foreign currency yielded profit of 60,217 euros to the company (recognised in item "Other operating income" 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 interest rate or a floating interest rate tied to Euribor. In 2022, six-month Euribor increased from -0.539" at the beginning of the year to 2.693" at the end of the year. Analysts predict that the Euribor rate will reach approximately 3.5% in 2023, which will have a significant effect on the company's earnings. However, the company's profitability has improved, in part thanks to the investments made using the capital raised, and the increased interest payments will not threaten the company's status as a going concern.

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

HEDGING THE ELECTRICITY AND NATURAL GAS MARKET PRICE RISK

Alexela sells electric energy and natural gas on the retail market. Some customers have fixed-price contracts. Alexela uses derivatives (futures, forwards and long-term contracts for buying electric energy) to hedge the risk of fluctuating electric energy and gas prices. Natural gas price risk is hedged using TTF forward contracts. Electric energy price is hedged using the Nord Pool system price and EPAD futures, Estonian, Latvian and Lithuanian baseline electricity and fixed-price purchase contracts with electric energy producers.

Volume of hedged electric energy sales transactions as of 31.12.2022:

	Maturity	2023-2029
Nord Pool system price component	GWh	35.1
Nord Pool price in Latvia	GWh	164.1
Nord Pool price component in the Estonian price area	GWh	26.3
Long-term electricity purchase agreements (Estonia)	GWh	322.6
Long-term electricity purchase agreements (Latvia)	GWh	35
Nord Pool system price component	EUR/MWh	-42.3
Nord Pool price in Latvia	EUR/MWh	145
Nord Pool price component in the Estonian price area	EUR/MWh	73.3
Long-term electricity purchase agreements (Estonia)	EUR/MWh	91.7
Long-term electricity purchase agreements (Latvia)	EUR/MWh	33

The company also signs fixed-price contracts for the sale of natural gas and hedges the risk of market prices exceeding the contract price. Furthermore, fixed-price natural gas inventories are hedged. Argus TTF Month Ahead futures are used for transaction hedging.

As of 31.12.2022, the volume of 2023-2024 hedged natural gas sales transactions is 233,505 MWh with a weighted average price of 104.25 EUR/MWh, and the hedged inventory is 106,000 MWh with a weighted average price of 138.24 EUR/MWh.

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FUEL PRICE RISK

Similarly to 2021, the company had a relatively low fuel market risk in 2022: 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 30% 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. Because the company uses customer credit risk analysis to select which customers to provide credit to, the credit risk is considered by the company to not 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 31.12.2022, the maximum conceivable credit risk is constituted by total receivables amounting to 81,671,003 euros (53,243,383 euros as of 31.12.2021).

The credit risk of cash and cash equivalents is low, because current accounts are held in domestic banks who hold legal activity licenses and high international credit ratings.

LIQUIDITY RISK

Due to the company's low working capital (as of 31.12.2022 it was 1,607,433 euros and as of 31.12.2021 it was −30,744,737 euros), the company is exposed to liquidity risk. Based on the management's estimate, the liquidity risk is not high because receivables are significantly shorter-term than payables. The company's cash flows are constantly planned and monitored to manage the liquidity risk, and necessary measures are taken for covering any negative cash flows.

FAIR VALUE

Based on the company's estimation, the adjusted cost based value of assets and payables carried in the report as of 31.12.2022 and 31.12.2021 is not significantly different from their fair value.

The valuation inputs applied to financial instruments carried at fair value are as follows:

- level 1 - quoted prices on actively traded markets
- level 2 - directly or indirectly observable inputs other than level 1 inputs
- level 3 - non-observable inputs

For valuation of derivatives, inputs are the fixed or projected buy-sell spreads of electric energy. Values determined using both level 2 and level 3 inputs are classified as level 3.

The total value of such instruments was 0 euros as of 31.12.2022 and 2,659,200 euros as of 31.12.2021.

NOTE 35. DERIVATIVES (in euros)

The company has entered into long-term purchase contracts with physical suppliers of natural gas (biomethane) and electric energy, in order to ensure critical supply, hedge risks and resell the purchased natural gas and electric energy to retail customers. Based on the company's opinion, some of these contracts (depending on the contract term, termination clauses and agreed price) do not qualify as regular purchase agreements and must therefore be classified as derivatives to be recognised on the income statement at adjusted fair value according to IFRS 9. On the value date, the company settles these contracts by accepting delivery of energy and reselling it to its retail customers or on the open market if necessary.

The company has entered into long-term cash-settled energy purchase agreements with energy suppliers. On the value date, the derivative will be settled based on the difference between the fixed price and the price on the specified market. The company classifies such contracts as derivatives to be recognised at fair value in the income statement in accordance with IFRS 9, or as cash flow hedging instruments if the contract is designated as a hedge and qualifies as one.

Fair values of derivatives recognised as hedging instruments as of 31.12.2022:

	31.12.2022	
	Receivables	**Payables**
Forward contracts for purchasing or selling electric energy	25,247,769	11,367,855
Forward contracts for purchasing or selling natural gas	2,968,949	216,080
Total receivables and payables from forward contracts	28,216,718	11,583,935
Including:		
Current		
Forward contracts for purchasing or selling electric energy	14,619,676	11,367,855
Forward contracts for purchasing or selling natural gas	2,796,541	137,780
Non-current		
Forward contracts for purchasing or selling electric energy	10,628,093	0
Forward contracts for purchasing or selling natural gas	172,408	78,300

The equity reserved for hedging instruments is allocated as follows:

Hedge reserve	**31.12.2022**
Electric energy hedging instruments	11,220,715
Natural gas hedging instruments	2,752,868
Total	**13,973,583**

NOTE 36. 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	96,500,000
Commercial pledges on AS Alexela's assets for the benefit of AS Swedbank	22,240,000
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 15,475,322 euros in total (see Note 12). Shares in subsidiaries are pledged as loan collateral:

Shares in subsidiaries are pledged as loan collateral:

Subsidiary	**Nominal value**
Alexela Tanklad OÜ	10,000
220 Energia OÜ	32,000
Hamina LNG Investeeringud OÜ	2,500
Alexela Motors AS	110,000
Alexela Solar OÜ	32,000

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

	31.12.2022	31.12.2021
Land	61,557,201	46,933,430
Buildings	39,892,690	39,381,282
Machinery and equipment	8,488,497	5,821,087
Other property, plant and equipment	3,415,899	2,881,229
Other assets	46,549,467	15,649,977

NOTE 37. EVENTS AFTER THE REPORTING DATE

In April 2023, the company's organisational structure was changed, number of management board members was reduced and changes were made to the advisory board. Previous management board members will continue at Alexela as area executives. The aim of the changes was to clarify the team's roles in achieving strategic goals.

NOTE 38. STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT BY AREA OF ACTIVITY

Pursuant to § 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 § 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 2021, the proportions of electric energy sales have changed considerably, and the relevant item coefficients were amended for preparing the 2022 reports. In 2022, electric energy sales constituted 20.77% of Alexela AS's total activity (18.72% in 2021) and electric energy sales constituted 54.44% of combined electric and gas billings (in 2021 this was68.76%).

For the subsidiary 220 Energia OÜ, electric energy sales constituted 90% of its activities (93% in 2021). Alexela SIA only operates as an electric energy seller, and the items in its balance sheet and income statement are recognised at a rate of 100/0. For the subsidiary Alexela Energia Teenused AS, other activities constituted less than 0.01%, and the items in its balance sheet and income statement were distributed based on the nature of transactions.

The other subsidiaries did not sell electric energy during the reporting year.

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.

PAYABLES

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

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

EQUITY

The loss for this period was entered into the balance sheet based on the income statement. Retained profit includes the loss incurred by the group's electric energy sales in 2021. Other equity items are not distributed.

Consolidated statement of financial position (in euros)	**Total 31.12.2022**	**Sales of electric energy**	**Other operating activities, total**	**Note**
Assets				
Current assets				
Cash	1,001,309	494,133	507,176	2
Receivables and prepayments	91,196,092	48,087,378	43,108,714	3, 5
Inventories	46,331,334	7,729	46,323,605	4
Total current assets	138,528,735	48,589,240	89,939,495	
Non-current assets				
Investments in subsidiaries and associates	40,173,080	0	40,173,080	7
Receivables and prepayments	20,643,782	10,628,093	10,015,689	3
Property, plant and equipment	141,493,279	183,856	141,309,423	8
Intangible assets	3,214,578	384,876	2,829,702	9
Total non-current assets	**205,524,719**	**11,196,825**	**194,327,894**	
Total assets	**344,053,454**	**59,786,065**	**284,267,389**	
Liabilities and equity				
Liabilities				
Current liabilities				
Loan commitments	56,583,747	11,217,185	45,366,562	10, 12
Payables and prepayments	79,506,656	29,521,678	49,984,978	5, 13, 14
Provisions	612,845	100,074	512,771	15
Grants	218,054	0	218,054	16
Total current liabilities	**136,921,302**	**40,838,937**	**96,082,365**	
Non-current liabilities				
Loan commitments	74,448,486	9,720,000	64,728,486	10, 12
Payables and prepayments	80,977	0	80,977	13
Deferred income tax liability	456,576	0	456,576	5
Provisions	7,521	0	7,521	15
Grants	727,646	0	727,646	16
Total non-current liabilities	**75,721,206**	**9,720,000**	**66,001,206**	
Total liabilities	**212,642,508**	**50,558,937**	**162,083,571**	
Equity				
Nominal share capital	1,643,933	0	1,643,933	17
Share premium	1,435,477	0	1,435,477	
Statutory reserve capital	161,941	0	161,941	
Miscellaneous reserves	83,401,095	11,220,715	72,180,380	8, 17, 35
Retained profit (loss) from previous periods	30,158,842	-6,566,285	36,725,127	
Annual period profit (loss)	14,609,658	747,668	13,861,990	
Balancing of non-distributed equity items	0	3,825,030	-3,825,030	
Total equity	**131,410,946**	**9,227,128**	**122,183,818**	
Total liabilities and equity	**344,053,454**	**59,786,065**	**284,267,389**	

DISTRIBUTION OF THE INCOME STATEMENT

REVENUE

Sales revenue and other operating income are distributed based on 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. Salary 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 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 2022	Sales of electric energy	Other operating activities, total	Note
Sales	620,384,334	138,773,214	481,611,120	18
Other operating income	641,786	19,129	622,657	19
Goods, raw materials and services	-571,262,877	-134,405,828	-436,857,049	20
Other operating expenses	-7,112,317	-1,230,084	-5,882,233	21
Labor expenses	-12,890,508	-1,052,507	-11,838,001	22
Depreciation and impairment	-12,870,636	-175,849	-12,694,787	8, 9
Other operating expenses	-323,443	-100,079	-223,364	23
Profit (loss)	**16,566,339**	**1,827,996**	**14,738,343**	
Profit (loss) from subsidiaries and associates	2,454,856	0	2,454,856	6, 7
Interest income	388,476	116	388,360	24
Interest expense	-4,249,713	-1,038,757	-3,210,956	25
Other financial income and expense	-164,984	-41,687	-123,297	26
Profit (loss) before tax	**14,994,974**	**747,668**	**14,247,306**	
Income tax expense	-382,569	0	-382,569	
Annual period profit (loss)	**14,612,405**	**747,668**	**13,864,737**	
Profit share from non-controlling interest	2,747	0	2,747	
Parent company shareholder's profit share	**14,609,658**	**747,668**	**13,861,990**	

NOTE 39. MANAGEMENT BOARD CERTIFICATION OF THE CONSOLIDATED ACCOUNTS

The management board certifies that the AS Alexela 2022 consolidated annual accounts presented on pages 47-101 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 parent company's and group's financial situation, earnings and cash flows;
- AS Alexela and its subsidiaries are a going concern.

DIGITAL SIGNATURES ON THE REPORT

The report was finalised on 12.05.2023

The accuracy of AS Alexela's (registry code: 10015238) 01.01.2022–31.12.2022 annual report has been certified by electronic signature by:

Name of signatory	Role of signatory	Time of signing
Marti Hääl	Member of the Board	12.05.2023
Aivo Adamson	Member of the Board	12.05.2023
Karmo Piikmann	Member of the Board	12.05.2023

STATUTORY AUDITOR'S REPORT

To shareholders of AS Alexela

OPINION

We have audited AS Alexela consolidation group's ("Group") consolidated annual accounts, including the consolidated statement of financial position as of December 31st 2022, 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 December 31st 2022 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" section of this report. 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 international auditing standards (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.

/digitally signed/

Mati Nõmmiste

Statutory auditor no. 178

Grant Thornton Baltic OÜ

Operating license no. 3

Pärnu mnt 22, 10141 Tallinn

May 12th 2023

DIGITAL SIGNATURES OF AUDITORS

The auditor's report attached to the AS Alexela (registry code: 10015238) 01.01.2022–31.12.2022 annual report has been digitally signed by:

Name of signatory	Role of signatory	Time of signing
MATI NÕMMISTE	Statutory auditor	12.05.2023