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Interactive Online Report

AS Ekspress Grupp Annual Report can also be accessed online at:

<http://2021-annual-report.egrupp.ee>



As well as company information and an extensive financial section, the online report offers many extra features, including videos and additional web links.

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GENERAL INFORMATION

Beginning of reporting period	1 January 2021
End of reporting period	31 December 2021
Company name	AS Ekspress Grupp
Registration number	10004677
Address	Parda 6, 10151 Tallinn
Country of incorporation	Republic of Estonia
Phone	+372 669 8381
E-mail	egrupp@egrupp.ee
Internet homepage	www.egrupp.ee
Main field of activity	Publishing and related services (5814)
Management Board	Mari-Liis Rüütsalu Signe Kukin Kaspar Hanni
Supervisory Board	Priit Rohumaa Hans H. Luik Indrek Kasela Aleksandras Česnavičius
Auditor	KPMG Baltics OÜ

The Annual Report consists of management report, corporate governance report, remuneration report, consolidated financial statements, the Management Board's confirmation of the annual report, independent auditor's report, proposal for profit allocation and declaration of the Management Board and Supervisory Board. The document comprises 152 pages.

MANAGEMENT REPORT

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BRIEF OVERVIEW OF THE GROUP

Ekspress Grupp with its more than 30-year history is the leading media group in the Baltic States that owns five media companies in Estonia, Latvia and Lithuania. In addition, the Group owns several portals and companies providing digital entertainment solutions. It organises cultural and sports as well as other events on socially important topics in all Baltic States. The key focus is to provide the best solutions to media consumers, advertising customers and cooperation partners using modern digital solutions and services.

- **Key activity:** production of journalistic content and sale of advertisements to digital platforms in all Baltic States. Publishing of newspapers, magazines and books in Estonia.
- **Key activities are supported by** IT development, solutions of audio-visual production, rental of advertising space, home delivery of paper periodicals.
- **Development of digital business lines:** in 2021, the Group exited the printing segment after which the Group's revenue base became almost entirely digital. At the end of 2021, digital products/services contributed 76% (2020: 70%) to the Group's total revenue.
- Management of the **ticket sales platform** and **ticket sales sites** in Estonia and Latvia.
- Advertising sales on **digital outdoor screens** in Estonia and Latvia.
- Importance of organisation of **entertainment events and thematic conferences** will increase.

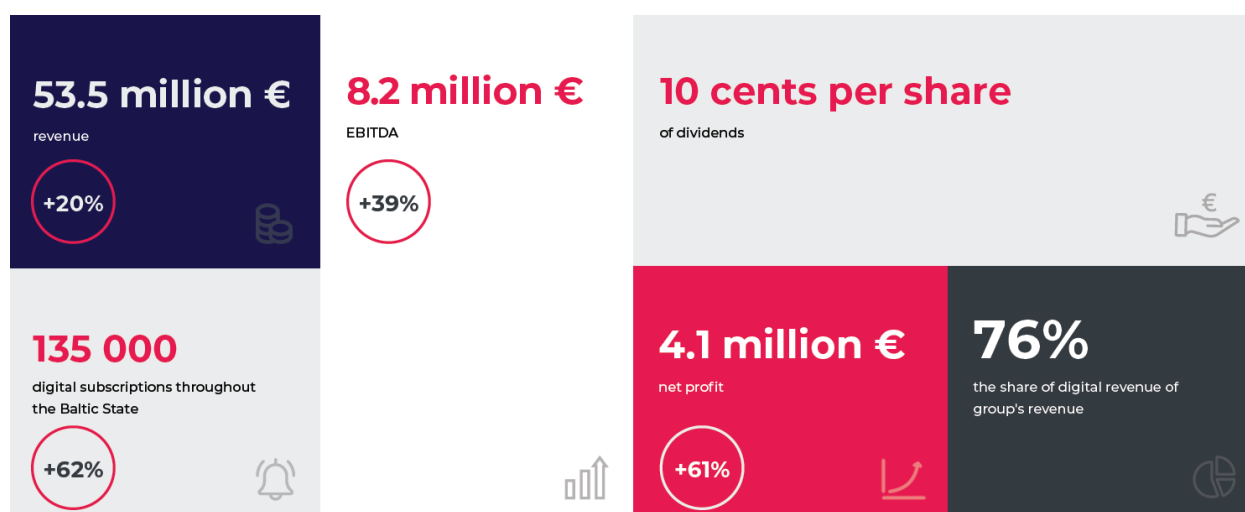
The customers of Ekspress Grupp are divided into three major groups:

- Consumers of media content (both retail and business customers),
- Advertising buyers,
- Other private and legal customers that buy the services of group companies.

In 2021, Ekspress Grupp reinforced its positions in all areas of operation. In the financial year, the ongoing spread of the coronavirus significantly impacted the work of group companies, primarily challenging the work procedures of media publications and turning other services digital.

The shares of AS Ekspress Grupp have been listed on NASDAQ Tallinn Stock Exchange since 5 April 2007. The key shareholder is Hans H. Luik, whose ownership interest as the final beneficiary through various entities is 73.23%.

Ekspress Grupp in figures (continuing operations)



STATEMENT OF THE CHAIRMAN OF THE MANAGEMENT BOARD



Mari-Liis Rüütsalu, Chairman of the Management Board

In its home markets of Estonia, Latvia and Lithuania, Ekspress Grupp is one of the key companies to mould public information space. We believe that our quality work will help create a better society today and tomorrow.

The year 2021 was successful for Ekspress Grupp. The prolonged Covid-19 pandemic and heightened attention to what was going on in the society increased the interest in classical journalism. The investments made in previous years in journalists and creation of high-quality content have brought us success. This primarily manifests itself in continued growth in the number of digital subscriptions.

By the end of the year, the various companies of Ekspress Grupp had almost 135 000 digital subscriptions. Estonia has the most subscriptions of digital content with Ekspress Meedia attaining the highest number of digital subscriptions. The number of digital subscriptions of Õhtuleht Kirjastus demonstrated very good growth in 2021. It is evident that readers in the market are keenly interested in periodicals with varied content which gives us courage to experiment with various formats in order to grow the number of digital subscriptions in coming years.

The effects of the pandemic were also present in 2021. The ticket sales businesses in Latvia and Estonia suffered the most under the restrictions. Using our knowledge and technological platform of the Latvian ticket business we launched a new platform under the name of Piletitasku in Estonia in spring 2021. Because of the pandemic, ticket sales started to pick up only in autumn. Nevertheless, our ticket sales platforms ended the year with good results due to their skill to adapt to the constantly changing circumstances and develop key technological solutions for theatres, concert halls and other event organisers. These developments helped disperse visitors during the restrictions or check, for example, customers' vaccine passports.

In the advertising sector, digital outdoor screens were hit the hardest during the pandemic. However, in the second half of the year, there was a recovery of customer interest in outdoor media. We are on the path to growing digital screens both in Estonia and Latvia - at the beginning of the year, we acquired four digital outdoor screen companies in Riga. In addition, we participated in several procurements organised by Riga City Council, two of which we won.

Due to the winning of the procurements, we will increase our footprint in the market of digital outdoor screens in Riga and going forward we will be able to offer various formats to our customers.

In June, Ekspress Grupp announced of the sale of the printing house AS Printall. This transaction is in line with the Group's strategy that primarily focuses on the growth of its digital business. Since the share of print periodicals in the Group's revenue continues to fall, owning a printing house is strategically unimportant for the Group over the long run.

In December, Ekspress Grupp acquired the media company Geenius Meedia in Estonia. Geenius Meedia is a media company focused on technology, car and business news that already has a significant number of digital subscriptions. It also represents a niche not regularly covered by the periodicals of Ekspress Grupp. After the acquisition, Geenius Meedia will continue as an independent media company. The online portals of Geenius have approximately 300 000 monthly readers and by the end of the year, it had more than 4 000 paying digital subscribers.

Overall, the year 2021 was successful for the Group: despite the ongoing pandemic and the economic uncertainty due to the coronavirus, the Group managed to reinforce its market position and significantly improve its profitability. As compared to 2020, the 12-month revenue increased by 20% to 53.5 million and the net profit increased by 61% to EUR 4.1 million. The share of the Group's digital revenue was 76% of the total revenue at the end of December.

In addition to growth in digital subscriptions, growth in digital advertising in all countries also made a great contribution to the attainment of our outstanding results. This is primarily attributable to the digitalisation of the businesses due to the pandemic and therefore, making a greater contribution to digital advertising.

In 2021, Ekspress Grupp actively participated in the activities of the Estonian Association of Media Enterprises, the purpose of which is to enhance competition on the Estonian media landscape, fight market distortions and increase the availability of periodicals to the Estonian people. The same focus is also in Latvia and Lithuania, where we are actively participating in solving the industry's problems through our local companies. The topics related to the equal treatment of companies represent long-term problems, such as the topics related to the taxation of global platforms and copyright-related topics. There is a similar situation in local markets where local national broadcasting companies make a contribution to digital products. From the point of view of evaluating the competitive situation, this does not represent a market failure that should be resolved with the taxpayers' money.

Latvia and Lithuania can be outlined as progressive countries that in 2021 lowered their value-added tax rate on digital media products to 5%. Thus, Estonia remains one of the few countries in Europe with such a high value-added tax rate on digital media products (9%). A lower value-added tax rate will facilitate media companies' digital transformation and place value on journalism and journalists as a whole. Strong journalism is the foundation of a strong democracy.

The results over the last couple of years demonstrate that we are on a right strategic path. The company's revenue and profitability have grown, at the same time we have developed and evolved, implemented new technologies, launched new products and contributed to media companies in terms of their content. It is important for us to be trend setters and market leaders in the media field. This will ensure continued growth of digital revenue and profitability for us.

We thank our readers, viewers and listeners, shareholders and customers for their trust and support of our group companies!

Yours sincerely, Mari-Liis Rüütsalu

STRATEGY AND GOALS OF THE GROUP

Mission

- to serve democracy

Our goals

- Produce award-winning content, appreciated by our readers and media experts alike
- Be the leading digital publisher in Baltics (in terms of digital subscriptions, user time spent and number of real users)
- Maintain our quality paper-based media products for the audiences who value this format
- To act with social responsibility in mind and build strong and trusted brands
- Increase the value of the company for our shareholders

Group strategy

Ekspress Grupp continues focusing on the organic growth of the existing digital business as well as finding opportunities to increase its business volumes through acquisitions. The Group's goal is to increase the company's value by creating a synergy between the new businesses acquired and current media operations.

In the digital media segment, we are implementing a strategy of rapid growth, the goals of which are market development and at the same time increasing market share. In the printed media, we monitor cost efficiency and offer the highest quality journalism in the market. The Group is strengthening its existing core businesses with investments in organic growth and also increases the share of digital revenues through other digital businesses that potentially offer good synergies with the media. The growth of both the media and the supporting digital businesses is supported by financially optimal distribution of investments, moderate use of leverage and dividend policy that takes into account the growth objectives.

To implement the Group's strategy, our goal remains production of award-winning content valued by our readers and media experts alike while being a leading digital publisher in the Baltic States both in terms of digital subscriptions, the time spent online and the number of actual users. We wish to continue providing high-quality printed media in the market for those readers who value this format.

Ekspress Grupp has undergone a significant transformation during 2021 as the Group has divested its printing business and is keeping very strong focus on the growth of digital businesses, organically and through acquisitions. The Group's long-term strategic financial targets set by the Supervisory Board are related to business growth, digitalisation, profitability, and ability to pay dividends. The targets are based on the changes in the operating environment, the competitive landscape, and the progress of the transformation strategy.

Ekspress Grupp long-term strategic financial targets

Target by end of 2026	2026 target	2021 actual
Digital subscriptions in Baltics	>340 000	134 947
Share of digital revenues	>85%	76%
EBITDA margin	>15%	15%
Dividend pay-out rate at minimum	30%	37%

GROUP'S KEY BUSINESSES

**E K S P R E S S
M E E D / A**

AS Ekspress Meedia / Estonia

Ekspress Meedia manages Estonia's most versatile and readable online portal Delfi with more than 600,000 weekly readers. Ekspress Meedia also publishes the flagships of newspapers (Eesti Ekspress, Eesti Päevaleht, Maaleht) and magazines (Maakodu, Eesti Naine, Tervis +, Oma Maitse, Anne & Stiil, Pere & Kodu, Kroonika) in Estonian media landscape. In 2021, new innovative ticket sales platform Piletitasku as a new business line was launched.

Delfi

Delfi UAB / Lithuania

Delfi Lithuania has almost 1.4 million monthly users and more than 700 thousand daily real users.

Delfi

A/S Delfi / Latvia

Delfi Latvia has been recognised as the most trustworthy and most beloved news media brand in Latvia, with more than 800,000 monthly users DELFI is a leading news media channel in Latvia, in both languages - Latvian and Russian.

geenius

Genius Meedia OÜ / Estonia

Genius Media is a fast-growing company that builds precisely targeted media whose content is fact-based, understandable and useful. We are a noise-free and independent platform for talented authors, valued experts and ideas that make life better through science and technology.

**BIĻEŠU
PARADĪZE**

SIA Biļešu Paradīze / Latvia

Biļešu Paradīze operates the electronic ticket platform (bilesuparadize.lv) and box offices to organise the sale of tickets to various entertainment events on behalf of event organisers. The company has provided online ticket distribution for more than 15 years and is one of the two leading ticket service providers in Latvia.

**Õhtuleht
Kirjastus**

AS Õhtuleht Kirjastus / Estonia

Õhtuleht Kirjastus publishes Estonia's largest daily newspaper Õhtuleht and news and entertainment portals with over 485,000 monthly users. On 1 June 2018, it merged with Ajakirjade Kirjastus and more than 10 magazines were transferred to it. At the end of 2019, Õhtuleht Kirjastus bought the magazines Tiiu and Eesti Ajalugu. Õhtuleht Kirjastus has a total of over 120,000 subscriptions.

**Digital
Matter**

Digital Matter UAB / Estonia, Latvia, Lithuania

Digital Matter (former named Adnet Media) is the largest online advertising network in the Baltic States that offers modern programmatic advertising, audience and campaign optimisation.

altero

SIA Altero / Estonia, Latvia, Lithuania

Altero is a leading financial comparison platform in the Baltics. Altero started its operations in Latvia in 2016, in Lithuania in 2019 and in Estonia in 2020. More than 100,000 Altero clients have compared financial offers for consumer loans, car loans and other products since the launch in June 2016.

BABAHH

Babahh Media OÜ / Estonia

Babahh Media provides a full range of professional video production, real-time and recorded video streaming, automation and video archive solutions.

KINNISVARA

Kinnisvarakeskkond OÜ / Estonia

Kinnisvarakeskkond develops a modern real estate portal Kinnisvara24.ee in co-operation with local real estate agencies.

LINNA EKRAANID

Linna Ekraanid OÜ / Estonia

Linna Ekraanid is a fast-growing outdoor media company that builds and operates well-positioned digital outdoor screens in several cities across Estonia.

Ds
dscreens.lv

D Screens SIA / Latvia

D Screens is a fast-growing outdoor media company that builds and operates well-positioned digital outdoor screens in several locations across Latvia.

**HEA
LUGU**

OÜ Hea Lugu / Estonia

Hea Lugu is a book publishing company. Hea Lugu publishes both original and translated fiction, history books, autobiographies and memoirs, books for children, reference books and practical handbooks. Hea Lugu operates trademarks Maailm ja Mõnda, 100 Rooga, Õhtuõpik and Raamat24. Books are also published in e- and audio formats.

**express
Post**

AS Express Post / Estonia

Express Post is currently the only early-morning newspaper delivery company in Estonia that is also engaged in direct mail and home delivery of letters.

A detailed list of the entities that are part of the group structure is disclosed in Note 1 to the consolidated financial statements.

OUR MEDIA BRANDS



RESPONSIBILITY OF A MEDIA GROUP IN THE SOCIETY

Ekspress Grupp is the leading media group in the Baltic States and therefore, it plays a significant role in promoting the society. The Group's periodicals are the main companies that shape the public information space in its three home markets. Besides, being a company of a considerable size, the Group has the responsibility to manage all group companies in an ethical and accountable manner, and create independent, professional and reliable journalistic content. Group companies need to be managed in an honest, law-abiding and ethical manner - it is the basis of trust by the parties related to the Group and the general public.



The mission of Ekspress Grupp is to serve democracy. The prerequisite for fulfilling it is an environment which helps people, companies and heads of state to make decisions which ensure the society's sustainability.

The prerequisite for the trust of the wider public and the companies that are related to Ekspress Grupp is that group companies are managed in an honest, law-abiding and ethical manner.

An agreement has been reached within the Group concerning the focus trends and activities embodying social impact and responsibility in which the Group has assumed a strategic role.

We wish to be:

<p>Independent and modern content creator</p> <ul style="list-style-type: none"> - Always accessible through convenient and attractive digital information solutions - Content to be created is reliable, journalists are independent and ethical 	<p>Attractive employer</p> <ul style="list-style-type: none"> - Retention and training of professional staff - Equal treatment and valuing of diversity
<p>Responsibly managed company</p> <ul style="list-style-type: none"> - Open and honest management - Setting and fulfilment of the goals related to sustainable development 	<p>Promoter in society</p> <ul style="list-style-type: none"> - Supporting open and participatory democracy - Addressing topics of major social impact

Our Targets under Social Responsibility and ESG:

- 1. ENVIRONMENTAL:** Establish **targets** for business-related social responsibility aspects for the Group, and **monitor and report** them in accordance with the best international practices. Focus on detailing out the emission targets.
- 2. SOCIAL:** Develop **socially important key topics** that allow group entities to implement initiatives that systematically contribute to addressing some of our social challenges, to establish an **institutional foundation** for better journalism to serve the democracy.
- 3. GOVERNANCE:** align reporting as disclosure requirements implemented by EU Taxonomy.

We are committed to sustainability. Our commitment is provided in our Environmental Management Report, Social Responsibility Report and the Report of the Corporate Governance Code.

The Group's annual report reflects the management principles, examples and results of all of the above aspects for the year 2021.

MEDIA'S ACCOUNTABILITY IS INCREASING

Ekspress Grupp is undergoing major changes similarly to other media organisation both in Estonia as well as the world. The focus of media companies is digitalisation of products/services, creating expectations both for the qualification of employees as well as investments. An ongoing and increasingly sharper polarisation of the society will increase pressure on media houses to create and present reliable and high-quality journalistic content on time. Implementation of these takes will help ensure news readers both today and tomorrow.

“During difficult times, the society’s interest in media is undoubtedly higher. Surveys show that trust in media has increased while it has fallen in social media platforms both at home and elsewhere in the world. Today, social media is being weighed down by the problems it created itself. The comeback of the classical journalism has been exceptionally strong. On the other hand, it has involved attacks and accusations in many countries both against journalism as well as journalists.”

Mari-Liis Rüütsalu, CEO of Ekspress Grupp

When creating journalistic content and managing companies, the periodicals of Ekspress Grupp need to consider what is going on both in the media sector as well as in the society:

- Digitalisation is a common keyword, requirements for technical solutions as well as the skills of the employees of media publications are increasing, information needs to be easy to find and used for readers in smart devices;
- The ongoing coronavirus crisis further split the society; fact-checking, presentation of accurate information and balanced coverage of topics is the responsibility and challenge for media houses;
- Business decisions increase creation of synergy between group businesses while content marketing and event organisation and unbiased news flow need to be clearly distinguished for media consumers.

“It seems to us that trust in media has not fallen, but it is the entire chain of attention that has changed and information has become fragmented. The worldview is impacted by who reads what and in which channels. For example, today young people are not the users of traditional media.”

Tarmo Paju, Editor-in-chief of Delfi

Free and balanced journalism

Journalism needs to be independent and free. The work of journalists and periodicals should not be influenced by business interests, political links, personal relations or gains, bribes or any other benefits. The principles of balanced journalism are followed in all group companies. Various parties are allowed to express themselves and counter-arguments and if necessary, excuses, are permitted. The sources of presented information are always verified. Each journalist is responsible for source and confidentiality protection. In case of sensitive topics, the line of ethics should be perceived.

“Journalism plays a clear role and we need to fulfil it. We definitely want to offer balanced journalism and it means that we need to select which topics and how to cover them. High-quality content and provision of balance is becoming more important and yet a more complex challenge.”

Mari-Liis Rüütsalu, CEO of Ekspress Grupp

Crisis impacts global media freedom

According to the latest surveys, the coronavirus pandemic dealt a heavy blow to the global journalism. The latest annual report of the Reporters without Borders (RSF) reveals that the situation has sharply deteriorated and journalism is being blocked, either in full or partially, in two-thirds of the 180 observed countries. The coronavirus pandemic is being used as a pretext for pressuring journalism and the access of journalists to information, sources

and opportunities to report on site is restricted in Asia, the middle-East and Europe. Norway, Finland, Sweden and Denmark rank the highest as to journalism freedom.

According to the global press freedom indices, the media in the Baltic States is free - in the chart for 2021, Estonia ranked 15th (2020: 14th), Latvia 22nd (2020: 22nd) and Lithuania 28th (2020: 28th). The ranking of Latvia and Lithuania did not change while Estonia slipped by one spot. However, the report outlined that in Lithuania, tension between the government and journalists is increasing, information is not shared and government decisions are often not transparent. In Latvia, pro-Russian channels became the subject of investigation, leading to closing of the channels or a ban on news reporting. For Estonia, it was pointed out that in several cases legal rights were used to prohibit the coverage of court cases despite its being in public interest. Members of the government verbally attacked journalists and refused to share information or comment on it.

All newspapers, news portals and some magazines are members of independent self-regulatory bodies of the Estonian, Latvian or Lithuanian press - press councils.

Volatile times increase the number of complaints

The periodicals and news portals of Ekspress Grupp produce thousands of articles, reports, podcast programmes, television shows and photos each year. Complaints about the journalistic content are an integral part of the media business.

In 2021, 31 complaints were filed with the Estonian Press Council against the Estonian media publications of Ekspress Grupp, 26 of which against the periodicals of Ekspress Meedia and five against the periodicals of Õhtuleht Kirjastus. All in all, there were nine condemning decisions.

In 2021, no complaints were filed against Delfi Latvia.

There are two institutions that process complaints in Lithuania. Regular complaints have been filed both with the Ethics Commission for Public Information as well as the Inspector of Journalist Ethics. Normally, a couple of complaints are filed per month, but despite the large number of complaints, Delfi has managed to successfully defend itself in most cases and escaped both warnings as well as penalties.

Any kinds of violations are taken seriously at the Group. Training courses for journalists are regularly organised and discussions are held at editorial offices, if necessary, to avoid potential errors in the future. The Group's goal is to prevent causing harm to related parties, formal complaints, court cases and penalties.

Digital subscriptions post new records

The year 2021 is characterised by stable and steady growth in digital subscriptions of all Group's media publications. Depending on the periodical, the numbers of both readers as well as that of digital subscriptions posted records. The annual growth of the digital subscriptions of the Estonian news portals was more than 50% while the number of digital subscriptions in Latvia doubled and that in Lithuania quadrupled. The additional growth of digital subscriptions comes primarily on account of new customers and it demonstrates that the Group's media publications are increasingly attractive to these readers who until now have not been the subscribers of the media publications of Ekspress Grupp.

“Although the number of subscribers is diminishing over time, this decline is offset by the additional growth in digital subscriptions, so that overall there are more subscribers of Õhtuleht than the year before.”

Erik Heinsaar, Chairman of the Management Board of Õhtuleht

“Differentiation of the current customers is becoming an increasingly important issue. It was already evident earlier that the switch of readers to digital subscribers comes in several stages, the first thousands and tens of thousands readers, i.e. the critical mass, was obtained from among daily news consumers. Now we need to start increasing it and then we can narrow down the topics. We can turn the readers of sports news or those interested in culture into digital subscribers. We need to be more active in finding those groups of readers in whom we have not yet managed to invoke a desire to make that digital subscription.”

Tarmo Paju, Editor-in-chief of Delfi

Increased supervision over the comment section

In case of online publications, comment sections play a key role since they enable readers to express their views on issues that they consider relevant. The media outlets of Ekspress Grupp promote the use of comment sections, i.e. message boards by registered and logged in users. For removal of improper comments, human and machine moderation is used.

As part of launching the redesigned layout and other changes in the Estonian news portal Delfi in the first quarter, also the administration engine of the portal's comment section was upgraded for promoting meaningful discussion and discouraging inappropriate comments. Today, Delfi comment section is administered with the help of machine learning and modern automation tools.

In Lithuania, 2021 brought about a change in the principles of commenting articles. With the aim of helping to improve the vaccination situation in Lithuania, members of the Internet Media Association (ISA) delete comments of both anonymous and registered users to vaccination-related articles and videoclips, in line with the experience of foreign countries. Delfi Lithuania was the first on to launch it and it was later followed by such publications such as 15min.lt, Lrytas.lt, Madeinvilnius.lt, ve.lt, urging also Lithuania's other media outlets to join. By the end of 2021, the change in the comment policy of Delfi entered into force by which only registered users can comment articles and other media content.

Hate speech influences the work of journalists

At the times of crisis, the society's various sore points raise to the surface. For this reason, the media's task to offer balanced and fair information is even more important. When tensions grow, confrontation between opposing parties may become hostile as we witnessed in 2021 that brought an increase in the number of both verbal and physical attacks against the editorial offices of media houses and journalists. In social media, there were calls for physical attacks on Delfi journalists.

"We have extensively discussed the growth of anonymous hate speech. What is certain is that we protect our employees and support them as much as possible. In Estonia and Lithuania, we hired security guards because of the high number of threats. However, this does not mean that we are discarding our duties. On the contrary, we are trying to mitigate the risks, for instance, by closing comment sections for articles on coronavirus and vaccination."

Mari-Liis Rüütsalu, CEO of Ekspress Grupp

Clear boundary between journalism and content marketing

Content marketing continues to grow as a format and sets requirements and restrictions for all media houses, including the Group's media outlets, to ensure credibility and transparency. The Group is firmly convinced that journalistic content of periodicals must not be influenced by the interests of advertisers, content marketing or the organisation of the Group's own commercial events. The line between advertising and media editing should be clear, content marketing and other content shown for a fee should be clearly identifiable and highlighted accordingly.

The Estonian Association of Media Enterprises has established the criteria for content marketing. In addition, Ekspress Meedia has approved in-house rules that set the framework for paid media content and describe the rights and role of supporters.

"We have internally agreed how much paid content there can be, and we are very alert. For the purpose of balance, paid content is clearly highlighted and identifiable and has a separate team. Usually journalists do not take it well if someone tells them what they should write about. It is a question of professional pride. There are also some grey areas, for instance, a photographer can take photos both for a press article and a content marketing article."

Argo Virkebau, Chairman of the Management Board of Ekspress Meedia

Discussion on important issues creates value

Media's responsibility is to cover relevant and problematic topics. It is also an opportunity to highlight and draw attention to the society's sore points and key processes that need to be changed, and impact them in a positive direction.

The everyday task of media outlets and journalists is to cover for the reader issues that require the society's attention. A separate task is to present these issues in an attractive way to ensure that readers really dig into the topic, resulting in significant changes in society.

In 2021, the journalists of Ekspress Grupp raised several major issues that sparked public debate or resulted in significant changes. Some examples are provided below.

Estonia

- Õhtuleht published several articles about the former Minister of Education and Center Party member Mailis Reps who was forced to resign after their disclosure of her misuse of power. Reps also had to step down as the party's deputy chairman and head of the party's MP group, and was not allowed by her party to run in the local elections in 2021.
- Eesti Ekspress revealed the unexpectedly negligent attitude of the then Prime Minister Jüri Ratas towards the state wallet at the highest level.
- Õhtuleht investigated in its articles the situation in Estonian forests and the role of the State Forest Management Center. Analysis of data proved that state statistics on forestry is wrong. All in all six articles were published on forestry. Õhtuleht's investigative journalism articles were nominated for the Bonnier Prize.



- Eesti Päevaleht caught at the scene a high-level Russian diplomat vaccinating out of line at a time when drug manufacturers were increasingly reducing the number of coronavirus vaccines sent to Estonia.
- Maaleht and Eesti Ekspress proved in an experiment that although the state claims that package waste sorted by people end up being recycled, most of them are actually incinerated. There are different solutions available on state and company levels, but they are not implemented because of financial reasons. All this is further eroding consumers' motivation to sort waste.
- Eesti Päevaleht conducted an extensive survey of 4,300 Wagner mercenaries, soldiers of Russian President Vladimir Putin's secret mercenary army, and met with families whose loved ones have died in Russia's covert wars.
- Õhtuleht disclosed a case where the National Library had laid off an elderly woman who had a cancer diagnosis and had been on sickness leave for almost a year. The layoff ended the payment of her sickness benefit, because civil servants interpreted the law differently. After Õhtuleht intervened, Health and Labor Minister Tanel Kiik ordered to continue payments of the sickness benefit to the woman in spite of her layoff.



- Õhtuleht published several articles on the issue of suicides among young people, giving a voice to parents who had lost their child, friends and relatives as well as psychologists.

- In co-operation with Levila journalists, Eesti Päevaleht completed a series of articles examining the social and political impact of the church, "The Power of Religion".



- Kroonika brought to the public an incident of domestic violence of influencers' married couple, in the course of which the author also helped to ensure the safety of the alleged victim.

Latvia

- Delfi was the first media channel with which well-known Latvian rock star Mara Holšteina-Upmane shared her story about the sickness and treatment of her small son, creating an intense public debate.
- In November, Delfi published an article about how a 33-year-old man who refused to vaccinate died because of coronavirus. The article created a heated debate in the society and encouraged people to vaccinate. In addition, Delfi published several longer analytical stories about the need to vaccinate that were absorbed by readers.



- Delfi exposed the conflict between a Latvian Olympic gold winner and a member of the basketball federation that brought about changes in the board of the federation.



- Delfi published an article about a violent art critic who had harmed several girls. The article triggered a heated public debate about family violence.

Lithuania

- Delfi reported that the Lithuanian state rail freight company AB Lietuvos Geležinkeliai had made a prepayment to one of the world's biggest fertilizer manufacturers, Belarussian company Belaruskaliji, for haulage of fertilizers although this would have violated the new US sanctions. The Lithuanian government announced that it was ready to resign because of the scandal, but remained in office.
- Delfi wrote about how dozens of people involved in terrorism have arrived in the country together with illegal immigrants from Belarus who have arrived in Lithuania.

Nuogaštavimai ir baimės, kad su iš Baltarusijos plūstančiais neteisėtai migrantais į Lietuvą pateks ir įvairaus plauko teroristai ar jų pagalbininkai – pildosi.



- Delfi presented to the public the story of Klaipėda resident who, chained to a wheelchair, organized a pan-European drug trade worth more than 500 million euros.

2021 - a year of disruptions and triumphs

Martin Šmutov, Editor-in-Chief of Õhtuleht

At one media-related meeting, I was asked if media was to blame for the growing polarisation of the society and how to re-integrate the opposing sides. And where in Estonia can you find a voice that is trusted by everyone or at least by the majority? Today where like-minded people are just a few clicks away and it takes only a few keyboard keys to put the opponents in their place, it may be pointless to hope that we can restore a like-minded society, even in key issues. The positive side of the pandemic was that media's credibility increased everywhere, with Finland ranking no. 1.

So is journalism following in the footsteps of the society, or vice versa? However, 2021 was also the year when journalism, which always advocates the importance of openness and ease of access to information or, for example, to court rulings, began itself to close up and disintegrate. Some media houses no longer publish their number of digital subscribers or disclose information about how many people visit their websites. At times media houses publish circulations and then they don't. How to demand openness from others if you yourself are secretive and obscure?

Media itself is crumbling. In addition to getting secretive, last year saw the arrival of competing press awards. Instead of offering new ideas on how to strengthen existing awards and grow as one, we moved closer to the situation where each media house grants its own press awards. It starts to resemble the boxing world where different organisations hand out different heavyweight titles so that at the end no-one understands who was the best or the most prominent boxer of the year. However, ranking the best is important because it sets the bar for future growth just like the Estonian national record is never as high as the world record. These bars have been extremely important for the success of Õhtuleht Kirjastus, but in this new situation we may have to reconsider them ourselves or abandon such an approach altogether.

Until history proves otherwise, I am convinced that no-one in journalism will benefit from this disintegration, just like in boxing. And if we are not vigilant, journalism, like boxing, can one day find itself in a situation where all media houses grant their own press awards, but the real money is made and real stars are born in social media or even elsewhere.

DIGITAL MEDIA COMPANY



Kaspar Hanni, Development Director of the Group

The year 2021 was another year of rapid growth for digital media consumption as digitalisation continued to grow at full speed, fuelled by the impact of the pandemic.

The year was dominated by the following three trends:

- strong growth of paid digital content in all our key markets, i.e. Estonia, Latvia and Lithuania;
- continued impact of pandemic waves on the digital advertising market;
- adjustment of advertisers to the COVID-19 pandemic and transition of advertising budgets to digital advertising and e-commerce channels.

A year ago we were expecting to see in our key markets continued expansion of the subscription-based business model and growth in digital subscriptions, i.e. surge of consumer interest in high-quality journalism. We also expected to see growth in the segment of subscribers who have multiple active digital subscriptions from different content providers.

Today we can say that in 2021 the markets of Estonia, Latvia and Lithuania moved indeed in this direction. As the largest provider of digital subscriptions in news media in our target markets, Ekspress Grupp saw the number of digital subscriptions in our key markets to increase by a total of 62%. Paid digital subscriptions continued to grow rapidly also in Delfi Latvia and Delfi Lithuania, increasing by 57% and 164% year-over-year, respectively. Considering the number of total consumers of digital content and the current number of subscribers of paid digital content, we are confident that the business model of paid subscriptions will continue its widespread transformation for several years. News media is now in the position where more and more people subscribe to digital news media in order to keep up with current news and widen their horizon.

For the Baltic media houses, the biggest competitors in terms of financial resources in the digital advertising market are still global Internet platforms. In 2021, the activities of major tech companies fell under the scrutiny of legislators and competition regulators around the world. Although regulating global powerhouses is may still take years, regulators in several countries are expected to take more decisive steps already in the next few years to curb

the market power and balance the social and economic impact of dominant global platforms. We are seeing the first signs of platforms getting interested in improving cooperation with media organisations also in our key markets.

In addition, global platforms have increased their contact price for digital advertising which in turn increases the value of advertising opportunities offered by local news media platforms. In 2021, there were several cases when during peak demand, Google and Facebook increased their advertising prices up to tenfold.

During the year, the activities of publicly funded broadcasting companies in the digital media market remained under intense scrutiny in our key markets. Since there is sufficiently intense competition between private media houses in the provision of online news and production of digital content and consumers are offered a wide choice of journalistic content, intervention of state media companies in these markets is by no means justified. In respect of the digital news media in Estonia, Latvia and Lithuania, there are no market distortions that the states should resolve through publicly owned media houses funded from growing budgets. The situation that the largest media organisation of every Baltic State is the local public broadcaster is unusual. In comparison, no Nordic country has a situation where the revenues of private media organisations are several times below those of public broadcasters. In this crucial issue related to the future of private media, the European Commission continues to handle complaints submitted by the Estonian and Lithuanian media companies.

We expect both the demand for and supply of high-quality digital content to continue their strong growth and readers to have a more abundant and better choice in the new year. As the subscription-based business model is set to continue expanding, we expect consumers to spend more on digital content, average subscription prices to grow and the number of digital subscribers to fluctuate less in the entire market. With regard to global platforms we expect regulators to act more decisively than until now, i.e. to ensure a level playing field for all market operators. In this context, in the new year platforms will focus increasingly on managing regulatory risks and developing cooperation opportunities in local markets.

The focus is on the development of digital solutions and services

Ekspress Grupp is a growing and developing media group that adapts to the changing needs and media consumption habits of its readers, customers and cooperation partners. Development of new digital products and services, and creation of relevant and interesting content is the daily work of group companies to offer the most convenient solutions and newsworthy content to their customers using the best technological means.



In 2021, growth of digital subscriptions of all periodicals of Ekspress Grupp continued. The key reason is the change in the attitudes and habits of people who are willing to pay for high-quality digital content.

The growth in digital subscriptions was supported by the general media market situation - classical, fact-based and balanced journalism has once again become the most important information carrier.

„The number of our digital subscriptions is growing. The learning curve we have covered in recent years has been necessary and we have become the market leader in digital subscriptions in all Baltic countries This is the model for the future journalism, which will now be reflected in the Group's financial results, including the share price.“

Mari-Liis Rüütsalu, CEO of Ekspress Grupp

The share of digital business is gaining importance and it impacts all media organisations around the world that wish to operate in the media market also in the future. The Group focuses on retaining current its customers and finding new ones, both for digital channels and paper periodicals. Despite the increasing spread of digital media, paper periodicals have not disappeared anywhere, they also need to offer high-quality, timely and interesting content.

All media products of Ekspress Grupp are available in a digital format. The Estonian consumers can also traditionally read the most important periodicals on paper while in Latvia and Lithuania, the Group's media business has been digital from the beginning. Development of media portals plays a central role so as to offer the best digital services to readers and products in miscellaneous smart devices.

In addition, Hea Lugu sells e-books and operates Raamat24 e-store and through its associate, the platform digiread.ee designed for listening audio books. Digital Matter (former named Adnet Media), Babahh Media, Kinnisvara24, Biļešu Paradīze and Piletitasku are essentially digital business. Linna Ekraanid and D Screens offer advertising space on digital outdoor screens in Estonia and Latvia.



In terms of digital subscriptions, media publications of Ekspress Grupp are in the leading position in all home markets.

“We are monitoring the developments of all technological solutions that could help our products and services, for example machine learning technologies. Any kind of sound processing and language technologies are important trends, we will stay in touch with the solutions of the Estonian, Latvia, Lithuanian and Russian languages. For software applications we always want to use the best available technology which will help us easier to implement the entire process because it needs to be quick and reliable as well as ready to be used in an real-life environment.”

Kaspar Hanni, Development Director of Ekspress Grupp

Digital media posts new records each quarter

- The number of digital subscriptions of Ekspress Grupp increased by 62% in the Baltic States in 2021.
- The number of paid digital subscriptions of Ekspress Meedia increased by 51% in a year and totalled 74 873 (2020: 49 696), that of Õhtuleht Kirjastus increased by 52% and totalled 20 992 (2020: 13 820) subscriptions.
- In Latvia, the number of digital subscriptions increased by 57% in a year and totalled 17 549 at the end of 2021 (2020: 11 143).
- In Lithuania, the number of digital subscriptions was 17 433 (2020: 6595), increasing by 164% in a year.
- Digital revenue of the Group accounted for 76% of revenue (2020: 70%).

Delfi Latvia's reader record

Delfi Latvia set new reader records on three consecutive days in October when government decisions on the state of emergency in the state were covered.

- 18 October - 835 000 visitors
- 19 October - 745 000 visitors
- 20 October - 714 000 visitors

The number of readers who visited Delfi Latvia on 18 October is higher than the regular number of readers in an average month of the portal.

“The addition of digital subscriptions will have a positive impact on the financial performance of Ekspress Grupp and is a proof that the Group's long-term strategic direction is appropriate. One of our key goals is to grow digital subscriptions, because it will give the Group's media publications a differentiated and an increasingly stronger digital revenue base. We are also actively working on technical solutions so that subscription and reading will become more convenient. We consider it important to extend the life of subscriptions, which can only be attained through exciting and diverse content.”

Mari-Liis Rüütsalu, CEO of Ekspress Grupp

“In 2021, we continued to grow and invest in digital products and we have also significantly expanded the production of video content which is a major strategic area in Lithuania. We have four video platforms - Delfi, YouTube, Facebook and a linear television channel with which we have achieved our goals and we are witnessing growth of both revenue and profitability.”

Vytautas Benokraitis, CEO of Delfi Lithuania

Delfi Estonia on a new platform

In 2021, the transition of Delfi Estonia to a new platform was completed. This technological innovation was brought about the switch of the reading habits of consumers from personal computers to mobile phones. About two-thirds of Delfi visitors use mobile devices; therefore, the Delfi mobile view required the most updates. More than 30 people from all Baltic States worked on the development and creation of the new Delfi platform over a period of 18 months.

Digitalisation presents new technological challenges

Work in the digital direction has been constant and natural development for the entire Group which presents challenges for technological innovations, internal processes as well as employee skills and competences. The development unit of Ekspress Grupp has regularly brought new innovative solutions to the market which create additional value to our portals and marketplace users, incl. readers.

“We managed to very quickly react to the restrictions set by the government. When a decision was made that personalised tickets need to be sold to cultural events, so that it would be possible to identify visitors, then for us it was a key development. Our IT department quickly completed it and event organisers were very satisfied with it. We subsequently added a function to the system which could read COVID certificates. This had a major impact on the sector and we managed to do it.”

Jānis Ūzulis, CEO of Biļešu Paradīze

Podcasts, video podcasts and stories

Podcasts made strong headway in 2021. Delfi with a different programme format is the market leader in its field in Estonia. During the coronavirus crisis, video podcasts also became popular, by today Delfi has permanently moved some of its podcasts to a video form. In terms of functionality, Delfi has developed, for example, stories that are familiar from Instagram. Delfi Tasku programmes can be listened to in all major applications such as Spotify, iTunes, Soundcloud, Google podcasts, Castbox, etc. Audio will undoubtedly remain in our focus both in the form of the podcasts as well as making articles in an audio format. In the background, development of the voice recognition robot is underway that would help automate this work.

Audio book is the future

Sooner or later, audio books will make a strong entry. There are currently too many paper books being published in Estonia, the quantity of which should diminish. This will probably be corrected by the price increase of paper. Audio books have already made a strong market entry in the Nordic countries that have large platforms. In Estonia, there are about 250 audio books, but the great success in the Nordic countries is promising. As radio listeners, the Estonians are in the leading position in the European Union. The habit to listen to the text is there. E-book failed in Estonia because a critical number of people who travelled was small. Audio book is significantly different from the latter because audio books can be listened to while also doing other things.

Revamped platforms, digital solutions and products

Development of digital products greatly depends on customer expectations, while great emphasis is also laid on user convenience. All products and services need to be accessible and convenient to use in various smart devices. For this, digital outputs of all products are regularly upgraded. In 2021, several upgrades were carried out throughout

the Group. With its revamped image, Delfi made a full transition to a new platform, thereby completing a major project Delfi 2.0. Õhtuleht Kirjastus launched a new digital package with crosswords and memory games as complementary products, and in addition various topical portals were launched, such as money, child, women, home, etc. Lithuania Delfi launched a digital subscription project M360 primarily aimed at professional use; Delfi Latvia launched a revamped subscription package Delfi+ which includes several products.

Sharing experience in a new form

IT is a sector where team know-how and sharing of experience is crucial for being in a common information space. It is even more important in the context of intra-group digital transformation. Today, the form of meetings has changed. Gatherings in a common room have moved to web environments. Common virtual team lunches are also organised online. The food supply platform Wolt enables solutions where each team member can order a suitable takeout lunch, people eat together and at the same time discuss work issues. People also play various games within; therefore opportunities have been created for the team to spend time together which enhances teamwork.

Advertising customers go digital

With more restrictions, the economy was not shut down in 2021 as the year before, but they still impact the Group's outdoor advertising companies and ticket businesses. At the same time it could be seen that advertising customers have adjusted to the situation and the growth of the advertising business demonstrates that the majority of companies have managed to become more digital, opened up or adjusted their trading patterns to e-channels and the advertising need has been restored.

Synergy of the Group's digital businesses increases

The new Estonian ticket sales platform Piletitasku was launched in spring 2021 once restrictions were lifted and it was received well both by event organisers as well as ticket buyers. Piletitasku offers fresh and convenient purchase experience to the ticket buyers and a technologically new level for organisers. The ticket sales are a good example of a digital business which has a clear synergy with digital media and that fits well with the digital business strategy of mutually complementing digital businesses.

KEY EVENTS AND DEVELOPMENTS IN 2021

JANUARY

- Latvian company SIA D Screens purchased an outdoor screen network with five screens in Riga from DIMAXI. This transaction increased the screen network of D Screens to 14 screens. The Group continues to actively invest in its outdoor media network both in Latvia and in Estonia.



05.01.2021

“D Screens” palielina savu digitālo ekrānu tīklu līdz 14 ekrāniem

- Peeter Saks, member of the Supervisory Board of AS Ekspress Grupp, submitted his resignation. The Supervisory Board of AS Ekspress Grupp will continue with four members: Priit Rohumaa (Chairman), Hans H. Luik, Indrek Kasela and Aleksandras Česnavičius.
- AS Ekspress Grupp published the results of digital subscriptions for the fourth quarter of 2020, according to which in 2020 the number of digital subscriptions increased by 73% across all Baltic States and totalled 81,254 subscriptions at the end of the year.
- Delfi Lithuania set up a department of special solutions that offers customers advertising services both on the Google Ads platform and in social media networks for reaching a bigger target group. The department is managed by Romuald Nareiko, a well-known expert in this field.

FEBRUARY

- AS Ekspress Grupp publishes the consolidated unaudited interim report for the fourth quarter and 12 months 2020.

- Delfi Lithuania celebrated its 21st anniversary with the event Delfi Titans 2021 that could be viewed both in the Delfi news portal and in the Delfi TV channel.



Delfi Titanų apdovanojimai – jau šandien [f 255](#)

MARCH

- Delfi Estonia launched a portal with new re-engineered and re-designed visual layout. In addition, also the technological platform and internal tools of the editorial office were upgraded.

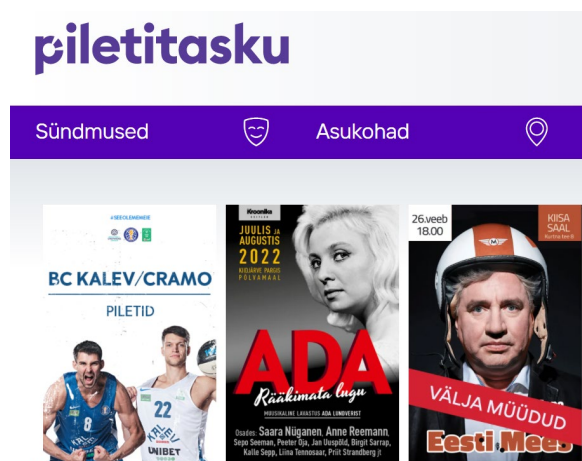


- Subscribers of Delfi Latvia who had two different subscriptions previously were transferred to a more comprehensive subscription Delfi+ that includes several products.
- In the first quarter of 2021, all cultural events in Latvia were cancelled due to the coronavirus pandemic, mainly affecting the activities of the Group's Latvian ticket sales platform.

APRIL

- The Supervisory Board of AS Ekspress Grupp approved the Annual Report 2020.

- AS Ekspress Grupp published the results of digital subscriptions for the first quarter of 2021, according to which in the first quarter the number of digital subscriptions increased by 16% across all Baltic States (year-on-year growth: 74%) and totalled 94,639 subscriptions at the end of March.
- SIA D Screens won the second auction of lease rights for the real estate owned by Riga's municipality. The lease consists of 91 advertising spaces owned by Riga's municipality and allows the company to increase its network to more than 100 screens.
- AS Ekspress Grupp published the consolidated unaudited interim report for the first quarter of 2021.
- The Group launched Piletitasku - a new ticket sales platform in Estonia that was well received by event organisers and ticket buyers.

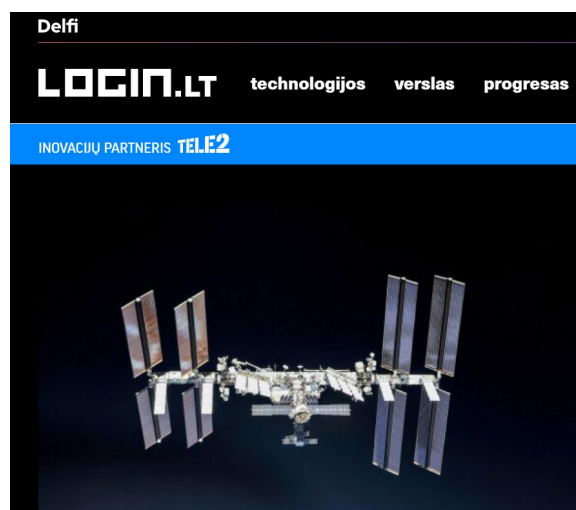


MAY

- The survey of the Estonian Association of Media Enterprises on Internet users showed that Estonia's most popular online portal is Delfi that according to the survey is read by 68% of the population. Õhtuleht is read by 24% of the population.
- Delfi Latvia launched its third project on business news, providing value and extensive news on economy and business to subscribers of the Delfi digital package.



- Delfi Lithuania organised a five-day innovation and tech conference LOGIN that included presentations from more than 150 experts in their relevant field and could be watched on all larger media portals in Lithuania.



JUNE

- On June 15 shareholders of AS Ekspress Grupp approved the annual report 2020.
- The mandate of Aleksandras Česnavičius as a Member of the Supervisory Board was extended until 16 June 2025.

JULY

- AS Ekspress Grupp published the results of digital subscriptions for the second quarter of 2021, according to which the number of digital subscriptions increased by 76% across all Baltic States year-over-year and totalled 110,253 subscriptions at the end of June.
- AS Ekspress Grupp and AS SEB Pank signed amendments to loan contracts as a result of which loan repayment dates were extended and the amount of monthly repayments was reduced. In addition, the Group entered into a new loan contract with AS SEB Pank to refinance the loan borrowed from AS Citadele Banka in the amount of EUR 2.1 million.
- The Supervisory Board of AS Ekspress Grupp decided to extend the mandate of Signe Kukin as a Member of the Management Board until 31 December 2024.
- AS Ekspress Grupp published the consolidated unaudited interim report for the second quarter and first six months 2021.

- Book publisher Hea Lugu introduced a new platform for its e-store, establishing autonomy and independence from group companies.

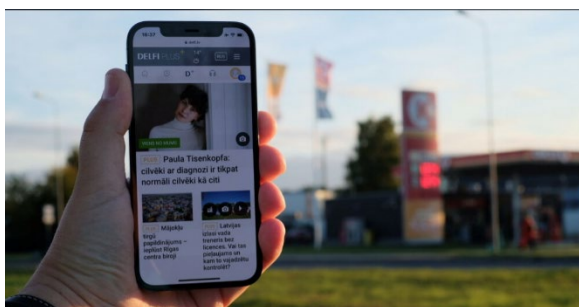


AUGUST

- KJK Fund SICAV-SIF sold all its holding of 4 002 052 shares of AS Ekspress Grupp to OÜ HHL Rühm. Transferred shares accounted for 13% of the total shares of AS Ekspress Grupp. Pursuant to the transaction, the ownership of Hans Luik in AS Ekspress Grupp increased to 73.23%.

SEPTEMBER

- In Latvia, Delfi plus started selling digital subscriptions in the service stations of Circle K.



- At the Baltic marketing conference Baltic Brands Forum, Delfi Latvia was recognised as the most loved media brand in the Baltic States.



- In accordance with the resolution of the extraordinary general meeting of AS Ekspress Grupp as of 13 July 2021, AS Ekspress Grupp and OÜ Trükitung signed on 3 September 2021 a sales agreement by which Ekspress Grupp sells all its shares of Printall to Trükitung OÜ.

- Martin Šmutov, Editor-in-Chief of Öhtuleht, was elected as the new chairman of the Press Council.

- According to a new survey, Delfi Lithuania is the best-known online portal in Lithuania. Delfi was mentioned first by 56% of respondents in the survey. The second was 15min.lt that was named by 24% of respondents.

OCTOBER

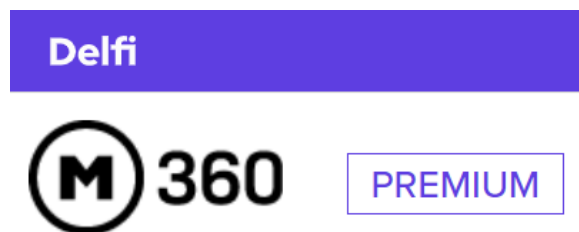
- AS Ekspress Grupp published the results of digital subscriptions for the third quarter of 2021, according to which the number of digital subscriptions increased by 75% across all Baltic States year-over-year and totalled 121 874 subscriptions at the end of September.

- On October 13, the Supervisory Board of AS Ekspress Grupp approved the Group's dividend policy according to which the Group will distribute at least 30% of the annual profit as dividends, provided that there are sufficient financial resources for financing core activities and making new strategic investments.

- AS Ekspress Grupp publishes the consolidated unaudited interim report for the third quarter and first nine months of 2021.

- Öhtuleht Kirjastus ended publishing of Linnaleht founded in 1997 due to the significant loss of advertising revenue as a result of the coronavirus pandemic. The final issue of Linnaleht was published on October 29.

- Delfi Lithuania launched M360, a new project for digital subscriptions that offer even more exclusive content and help readers to strengthen their professional knowledge with the help of experts in the relevant field.



NOVEMBER

- Since November, the new Editor-in-Chief of Eesti Ekspress is Merili Nikkolo. Her predecessor, Erik Moora, continues as an editor responsible for social issues.
- On November 4, shareholders of AS Ekspress Grupp approved a resolution to pay extraordinary dividends in connection with the sale of AS Printall a total of EUR 3 028 287, i.e. 10 cents a share.
- Ekspress Meedia took the first place in the TOP of media companies compiled by Äripäev, Õhtuleht Kirjastus won the second place.
- Book publisher Hea Lugu was ranked 2nd in the Äripäev TOP ranking of publishers.
- AS Ekspress Grupp published the results of digital subscriptions for the fourth quarter of 2021, according to which the number of digital subscriptions increased by 62% across all Baltic States year-over-year (8% in the fourth quarter) and totalled 134 947 subscriptions at the end of the December.

DECEMBER

- AS Ekspress Grupp acquired the media company Geenius Meedia OÜ to grow the digital media business and expand into a niche that the group publications do not yet regularly cover. After the transaction, Geenius Meedia OÜ will continue to operate as a separate media company and its main founders Hendrik Roonemaa and Siim Saidla will remain actively involved in the company's management and daily operations.
- The Supervisory Board of AS Ekspress Grupp decided to extend the mandate of Mari-Liis Rүүtsalu as a Member of the Management Board until 31 December 2025.



MEDIA DISTINCTIONS AND AWARDS IN 2021

ESTONIA

In March 2021, the winners of the competition "Journalism Awards 2020" of the Estonian Association of Media Companies were announced. It included several employees and periodicals of Ekspress Grupp:

- The journalists of Ekspress Meedia received the three highest press awards granted by the Estonian Association of Media Companies. **Holger Roonemaa** from the investigative editorial staff of Ekspress Meedia was named as the journalist of the year, **Greete Lehepuu** from Eesti Ekspress was named as the young journalist and **Rein Raudvere** from Maaleht received the lifetime award.



- In the category of opinion articles in national newspapers, **Ann-Marii Nergi** received the award for her article published in Eesti Päevalehe LP on 4 July "JOURNALIST'S OPINION | Ann-Marii Nergi: A Prison Sentence for Covering a Court Hearing? Please Let Us Object!", where she wrote about how journalists are excluded from important court hearings using a legal pretext which courts willingly use, and for the article published in Delfi Ärileht on 4 December titled "The Victory of the Press. The Decision of the Riigikogu: It was a Mistake to Prohibit Coverage of the Hearings Related to the Port", where she wrote that the Supreme Court agreed with Eesti Päevaleht in that the public interest in the court case of the Port of Tallinn and corruption crimes in general is always larger, therefore, the arguments for prohibiting them should be very substantial. After a year and half in various court instances, the Supreme Court also annulled the coverage prohibition related to the hearings of the Port of Tallinn.



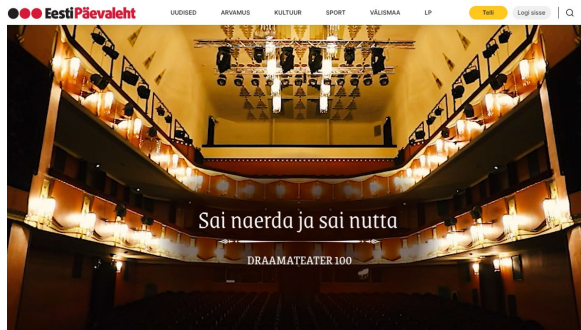
- The winner of the feature article category was **Toivo Tänavsuu** for his article published in Eesti Ekspress on 12 February "The Last Days of Agu Uudelepp: 'I Gathered All My Strength to Say Good-bye to my Children'. Doctors told Agu Uudelepp who had lung cancer that his life expectancy would be one year, but he lived for four years. Tänavsuu wrote about what gave the head of the family so much strength and hope.
- The winner of the major newspapers for coronavirus coverage is "Tartu Corona Madman's Funny Adventures in Estonia", published in Eesti Ekspress on 5 August which is a board game allowing one to travel through Estonia, infecting as many people as possible with the coronavirus. It was designed by **Tarmo Rajamets** and its illustrator is **Heiki Ernits**.



- The winner of the open group of major newspapers is **Tarmo Rajamets** for the article published in Eesti Ekspress on 25 March "We'll Get a Pay Rise!,, The layout humorously referred to the pay rise. Of the major newspapers, the monetary top prize was awarded to the same page of Eesti Ekspress in the design competition.



- The winner of digital articles is the article published in Eesti Päevaleht "We Could Laugh and Cry. The Drama Theatre 100", written by Liisi Viskus, Imbi Võrel, Anna Plukk and Mart Nigola. The article looks back at the theatre's colourful past with exciting multi-media solutions.



- The award for the best feature photo was given to Stanislav Moškov from Õhtuleht for his photo series "The National Ballet in Self-Isolation".



LATVIA

- Delfi project "Kod.lv" won the award of the Latvian Association of Journalists for the best minority language project. In total, eight Delfi content projects were nominated. "Kod.lv" is a multimedia project of the journalists of Rus.delfi.lv that aimed to "decipher" Latvians on what influences them (music, funeral traditions, games, impact of Latvian cinema, etc.)



- For the first time ever, a Delfi Latvia project won an award at the creative and advertising competition

Adwords. Charitable project "Strengthen the Strong" ("Stiprini stipros") won the second prize in the category of corporate social responsibility and sustainability.



- At the Pan-Baltic marketing conference Baltic Brands Forum, Delfi Latvia won the award for being the most loved media brand in the Baltic States.



- Delfi's journalist Laine Fedotova was nominated for the title of Young Journalist 2021 of the Latvian Association of Journalists.

LITHUANIA

- At the festive ceremony held to celebrate its 21st anniversary, **Delfi Lithuania** awarded the **Titans** prize to people who have broken stereotypes with their personal example and attract attention to key public phenomena and events. The recipients included a journalist and political commentator Kęstutis Girnis for his extensive contribution in covering the challenges facing the Lithuania society, and Aukse Mickienė, head of the Department of Infectious Diseases in the Lithuanian University of Health Sciences for her self-sacrificing work.



- For the fourth consecutive year, the Lithuanian Ministry of Finance organised a competition to select the best press coverage on the European Union investments in Lithuania with the aim of analysing and increasing the efficiency of the use of the EU

structural funds. In 2021, Delfi journalist **Edgar Savickas** won the award.



- Delfi columnist **Rimvydas Valatka** received the **Romas Sakadolskis Award of Journalism** for extraordinary opinion journalism. On Sundays, Valatka publishes in Delfi his opinion about the most important political and social issues.

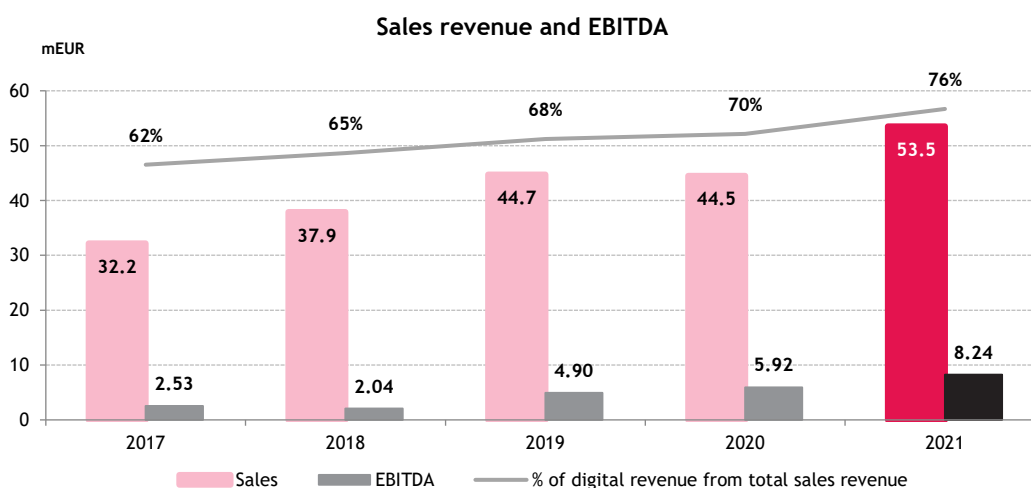


BUSINESS OPERATIONS

SUMMARY OF THE RESULTS

In accordance with the decision of the extraordinary general meeting of shareholders of AS Ekspress Grupp from 13 July 2021, AS Ekspress Grupp and OÜ Trükitung concluded a sales agreement on 3 September 2021, according to which Ekspress Grupp sold its 100% ownership interest in its subsidiary Printall AS. The transaction was completed as of 6 September 2021. In the consolidated annual report of 2021, the information is presented about continuing operations where the revenue and expenses of discontinued operations are shown in a separate line in the comprehensive income statement "Gain/-loss from discontinued operations". Until the sale, the business of Printall AS was recognised as a separate printing services segment which the Group discloses as a discontinued operation in this report. In the comprehensive income statement of the annual report and the segment overview, the comparative information of continuing operations has been restated. No restatements have been made to the consolidated balance sheet and cash flows in accordance with the requirements of IFRS. The assets of the printing services segment continue to be consolidated line-by-line in the balance sheet as of 31 December 2020, because the sale of Printall AS was not classified as held for sale as of 31 December 2020.

The following information is presented only for continuing operations unless otherwise stated.



REVENUE

In 2021, the consolidated revenue from continuing operations totalled EUR 53.5 million (2020: EUR 44.5 million). Revenue increased by 20% year-over-year in 2021. Both advertising as well as digital subscription revenue increased. At the end of 2021, the share of the Group's digital revenue accounted for 76% of total revenue (at the end of 2020: 70% of total revenue). Digital revenue increased by 31% as compared to the last year.

PROFITABILITY

In 2021, the consolidated EBITDA of continuing operations totalled EUR 8.24 million (2020: EUR 5.92 million). In 2021, EBITDA increased by 39% as compared to the previous year and the EBITDA margin was 15.4% (2020: 13.3%). Strong sales of online advertising, digital subscriptions and tight cost controls in all Baltic States have helped to improve profitability. In 2021, the Group received a one-off COVID-19 pandemic-related state subsidy in Latvia in the amount of EUR 0.41 million related to the ticket sales platform where events had been cancelled during the period of almost 7 months. In 2020, one-off COVID-19 pandemic-related state subsidies totalled EUR 0.9 million in Estonia and Latvia.

In 2021, the consolidated net profit from continuing operations totalled EUR 4.13 million (2020: EUR 2.57 million), which is EUR 1.57 million and 61% more as compared to 2020. The net profit for 2021 was impacted by one-off finance income for fair value adjustment of the outstanding commitment related the purchase price of the ticket sales platform in the amount of EUR 0.4 million (2020: EUR 0.7 million).

CASH POSITION

At the end of the reporting period, the Group had available cash in the amount of EUR 11.0 million and equity in the amount of EUR 53.7 million (57% of total assets). The comparable data as of 31 December 2020, including the printing services segment, were EUR 6.3 million and EUR 54.6 million (58% of total assets), respectively. As of 31 December 2021, the Group's net debt was EUR 11.3 million (31 December 2020: EUR 15.9 million). As of 31 December 2021, the cash position was positively impacted by net cash proceeds from the sale of the ownership interest in Printall AS in the amount of EUR 6.3 million (incl. premature payment of the outstanding loan balance of Printall AS to AS SEB Pank under the loan contract in the amount of EUR 2.06 million, see Note 18) in September. Proceeds have been partially used for the extraordinary dividend payment (EUR 3.03 million) and for the acquisition of Geenius Meedia in the last quarter.

DIVIDENDS AND DIVIDEND POLICY

In conjunction with the sale of Printall AS, the group paid the extraordinary dividends of 10 euro cents per share in the total amount of EUR 3.03 million in November 2021.

The Management Board proposes to pay dividends from the net profit of the 2021 financial year to the shareholders in the amount of 5 euro cents per share, in the total amount of EUR 1.51 million, resulting in a dividend rate of 37% (calculated on the net profit from continuing operations) and dividend yield of 3.2%.

The Supervisory Board of AS Ekspress Grupp has approved the group's dividends policy, according to which Ekspress Grupp will pay at least 30% of the annual profit as dividends starting from 2022.



Signe Kukin, Chief Financial Officer of the Group

2021 concluded a strong and record high for Ekspress Grupp. A strong underlying revenue growth of 20% and an EBITDA of EUR 8.24 million, up by 39% as compared to last year. Net profit (from continuing operations) of EUR 4.13 million that is 61% higher compared to 2020.

The groups media businesses continued to perform very well and exceeded our expectations in digital advertising and digital subscriptions revenues. Ekspress Grupp provides a range of different digital brands, with world-class media houses in the Baltics and empowers thousands of people in their daily lives every day, with the goal to uphold a society built on trust and transparency.

During 2021 the group made a significant exit from its printing services business, AS Printall. The divestment, which gave EUR 6.3 million free cash and that eliminates the non-strategic need for the annual investments into printing house' assets going forward. It is key for the group to continue with its strategic focus and have sufficient resources to support its digital organic growth and new acquisitions. We are happy that Ekspress Grupp is becoming a digital leader with the 76% of its revenues already being digital. As to support our strategy the group acquired Geenius Meedia at the end of 2021. A niche media portal that will expand our reach to alternative readers and will diversify the content we can offer.

With the growth ambitions and the transformation towards digital media business will require investments, mainly related to product and technology as well as marketing spend. The cost of product and technology relates mainly to the people costs which have increased considerably and which we aim to keep in balance with the growth of the future revenues. As these costs occur, this will temporarily lead to limited operational leverage, regardless we are with an ambition to keep the profitability levels.

The group has placed great value on maintaining the balanced liquidity position during 2021. We amended the senior loan facility agreements with AS SEB Pank and refinanced the loan from AS Citadele banka, that in total improved our annual cash flow by EUR 1.7 million. The term of the loan was extended by 5 years till July 2026 and the margins of the loans reduced to a range of 1.75%-1.9% (previously up to 3.9%). We are keeping the overdraft facility of EUR 3 million that was not used at the end of the year and that secures an additional liquidity buffer for activities going forward.

As in the rest of the world, the COVID-19 pandemic has had a relevant impact on the Baltic economies, however there has been a strong rebound thanks to gradual reopening of societies and an acceleration of the digital transformation across industries which have brought new possibilities for many of our businesses. While some uncertainty remains during 2022, the development in our businesses over the last two years, and the forecasts for the Baltics, are encouraging.

FINANCIAL INDICATORS AND RATIOS

Performance indicators (EUR thousand)	2021	2020	Change %	2019	2018	2017
Continuing operations						
Sales revenue	53 516	44 514	20%	44 717	37 879	32 180
EBITDA	8 240	5 924	39%	4 904	2 041	2 528
EBITDA margin (%)	15.4%	13.3%		11.0%	5.4%	7.9%
Operating profit / (loss)	4 864	3 071	58%	2 337	850	1 766
Operating margin (%)	9.1%	6.9%		5.1%	2.0%	4.9%
Interest expenses	(709)	(860)	18%	(1 085)	(721)	(653)
Profit (loss) of joint ventures under equity method	(281)	102	-376%	(38)	(273)	(2)
Net profit from continuing operations	4 133	2 566	61%	755	(614)	991
Net margin (%) - continuing operations	7.7%	5.8%		1.7%	-1.6%	3.1%
Return on assets ROA (%)**	2.4%	2.7%		1.6%	0.0%	4.2%
Return on equity ROE (%)**	4.1%	4.9%		2.8%	0.0%	6.1%
Return on capital employed (ROCE) (%)	6.6%	4.1%*		3.7%*	1.9%*	5.1%*

Earnings per share (euro) - continuing operations

Basic earnings per share	0.14	0.09		0.03	(0.02)	0.03
Diluted earnings per share	0.13	0.08		0.03	(0.02)	0.03

* For years 2020-2017 the return on capital employed (ROCE) (%) ratio is calculated on the basis of EBIT, which also includes EBIT from discontinued operations.

** Return on assets ROA (%) and return on equity ROE (%) ratios are calculated on the basis of net profit, which also includes net profit from discontinued operations.

Balance sheet (EUR thousand)	31.12.2021	31.12.2020	Change %	31.12.2019	31.12.2018	31.12.2017
As of the end of the period						
Current assets	20 553	18 482	11%	19 472	13 831	13 827
Non-current assets	73 705	75 695	-3%	75 935	62 907	62 130
Total assets	94 258	94 177	0%	95 407	76 738	75 957
<i>incl. cash and cash equivalents</i>	10 962	6 269	75%	3 647	1 268	1 073
<i>incl. goodwill</i>	45 576	43 085	6%	42 628	37 969	37 969
Current liabilities	20 947	18 945	11%	21 647	12 186	8 372
Non-current liabilities	19 619	20 613	-5%	22 137	14 118	15 091
Total liabilities	40 566	39 558	3%	43 784	26 304	23 463
<i>incl. borrowings</i>	22 219	22 202	0%	24 342	15 474	15 257
Equity	53 692	54 619	-2%	51 622	50 434	52 494

Financial ratios (%)	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Equity ratio (%)	57%	58%	54%	66%	69%
Debt to equity ratio (%)	41%	41%	47%	31%	29%
Debt to capital ratio (%)	17%	23%	29%	22%	21%
Total debt/EBITDA ratio	2.70	3.17*	3.59*	3.63*	2.44*
Liquidity ratio	0.98	0.98	0.90	1.13	1.65

* For years 2020-2017 total debt/EBITDA ratio is calculated on the basis of EBITDA, which also includes EBITDA from discontinued operations.

Cyclicality

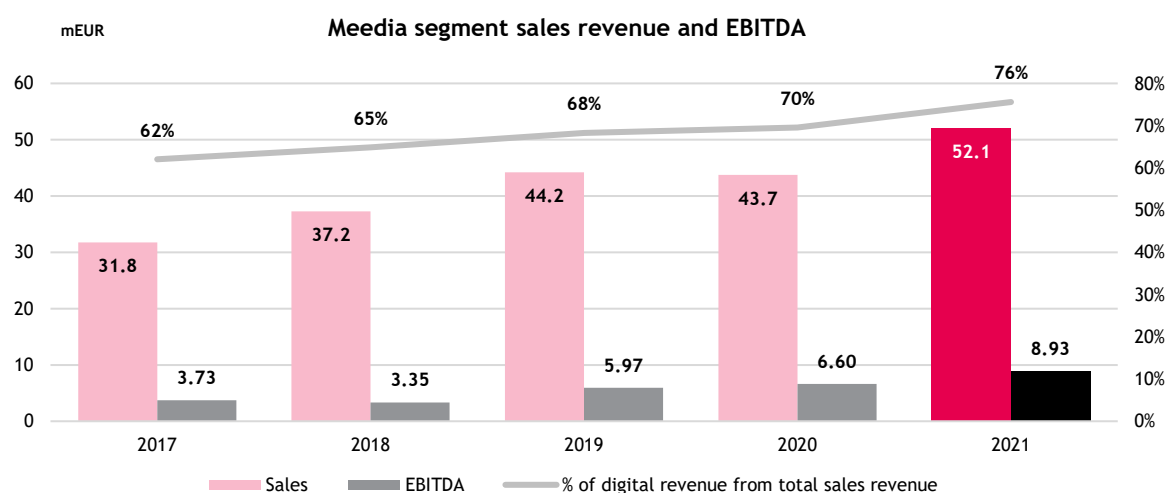
All operating areas of the Group are characterised by cyclicality and fluctuation, related to the changes in the overall economic conditions and consumer confidence. The Group's revenue can be adversely affected by an economic slowdown or recession in home and export markets. It can appear in lower advertising costs in retail, preference of other advertising channels and changes in consumption habits of retail consumers.

Seasonality

The revenue from the Group's advertising sales is impacted by major seasonal fluctuations. The level of revenue is the highest in the 2nd and 4th quarter of each year and the lowest in the 3rd quarter. Revenue is higher in the 4th quarter because of higher consumer spending during the Christmas season, accompanied by the increase in advertising expenditure. Advertising expenditure is usually the lowest during the summer months, as well as during the first months of the year following Christmas and New Year's celebrations. Book sales are the strongest in the last quarter of the year. Subscriptions and retail sales of periodicals do not fluctuate as much as advertising revenue. However, the summer period is always quieter and at the beginning of the school year in September there is an increase in subscriptions and retail sale which usually continues until next summer holiday period.

SEGMENT OVERVIEW

Starting from September 2021, the group is operating only in one continuing business area - the media segment.



The media segment includes the Group's activities in Estonia, Latvia and Lithuania. It comprises the operations of online news portals and classified portals, advertising sales in own portals in the Baltics and publishing of newspapers, magazines, customer and advertising fliers, publishing and publication of books as well as sale of digital outdoor advertising in Estonia and Latvia. The media segment also includes organisation of the technology and

innovation conference *Login* in Lithuania and operation of the electronic ticket sales platform in Latvia and Estonia, and production studio for content creation in Lithuania.

Key financial indicators for segments (continuing operations)

(EUR thousand)	Sales					
	2021	2020	Change %	2019	2018	2017
Media segment	52 093	43 728	19%	44 218	37 248	31 753
<i>incl. revenue from all digital and online channels</i>	40 453	30 963	31%	30 534	24 561	19 963
<i>% of revenue from all digital and online channels</i>	78%	71%		69%	66%	63%
Corporate functions	4 118	2 761	49%	2 076	2 341	2 486
Inter-segment eliminations	(2 695)	(1 975)		(1 577)	(1 710)	(2 058)
TOTAL GROUP	53 516	44 514	20%	44 717	37 879	32 180
<i>% of revenue from all digital and online channels</i>	76%	70%		68%	65%	62%

(EUR thousand)	EBITDA					
	2021	2020	Change %	2019	2018	2017
Media segment	8 927	6 601	35%	5 966	3 355	3 729
Corporate functions	(669)	(720)	7%	(1 150)	(1 492)	(1 201)
Inter-segment eliminations	(18)	43		90	179	0
TOTAL GROUP	8 240	5 924	39%	4 906	2 042	2 528

EBITDA margin	2021	2020	2019	2018	2017
Media segment	17%	15%	13%	9%	12%
TOTAL GROUP	15%	13%	11%	5%	8%

Formulas used to calculate the financial ratios

EBITDA	Earnings before interest, tax, depreciation and amortisation. EBITDA does not include any impairment losses recognised during the period or result from restructuring.
EBIT	Earnings before interest and tax.
EBITDA margin (%)	EBITDA / sales x 100
Operating margin (%)	Operating profit / sales x 100
Net margin (%) - continuing operations	Net profit from continuing operations in financial statements/sales x 100
Earnings per share	Net profit / average number of shares
Diluted earnings per share	Net profit attributable to owners of the parent/(weighted average number of ordinary shares outstanding during the period + number of all potentially issued shares)
Equity ratio (%)	Equity / (liabilities + equity) x 100
Debt to equity ratio (%)	Interest bearing liabilities / equity x 100
Debt to capital ratio (%)	Interest bearing liabilities-cash and cash equivalents (net debt)/(net debt +equity) x 100
Total debt/EBITDA ratio	Interest bearing borrowings / EBITDA
Debt-Service Coverage Ratio (DSCR)	EBITDA / (interest payments + principal repayments)
Liquidity ratio	Current assets / current liabilities
Return on assets ROA (%)	Net profit / average assets x 100
Return on equity ROE (%)	Net profit / average equity x 100
Return on capital employed (ROCE) (%)	EBIT / (total assets - current liabilities) x 100

MEDIA SEGMENT



AS Ekspress Grupp as the leading media group in the Baltic States is influenced not only by what is happening in the region but also by global trends. The media sector in general is being impacted by three larger global trends.

DIGITALISATION

Digitalisation is one of the most important and fastest-growing megatrends. It is a major challenge to all group companies in terms of technological capacity, staff competence as well as meeting reader and customer expectations. Media publications must constantly offer readers newer and more exciting solutions and formats for presenting journalistic content in smart devices, investments in technology must ensure uninterrupted availability of products/services and employees are challenged by growing need for competence.

“For a media house, creating journalistic content is as important as technological development. While initially the function of IT was to support the media business, it is no longer the case. The IT development of media companies in Estonia and elsewhere in the world has been so rapid that it has turned them into digital lighthouses.”

Kaspar Hanni, Development Director of Ekspress Grupp

“The outdoor media sector is an area that has not yet embraced digitalisation. When at one point advertisers demanded more outlets in online channels, few believed that anyone would buy advertising for mobile devices. It was followed by the revolution in smart devices. Now we have to wait until digitalisation arrives in outdoor media. We want to be ready when it happens and want to be market leaders in our segment.”

Mihkel Luks, CEO of Linna Ekraanid

POLARISATION IN THE SOCIETY

In the last couple of years, the polarisation of the society has become clearer than ever before. Debates take place on very rigid positions and people are under growing pressure to take a side in terms of their worldview. This trend has been shaped by politics (liberals vs. conservatives), the COVID pandemic (vaccinated vs not vaccinated) and social issues (e.g. same-sex marriage, prohibition of abortion, etc.) in the home markets of the group companies as well as in the region, in the neighbouring countries and globally. In 2021, these trends had real consequences for media houses as more people cancelled their digital subscriptions because they did not agree with the views and opinions published by the media outlet. This is also a challenge for the media in making sure that the content is balanced and that everybody has an opportunity to present their side of the story.

“The importance of journalism is growing globally. Social media has failed in its role to control its content. This has increased the role of journalism and the society expects greater accountability from the media as well. Trust in media has grown significantly.”

Mari-Liis Rüütsalu, CEO of Ekspress Grupp

PAID DIGITAL MEDIA CONTENT

The whole digital media is moving towards paid content. Paid digital subscriptions have become the new normal and people are increasingly willing to pay for quality journalism. Paid digital subscribers are highly valued and offered additional products and services that fit their profile.

“The most visible trend in 2021 in all media houses including ours is the clear move to paid content in the revenue model. This means highlighting digital content and digital subscriptions. It is the first time that all employees sense that the focus is clearly on the digital subscriber. And it has been a one-year success story as digital subscriptions and digital revenues have exceeded all expectations for the year.”

Tarmo Paju, Managing Editor of Delfi

“Recently, local media channels have become much more trusted and this trend is growing. Digital media is doing well and readers are more favourable towards paid products. They subscribe to one or even several local journalistic products, support quality content and understand that real sources of trusted information are independent media organisations, not Facebook. Instagram, Facebook and TikTok remain powerful social media platforms, but readers currently value quality journalism in a native language significantly more than, for instance, three years ago.”

Kaspar Hanni, Development Director of Ekspress Grupp

In 2021, media segment revenue totalled EUR 52.1 million (2020: EUR 43.7 million). Revenue increased by 19% as compared to the last year. Revenue growth is attributable to active online advertising market which continues to grow as compared to traditional media outlets. In the 4th quarter, the Baltic online advertising market increased by more than 20% as compared to the same period last year. Paper media advertising has been struggling and we believe will not reach its previous pre-Covid levels going forward. All-in-all the advertising market has not grown in the Baltics. The digital channels have gained momentum at the expense of other advertising channels which we believe will be a continuing trend in the future.

At the end of 2021, the share of the Group's digital revenue made up 76% of total revenue (31.12.2020: 70%).

In 2021, the EBITDA totalled EUR 8.9 million (2020: EUR 6.6 million). As compared to the previous year, EBITDA increased by 35%. This was positively impacted by a strong sales of online advertising, digital subscriptions and tight cost controls carried out throughout the Group. In 2021, the EBITDA was also positively impacted by a one-off COVID-19 pandemic-related state subsidy in Latvia in the amount of EUR 0.41 million related to the ticket sales platform where events had been cancelled during the period of almost 7 months (2020: EUR 0.9 million in Estonia and Latvia).

The state of emergency related to COVID-19 has had the most profound impact on the Latvian ticket sales platform. In the 4th quarter of 2020, a state of emergency was imposed and all events were cancelled. The state of emergency in Latvia lasted until 4 April 2021 but strong restrictions remained in place until mid-June 2021. While most events took place in the 3rd quarter, starting from 11 October 2021 a state of emergency was reinstated in Latvia and from 21 October until 15 November 2021, all concerts were cancelled and theatres were closed in Latvia as additional restrictions. As from 15 November 2021, public events can be held, but there are still significant restrictions. In view of the spread of the Omicron variant and related developments in other countries, as well as the forecasts by epidemiologists, on 6 January 2022, Latvia took a decision to extend the state of emergency until 28 February 2022. From 1 March 2022 restrictions in Latvia were eased and events for up to 1,000 visitors are allowed indoors.

Starting from April 2021 the Group also entered the Estonian market with the ticket sales platform Piletitasku in Estonia. With the expansion of the ticket sales business into Estonia, the Group will continue its current strategy, the purpose of which is to increase the share of digital revenue and identify synergies between new business lines and existing media activities. We wish to provide the most convenient platform both for ticket buyers as well as event organisers. The platform has been well received during 2021 and group continues with its strategy by increasing the market share in 2022.

The Latvian outdoor media company SIA D Screens that won a public tender granting it the right to rent the real estate properties owned by the City of Riga in the first half of the year, will actively continue developing the outdoor screen network. The contract enables the company to expand its network to more than 100 screens and participate in the market with both large and small screen networks that cover the most important roads in Riga. New screens will be installed by end of 2022.

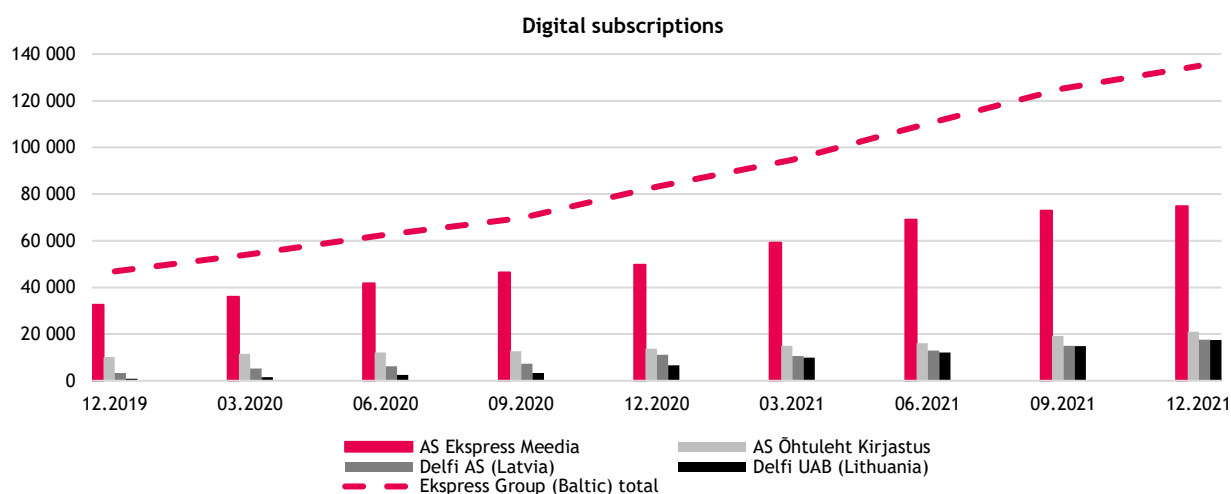
In December 2021, AS Ekspress Grupp acquired a 100% of shares in the media company Geenius Meedia OÜ. The purpose of the acquisition was to grow the digital media business and expand into a niche that the publications of Ekspress Grupp do not yet regularly cover. The shared goal of Ekspress Grupp and Geenius Meedia is to continue offering attractive content for the readers of geenius.ee. After the transaction, Geenius Meedia OÜ continues to operate as a separate media company. As a group, Ekspress Grupp offers Geenius Meedia synergy in functions supporting the media business, providing notably bigger growth potential for the fast-growing company. The results of Geenius Meedia OÜ will be included in the Group's consolidated income statement from 2022.

The joint venture Öhtuleht Kirjastus AS, a key media company on the Estonian market is recognised under the equity method and included as one line item within finance income in the Group's results. In 2021, the revenue totalled EUR 13.9 million (2020: EUR 13.4 million).

DIGITAL SUBSCRIPTIONS

Detailed overview of digital subscriptions:

(number of subscriptions)	31.12.2021	31.12.2020	Change %
AS Ekspress Meedia	74 873	49 696	51%
AS Õhtuleht Kirjastus	20 992	13 820	52%
Geenius Meedia OÜ	4 100	1 931	112%
Delfi AS (Latvia)	17 549	11 143	57%
Delfi UAB (Lithuania)	17 433	6 595	164%
Ekspress Grupp total	134 947	83 185	62%



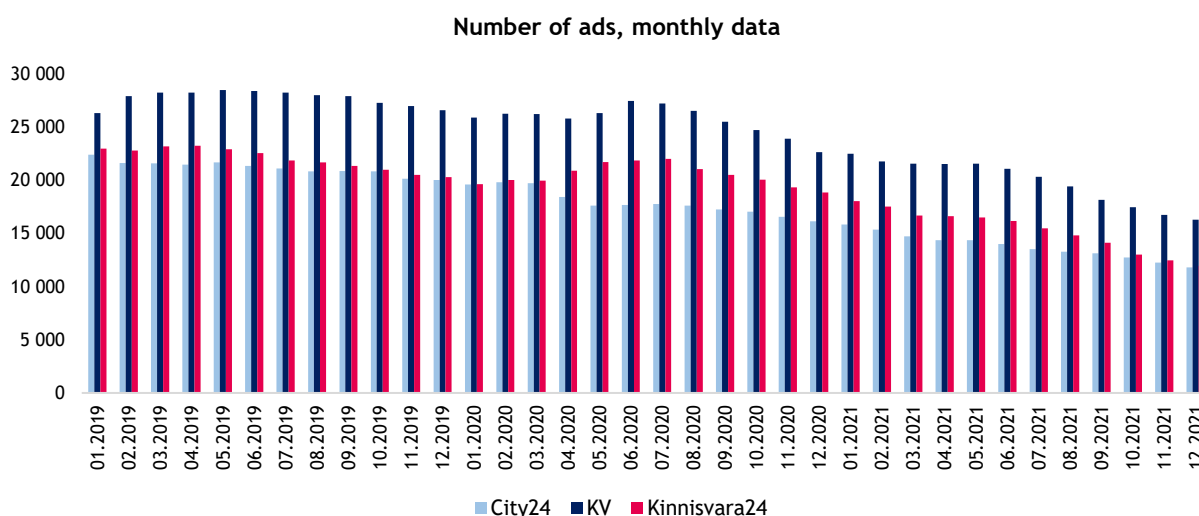
The number of digital subscriptions of AS Ekspress Grupp increased by 62% year-over-year across the Baltic States and totalled 134 947 at the end of December.

- The number of digital subscriptions of AS Ekspress Meedia that publishes the news portal Delfi, newspapers Eesti Päevaleht, Maaleht, Eesti Ekspress and several popular magazines increased by 51% year-over-year and totalled 74 873.
- The number of digital subscriptions of AS Õhtuleht, 50% of which is owned by Ekspress Grupp, increased by 52% year-over-year and totalled 20 992.
- The number of digital subscriptions of Geenius Meedia OÜ, that has been part of Ekspress Grupp since 17 December 2021, more than doubled year-over-year and totalled 4 100.
- In Latvia, the number of digital subscriptions of Delfi A/S increased by 57% year-over-year and totalled 17 549.
- In Lithuania, the number of digital subscriptions of Delfi more than doubled year-over-year and totalled 17 433.

In 2021, digital subscription growth of the key periodicals and in the key markets of Ekspress Grupp continued. Additional digital growth is primarily attributable to new customers. Latvia and Lithuania where until now the number of digital subscribers was lower demonstrated the fastest growth. The Estonian market also continued its fast growth in a year-over-year comparison. However, in the last quarter growth decelerated in the outlets with the highest number of subscribers. Still, the Group is witnessing continuation of moderate growth also in Estonia.

The addition of digital subscriptions will have a positive impact on the results of operations of Ekspress Grupp as it provides a stable revenue base in addition to online advertising sales and confirms that the group's long-term strategic direction is appropriate.

REAL ESTATE PORTAL



The year 2021 was volatile in the Estonian real estate market. As a result, the number of advertisements in all Estonian real estate portals decreased year-over-year. However, despite the complicated market situation, Kinnisvara24.ee managed to maintain its second position in the market in terms of the number of advertisements.

Although the number of advertisements in the portal Kinnisvara24.ee decreased, the number of people who visited the homepage increased by 11%. This illustrates well strong interest of people in real estate. The growth in the number of visitors was also impacted by the increase of the successful brand awareness of Kinnisvara24.ee.

In 4th quarter, the team of Kinnisvara24.ee focused on improving the ease of use of the homepage. As the majority of the visitors of the homepage prefer to search real estate properties via the mobile phone, a new mobile home screen Kinnisvara24.ee was launched in the 4th quarter. The purpose of the new solution is to offer an even more user-friendly environment and more accurate search results for the users.

PRINTING SERVICES SEGMENT (discontinued operation)

In September 2021, AS Ekspress Grupp sold its 100% ownership interest in its subsidiary Printall AS. Until the sale, the business of Printall AS constituted a printing services segment whose revenue was generated by the paper and printing services. The printing services segment is reported as a discontinued operation in the consolidated annual report of 2021 and this segment's income and expenses are shown in a separate line of "Gain/-loss from discontinued operations" in the consolidated income statement.

The key conditions of the share sales agreement are as follows:

- The share sales agreement is based on the enterprise value of EUR 10 million, plus the company's available cash at the time of the transfer of shares and less borrowings;
- Of the purchase price, EUR 1 million will be contingent on the results of operations of Printall for the year 2025, whereby EUR 0.7 million of this amount is made up of the deferred payment until the finalisation of the Company's results of operations for the year 2025;
- Ekspress Grupp and Printall will continue their cooperation.

As a result of the transaction completed on 6 September 2021, the Group's loss from the sale of the operation totals EUR 2.2 million and the Group's net cash flow totals EUR 6.3 million. The effect of the sales transaction on the Group's financial statements is disclosed in more detail in Note 21.

FINANCIAL RISK MANAGEMENT

The management of financial risks is an essential and integral part in managing the business processes of the Group. The ability of the management to identify, measure and verify different risks has a substantial impact on the profitability of the Group. The risk is defined by the management of the Group as a possible negative deviation from the expected financial performance.

Several financial risks are related to the activities of the Group, of which the more substantial ones include credit risk, liquidity risk, market risk (including foreign exchange risk, interest rate risk and price risk), operational risk and capital risk.

The risk management of the Group is based on the requirements established by the Tallinn Stock Exchange, Financial Supervision Authority and other regulatory bodies, compliance with the generally accepted accounting standards and good practice, internal regulations and policies of the Group and its subsidiaries. The management of risks at the Group level includes the definition, measurement and control of risks. The Group's risk management programme focuses on unpredictability of financial markets and finding of possibilities to minimise the potential negative impacts arising from this on the Group's financial activities.

The main role upon the management of risks is vested in the management boards of the Parent and its subsidiaries. The Group assesses and limits risks through systematic risk management. For managing financial risks, the management of the Group has engaged the financial unit of the Group that deals with the financing of the Parent Company and its subsidiaries and hence also managing of liquidity risk and interest rate risk. The risk management at the joint ventures is performed in cooperation with the other shareholder of joint ventures.

More information about risk management is disclosed in Note 4 to the consolidated financial statements.

CUSTOMER EXPERIENCE AND SATISFACTION

For Ekspress Grupp, it is important that the customers of its group companies are satisfied, the services offered meet customer expectations and needs, and customer commitments are kept as promised.

The customers of Ekspress Grupp companies are divided into three main groups:

- consumers of the content of media outlets,
- consumers of the services of various portals,
- advertising customers.

By customer experience and satisfaction we primarily mean the evaluation of the consumers of the content of digital channels, subscribers of paper periodicals and single-copy buyers towards the Group's activities.

The coronavirus crisis still significantly impacted the advertising sales but opposition in the society between those in favour of vaccination and those against it brought about a new shift. The latter of the two started to show their attitude towards periodicals by cancelling their subscriptions.

People expect exciting content besides reliable information

In the ongoing coronavirus crisis, the common task of media houses was to offer exciting, diverse and positive content besides coronavirus news and debunking of widespread fake news. In addition to daily news stories, readers also wish to read about topics from various fields: sports, culture, green topics. Besides, the entire media content should be available to the customer in an appropriate channel and format. Podcasting is still gaining popularity and video content also stood out in 2021.



About 2000 one-off digital subscriptions were made to access the story about the domestic violence of blogger Triinu-Liis and her husband Justin. This is four times more than the previous record for reading an article.

“Differentiation of the customer base is one of the most important focus points right now, how to move forward. Socially relevant stories, exposures and corruption of politicians, gruesome criminal cases - we need to find the special features that attract the customer. In terms of the content, we need to come up with new sources and new approaches; we need to know our customers, what they are like as persons, what they do, what they like. A critical customer base has been created, we are now able to expand it and narrow it down.”

Tarmo Paju, Delfi's Editor-in-Chief

The number of digital subscriptions of the media companies of Ekspress Grupp increased by 62% in the Baltic States as compared to 2020 and totalled 134 947 subscribers at the end of December 2021.

	Growth in the number of digital subscriptions in 2021 as compared to 2020	Number of digital subscriptions at the end of 2021
Ekspress Meedia	51%	74 873
Õhtuleht Kirjastus	52%	20 992
Geenius Meedia (part of the Group from December 2021)	112%	4 100
Delfi Latvia	57%	17 549
Delfi Lithuania	164%	17 433

“Digital subscriptions are growing strongly in Lithuania while the habit of paying for digital services is slower to emerge in Latvia. Journalism is in a weaker position in this country as compared to Estonia. In Estonia, paper journalism is relatively strong while there are no daily paper newspapers in Lithuania. This gives an advantage in terms of the reliability of a digital platform and media but the Latvians and Lithuanians have no habit of paying for digital subscriptions. In both countries we still have a good position as to digital subscriptions and growth has been quite decent.”

Mari-Liis Rüütsalu, Chairman of the Management Board of Ekspress Grupp

Digital world to create new opportunities for development of services

As a media group, Ekspress Grupp wishes to provide up-to-date, high-quality and exciting content via modern digital channels (mobile, Internet, video, audio) that offer many opportunities.

“Our key strategy has been creation of additional value for our customers. For this, we need to seek various segments and formats to prove to the customers why in addition to reading the news they need to be our subscribers. Development of the system of digital subscription packages is our major strategic basis.”

Argo Virkebau, Managing Director of Ekspress Meedia



In 2021, Ekspress Meedia significantly expanded its paid video content: live broadcasts of Kalev/Cramo games, tennis games and WRC rally, and the prescription web. In addition, a brand new feature movie of Peeter Rebane “Tulilind” (Firebird) had a simultaneous premier in the cinemas and in Delfi video environment.

The year 2021 was diverse in terms of the growth of the digital world. Besides digital subscriptions, various other products/services gained popularity that can be offered on online platforms in order to retain current customers and create attractiveness for future customers in Estonia, Latvia and Lithuania. There are a total of 4 video platforms in Lithuania - Delfi, Youtube, Facebook and a linear TV channel, which offer many opportunities to create original video content. An important trend was the growth of the popularity of so-called fast information consumption, especially in the form of stories and short videos.

Newsletters make information consumption easier

Several group companies launched newsletters aimed at digital subscribers in Estonia. According to their format, they are either

- machine-generated overviews of the most popular daily news;
- overviews and summaries of the key topics written by the employees of the editorial staff.

The customers of Ekspress Meedia can choose between nine newsletters (the most popular or important daily news, weekly summaries, a thorough analysis of certain topics, newsletter with practical advice, etc.). Õhtuleht also has newsletters.

Delfi Latvia has a newsletter for digital subscribers with the most important article selected by the editor and a summary of the most read news of the week. In Lithuania, Delfi sends editor's selected articles once a week.

In addition to self-service, active communication with customer service remains

Ekspress Grupp provides consumer convenience to its customers via EkspressKonto - one user account that can be used for all media portals of Ekspress Grupp.

The periodicals of Ekspress Grupp consider it important to consciously map out customer satisfaction and shape their experience because it will ensure development of products/services that meet consumer expectations and needs which in turn is a prerequisite for increasing the number of readers. Creation of convenient solutions for the customer, customer dedication and their listening is an opportunity to differentiate oneself from competitors.

The self-service environment, for example lehed.ee in Estonia, plays an important role in customer communication. In this environment, customers can make subscriptions both for digital and paper periodicals and bundles. In the self-service environment lehed.ee, the average number of visitors was 147 076 in 2021 and the number of unique visitors per month was 52 151.

Quick, personal and real-time communication is important for customers. Although the importance of digital channels in terms of information consumption continues to increase, people prefer to use the phone to contact the customer. For example, the customers of Ekspress Meedia contacted customer service representatives in 104 195 instances in 2021, 62 722 of which or 60% were by phone and 41 473 or 40% by e-mail.

Measurement of customer satisfaction helps set goals

Ekspress Group companies manage the channel for creating integrated customer experience from the content creation to print quality, availability of channels and customer service. All group companies that are in direct contact with customers collect feedback in order to provide products/services that meet customers' wishes and expectations.

- **Content.** At Ekspress Meedia, customer satisfaction with the entire paid content is monitored, both for buyers of digital subscriptions and single articles.
- **Provision of services.** The Group's largest company in terms of the number of periodicals, Ekspress Meedia, has contact with its customers at various stages and it collects their feedback about the content of periodicals, subscriptions, service process, and technical side of the digital environment as well as home delivery of paper newspapers.
- **Distribution.** The objective of Express Post is to deliver periodicals to customers on time (7.30 a.m.) and to keep the rate of delays or complaints below 1% of the total home delivery circulation of Ekspress Grupp. In 2021, the ratio was 0.52% (2020: 0.77%, 2019: 0.85%, 2018: 0.73%; 2017: 1.05%).
- **Digital services.** According to the feedback surveys of VideoStars and Digital Matter, customer satisfaction at both companies was 80% in 2021.



Ekspress Meedia's reader net promoter score (NPS), i.e. how likely the readers will recommend a media product to their friends and family, was 57.53 in 2021 (2020: 45.63). Readers' satisfaction with both product content and customer service brought significant growth.

Data protection

The companies of Ekspress Grupp manage large customer databases and as an increasingly more integrated online media group, it is aware of the risks related to data protection. The processes for secure collection, maintenance and processing of customer data and their protection against external malicious attacks have been laid down in writing and implemented.

Data protection related training, consulting and support of employees is an ongoing process. There is a separate data protection section on the website of Ekspress Grupp where it is easy to find general terms and conditions, data protection conditions, cookie using principles and the list of authorised data processors.

In 2021, there were not any major personal data breach incidents at Ekspress Group companies that would have led to complaints, precepts or penalties.

“If we see that the motivation to commit a crime increases in the system, we need to be even more attentive to prevent it. For example, if people in the comments section get more active and more creative in taking advantage of it. All kinds of systems are being invented; people search for the so-called grey area where they can operate, and we need to keep pace with it and change quickly.”

Kaspar Hanni, Development Director of Ekspress Grupp

EMPLOYEES

Ekspress Grupp employs more than 1,400 employees (incl. employees of joint ventures 100%) who help to implement the Group's mission and objectives with their dedicated daily work. High-quality tools, flexible work organisation and a supporting team are an essential part of creating a motivating work environment. Group companies value all of their employees while also making a contribution to the training and supporting of successors so that there would be enough qualified and motivated employees today and in the future.

In 2021, group companies (incl. joint ventures 100%) employed 1,422 (2020: 1,590, 2019: 1,609) staff members on average. The number of employees in 2021 fell partly because of the sale of the printing house Printall that employed more than 200 people. In recent years the gender balance has been similar at editorial offices and other units - about 60% are women and 40% are men. Among the companies' top executives 59% were men and 41% were women (2020: 55% and 45%).

In 2021, there were four labour disputes at the Group (2020: 4, 2019: 4).

In 2021, the staff turnover of Ekspress Grupp's media segment and the parent company was 19% (2020: 23%, 2019: 34%) on average that is a significant improvement from previous years.

Adaptation to ongoing crisis

In 2021 the COVID-19 pandemic raised two important issues at the group companies:

- Impact of the long-term pandemic to the employees' mental health;
- Physical safety of employees in the light of attacks against journalists.

Since the end of 2019, the crisis caused by the coronavirus has been marked by waves of employee sickness, restructuring of companies' work, sending employees to teleworking, reduction of wages, need to vaccinate and general growth in social pressure and in the importance of information need.

In 2021, for supporting employee mental health, Ekspress Grupp provided all employees of group companies with an opportunity to use assistance of a specialist. Speaking to a psychologist is anonymous and employees have accepted this measure of assistance very well. The employees in Estonia are using the possibility to speak to a psychologist more than the employees in Latvia or Lithuania.

"This year one could sense that the situation in the media sector had become notably tenser and journalists were even physically attacked. We gave our employees recommendations on how to deal with it. We joined the Strange Friend project which brings together the best psychologists in Estonia. They offer psychological counselling services five days a week in Tallinn, Tartu and also via Skype. This service is very popular with us. It is anonymous, no names are asked, which adds a sense of safety."

Tiina Paju, Head of Human Resources of AS Ekspress Meedia

Employee satisfaction remained high

In 2021, satisfaction of employees of group companies (measured in five companies whose number of employees accounts for half of the total number of the Group's workforce) slightly increased from the year before. It shows that employees assess management decisions made in the crisis whose main focus was to preserve jobs and offer high-quality journalistic content. Companies are investing in tools and employees, the Group's brands top the reputation charts and it creates the pre-conditions for employee loyalty.

The Group monitors salary levels and equal treatment in the salary market with the help of market surveys. For the first time, Ekspress Meedia participated in the salary survey of Fontes, after which the company adjusted the salary level according to the market situation. Each company can design its own system of remuneration, performance pay and benefits. Benefits include allowances and incentives to promote health and family events, enabling flexible

working time. To promote a team spirit, company outings are held in the summer and other joint events take place, often with families.

Needs-based training

The career planning and training needs of the Group's employees are determined during annual performance reviews, the coordination of which lies within each company. On average 68% (2020: 59%) of the Group's employees had their performance reviews. The figure is 85% at Delfi Lithuania and 90% at Ekspress Meedia, whereas all employees in the Group's parent company, Delfi Latvia, Hea Lugu, Linna Ekraanid, Digital Matter and D Screens have attended regular performance reviews.

Ekspress Meedia is the group company with the largest number of employees. According to the employee survey of the media house, employees place great value on professional skills, and satisfaction with studying and career enhancement opportunities has increased each year.

In 2021 the training courses focused on:

- Mental health and employee satisfaction;
- Digital skills (data visualisation, social media, content marketing);
- Cybersecurity and physical safety (first aid and fire safety);
- Journalistic ethics.

During the year, 60% of employees of Ekspress Meedia attended a training course on journalistic ethics or media responsibility. In Delfi Lithuania, the share was 65% and in Delfi Latvia and Õhtuleht Kirjastus it was about 10%.

Everyone greatly appreciates finding new opportunities and positions within the organisation. Information about vacancies reaches employees before announcement of a public competition.

Ekspress Meedia launched a general-interest Talent Academy

In 2021, the human resources department of Ekspress Meedia launched the Talent Academy, allocating 30% of each department's training fund to it and inviting specialists from different areas to come and speak to employees. Up to three lectures were held each month and they were open to all employees interested in the subject. Subjects discussed at the training sessions were of general interest ranging from the support of mental health to IT training for carrying out the in-house digital transformation.

In 2021, the Talent Academy conducted 17 training courses on different themes, e.g.

- Mental health
- Investigative reporting seminars with foreign speakers
- How to write teasers?
- D-Day - digital trends in marketing
- How to give feedback?
- How to manage stress?
- How to capture moment with a smartphone?
- Different online stories that surprise readers

New employees expect more from the employer

The last two years have brought significant new development trends to the labour market. On the one hand, many people lost their jobs in the COVID-19 crisis, expanding the number of available workforce, while, on the other hand, many welcomed the opportunity to telework from home and now cannot imagine otherwise. Flexible working hours and teleworking at home have become a new standard that new jobseekers are either demanding or, depending on the vacancy, consider a prerequisite.

“Recruiting has definitely not become easier. People are very selective, job candidates are increasingly demanding. We are a media house, not everybody can work 100% from home. We must be able to respond very quickly and be in the information flow, therefore employees should be predominantly in the office.”

Tiina Paju, Head of Human Resources of AS Ekspress Meedia

“Structural lack of workforce is a social trend that very strongly affects the IT sector. Hiring new people is difficult. We are forced to hire people who are still studying or who are from outside the sector and without experience, but who are willing to learn and have the capacity, and train them ourselves. We place a lot of emphasis on taking care of existing employees as well as possible.”

Priit Kuuseorg, Head of the IT development department

“Today we are in a situation where a job may remain vacant for some time, because we are looking for exactly the right person to fill it. The basic functions of the editorial office are fulfilled and it is very difficult to find a person with specific skills. The editorial staff should be as diverse as possible, but you should not rush to find a new employee. The system of summer reporters has worked very well - we recruit, train, assist and support the trainees in the summer, and every year some of them remain with us. The work of a journalist is exciting, but it is difficult to start it from scratch without knowledge, skills, sources and historical memory.”

Martin Šmutov, Editor-in-chief of Õhtuleht

Active work for employee succession

In the rapidly changing labour market conditions it is important to ensure employee succession. To promote Ekspress Grupp as an attractive employer, Ekspress Meedia, Delfi Latvia and Delfi Lithuania actively collaborate with universities and promote (for more details, see the chapter “Development of the society and the sector”, page 51). In 2021, Ekspress Grupp provided an opportunity to 86 (202: 58, 2019: 53) trainees to gain work experience in the fields of journalism, marketing and language editing. In 2021, 36 trainees worked at Ekspress Meedia (2020: 25), five of whom started to work there while Õhtuleht Kirjastus had 14 (2020: 11), Delfi Latvia had 18 (2020: 10) and Delfi Lithuania had 16 (2020: 5).

Experience story 1 - from trainee to employee

“Working in journalism has never been a separate goal or even a dream for me, although in my motivation letter I probably claimed otherwise. I had always seen my future in the research of international relations or diplomacy, and I am studying history at the university to this day. With this I mean that when I opened the door of Ekspress Meedia for the first time in June, I had neither the experience nor even an idea of what the average journalist could look like. But I was excited and thought that as long as I am interested in writing and world affairs and enjoy it, nothing can go wrong. So the internship at Ekspress Meedia came to me completely by accident and unexpectedly.

Although media and work as a news editor was not something that I had been planning or set for myself as a goal, half a year later I have come to the conclusion that I probably did not know to dream about it. Why’s that? Because at least at the current moment Ekspress Meedia is fulfilling my dreams.

As a company, Ekspress Meedia is encouraging and inspiring. Colleagues are greater than I could have expected.

The job of a news editor or journalist is not something you do as piecemeal so that you come in the morning and at 5 pm close the door behind you. What happens is that the profession of a journalist and the enthusiasm and desire to know and notice everything around you will not leave you day or night. But that is OK. For me, the job at Ekspress Meedia does not feel like a job since I have given my whole heart to it. That is why I stayed without hesitation. Furthermore - if necessary, I would make the same decision every day.”

Mari-Liis Truusööt, summer trainee of foreign news at Delfi, since 1 November 2021 editor of special solutions and content marketing, since 1 January 2022 reporter-editor of foreign news

Experience story 2 - Generations of Delfi Latvia employees

“My biggest influencer was my father who has worked at Delfi already for 14 years. For as long as I can remember, he has always spoken very positively about how Delfi cares about its employees and how every day he and his colleagues try to make the society a better place. I came to Delfi as a trainee, spent 2 months in the marketing department and felt that this was the place where I want to work. I also applied to Delfi Brand Studio, but fortunately I did not get the job because it enabled me to get a job in Delfi's marketing department which is what I want to do.

I am very grateful to Elis and Konstantīns who have given me the opportunity to work here while continuing my university studies. I believe that I can contribute to the growth and development of Delfi as a Latvian media outlet.

The media has a huge impact on society - on how people view information and how they shape their opinions. Proper use of language, fact-based and well-written articles help inform and teach readers.”

Elza Strautmane, former trainee and current project manager of the marketing department of Delfi Latvia

“I sincerely believe that my traineeship in Delfi was life-changing and could only happen because my supervisor was motivated, patient and willing to teach. I stayed after my traineeship because I felt I wanted to give back the resources and energy that went into my teaching. In addition, Delfi is one of the Latvia's most influential media channels and working here is big honour. I understand that the role of the media in society is simply to inspire small changes. And if that is not possible, then at least one should try not to hurt and check the sources, critically evaluate the opinions and not lower the standards of the press by rewriting the press releases.

Laine Fedotova, former trainee and current reporter at Delfi Latvia



Three of the four students of the University of Latvia who were granted a Delfi scholarship continued their careers as Delfi journalists: Laura Selīna Puķe, Laine Fedotova and Lita Lūse. In 2021, Laine Fedotova was nominated for the title of Young Journalist of the Latvian Association of Journalists.

“I came to Delfi as a trainee as my friends had done it before me and gave very good feedback about the company. In the first three months, I gained valuable knowledge about the value of marketing in the media sector and applied my knowledge to implement various projects. I am very pleased that the management of Delfi noticed my potential and offered me an employment contract. So I did not think long, because I really enjoy the work environment here, work with different projects and my colleagues.”

Diana Skužinskaitė, former trainee and current project manager in the sales department of Delfi Lithuania



In 2021, Ekspress Meedia was voted the Best Employer by the students.

“I decided to stay at Delfi because I was amazed by its positive working culture, the company's attitude towards its employees, the inspiring team, the diverse opportunities to learn and develop under the guidance of professionals and I saw great prospects for the future.

Justinas Arlauskas, TV journalist and producer of Delfi Lithuania

Scholarship supports employees' self-development

In 2021, Ekspress Group reinstated its regular support to group employees - the Hans H. Luik training scholarship that helps employees to expand their horizons and undergo non-work related training courses. In 2021, there were three application rounds and scholarships were granted to 46 employees (2020: 29).

Scholarships were divided between companies as follows:

- Ekspress Meedia - 11
- Õhtuleht Kirjastus - 10
- Ekspress Grupp - 5
- Linna Ekraanid - 2
- Delfi Latvia - 3
- Delfi Lithuania - 15

For example, Hans H. Luik scholarship was used to fund the following training sessions:

- Branding masterclass for employees
- Three-month training programme in digital advertising
- Public speaking training
- Content marketing training at the New York Times media school
- Language training programmes, IT training courses, visual and photo training, etc.

Ekspress Grupp's share option program for key employees, launched in 2017 and renewed in 2020, continued, aimed at acknowledging and valuing employees working in key positions by giving them options to acquire shares of company. The vesting period of the option programme is three years and the option holders are entitled to acquire shares at the nominal price at the time of issuing the options.

Occupational health and safety

Compliance with regulations helps group companies to ensure a safe and health-promoting environment on a daily basis. Major attention is paid to the ergonomics of the office equipment and work premises. When working out of home, the tools necessary for working were made available to anyone who requested them (incl. office chairs, desks, PCs, phones, etc.).

"In the near future, potential occupational health risks will arise from teleworking. We must make sure that the workplace of a teleworking employee is safe and that his or her chair is ergonomic. At the moment, the law requires us to check something that is impossible to control. When one person is teleworking, it is one thing, but when more than half of the workforce is working at home, it is something completely different. It is time to revise the standards at the national level."

Martin Šmutov, Editor-in-chief of Õhtuleht

The share of sick days for all group companies where people were unable to meet their work obligations is was 1.8% of the combined number of working hours of all employees (2020: 2.1%). In 2021, a total of 6 work accidents were registered (2020: 12, 2019: 22), while there were six verbal or physical attacks against a journalist (all at Delfi Latvia and Delfi Lithuania). There were no work accidents ending in death (2020: 0, 2019: 0).

To ensure the security of employees, free access to the editorial offices is blocked. In addition, security guards were hired to the editorial offices of the Group's Estonian media publications and as an additional measure of security for journalists, the Group has entered into risk and accident insurance contracts.

"Finding internal balance has been the dominant theme during the whole year. In order to cope, you need to work for it. The political situation, whether to vaccinate or not, general public well-being and sense of safety - all these issues are now also facing the employees. What rules to establish so that no employee is discriminated against? The challenge is to remain normal as an employer so that all employees feel safe and secure."

Tiina Paju, Head of Human Resources of AS Ekspress Meedia

Diversity and human rights

Employees speaking different languages from different cultural backgrounds work at group companies. All employees must be treated equally and fairly. The topic of human rights and diversity is normally dealt with in the context of hiring where the principles of equal treatment are strictly followed. Discrimination on the basis of gender, race, language, political views or age is not allowed at the Group.

In 2021, no cases of discrimination on the basis of gender, race or other reasons were registered at group companies.

"A modern work environment is different than what it was, for instance, 15 years ago. These trends change over a very long time. Definitely, equality is more important than ever. Media has been a relatively modern sector all the time, because it is very visible. We have been in the Group Board five years and we have three Board members, two of which are women. This has not been a problem. At the same time I can see that a clash in the expectations or worlds of young and older employees."

Mari-Liis Rüütsalu, CEO of AS Ekspress Grupp

"In terms of employees, the editorial office of Delfi is very versatile. We have an employee who is younger than Delfi as a company and we also employ people over 60 years of age. The truth is that it is more and more difficult to hire young people because we do not understand their world and this makes work very difficult."

Konstantin Kuzikov, Chairman of the Management Board of Delfi Latvia

DEVELOPMENT OF THE SOCIETY AND THE SECTOR

As the leading media group, Ekspress Grupp is aware of its role in the development of the economies and societies of all of its home markets. The Group's media outlets are the key information sources and public information space promoters in Estonia, Latvia and Lithuania. The quality content of periodicals and the dedicated work of journalists will help build a better society.

In addition to our core activity, the publications of our media group support important initiatives through additional cooperation projects. Ekspress Grupp companies contribute to the society at three levels through:

1. Creating professional and reliable journalistic content;
2. Contributing to the development of the media sector through public speeches, professional associations and educational institutions;
3. Supporting the society's long-term development through community projects and relevant support activities.

The content of media publications is professional and credible

The role and responsibility of media is described in more detail in the chapter „Responsibility of Ekspress Grupp in the society” (page 12).

Scholarships, programmes, training ensure the development of successors

As the leading media group, Ekspress Grupp has assumed the role of a spokesperson in this field, contributing to the sector's development and sustainable growth.

- To increase young people's awareness of journalism-related career choices and opportunities, the Group's media publications cooperate actively with the universities in all three countries: Tartu University and Tallinn University in Estonia, Vilnius University in Lithuania, and University of Latvia, Stockholm School of Economics, Riga Stradins University and Vidzeme University in Latvia.
- In 2021 the next 12 young journalists finished the course #Storygram, provided in collaboration of Vidzeme University, Baltic Centre for Media Excellence and Internews. As part of the course, young journalists, tutored by experienced journalists, were able to acquire practical journalism and multimedia skills in the three Baltic States - LaisvesTV (Lithuania), Delfi (Latvia), Kurzemnieks (Latvia) and ERR (Estonia).
- Ekspress Grupp continues to support self-development of journalists by granting the Hans H. Luik scholarship. In 2021, the scholarship was granted three times to a total of 46 employees.
- In Latvia, Delfi supported young journalists and future media users with a grant. In 2021, two students of journalism were granted a scholarship of EUR 5,000. In addition, all recipients of the scholarship of the University of Latvia Foundation received a digital subscription to Delfi Plus until the end of the current schoolyear.
- Delfi Lithuania paid support to journalists to show the society the importance of valuing the journalist's work in promoting the society.
- The heads of group companies, editors-in-chief of media publications, journalists, information technology specialists and the employees of other business units give talks about the journalist's profession and journalism at large to the youth in different age groups. They give media and communication lectures at universities, excursions are organised at editorial offices, they participate in student events and fairs. Many young people who have worked as job shadows and trainees at group companies later start to work at Ekspress Grupp. Educating new employees is described in more detail in the chapter “Employees” (page 45).

Active participation in professional networks

Group companies and their employees contribute to promoting the future trends in the media sector at large and actively participate in the development of the sector, participating in the work of the following local and international organisations:

- Estonian Association of Media Companies (and through this, membership in News Media Europe) - (Ekspress Meedia AS and Õhtuleht Kirjastus AS)
- Internet Media Association (Delfi Lithuania)
- International Fact-Checking Network, IFCN (Delfi Lithuania)
- Latvian Association of Journalists (Latvijas Žurnālistu asociācija) (Delfi Latvia)
- The International News Media Association - INMA
- Estonian Press Photographers Association
- Estonian Human Resource Management Association PARE (Ekspress Meedia, Express Post)
- UN Global Compact (Delfi Lithuania)
- Estonian Business Angels Network - EstBAN (parent company)

Our periodicals cover focus themes that are socially important

The media outlets of Ekspress Grupp play an important role in raising and addressing key social issues in Estonia, Latvia and Lithuania.

In 2020, Ekspress Meedia devised socially important focus themes to be tied with the media house's major brands and to be used primarily in marketing activities at least during the next three years.

The focus themes of the periodicals of Ekspress Meedia:

- Delfi - reduction in the number of traffic casualties
- Eesti Ekspress - reduction in the number of domestic violence incidents
- Eesti Naine - mental health
- Eesti Päevaleht - environment and sustainability
- Maaleht - promotion of rural life

The media outlets of Ekspress Grupp place great value on raising important issues in society and cover them thoroughly for the purpose of launching positive changes. The following topics and initiatives are worth highlighting in 2021.

Estonia

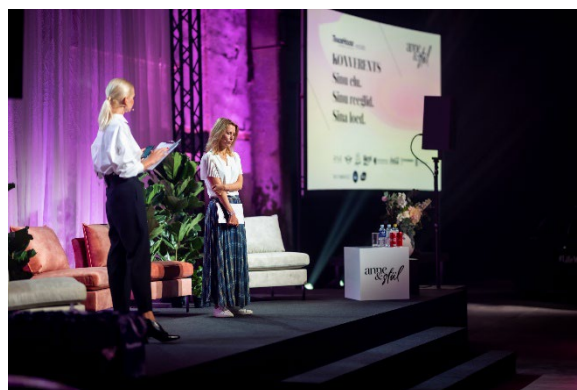
- In 2021, **Eesti Päevaleht** organised its third feature article competition **"What will happen tomorrow?"** A total of 52 articles were submitted and the grand prize of EUR 1 000 was won by animal ecologist Kunter Tätte who asked in the headline of his article "Why cannot one escape poverty?" In his feature article, Tätte put forward a bold thesis that the main culprits of the climate change, i.e. rich industrial countries, should do the right thing and start accepting climate refugees for they are largely to blame for the problems of climate refugees.
- The book publisher **Hea Lugu** announced a contest for **historic novels** and is inviting authors to submit exciting stories with credible characters who help to bring significant events, phenomena and historic characters closer to people. The winners will be announced on 23 April 2022.
- In July, **Delfi** launched a social campaign and invitation **"Vaccinate. Yourself. Immediately."** as its contribution to fight the rapidly growing third wave of the coronavirus and help to increase the percentage of people in Estonia who are vaccinated. The goal of the social campaign is to encourage people who are still hesitating or have postponed vaccination for some other reason than health to act faster.



- **Black Food Festival** organised by **Oma Maitse** magazine and **Elamusstudio** was scheduled to take place on 6 November, but was postponed because of the pandemic. In spite of that, Tallinn got its fair share of fine cuisine. With the help from **Ristikheina Café** and **Chaga**, the organisers delivered delicacies to the medical professionals at **Mustamäe Hospital** who are treating coronavirus patients.
- **Anne & Stiil** launched a social campaign **"Your Life. Your Rules. Your Red Line."** to fight sexual harassment. As part of the project, readers were urged to share their stories of situations where otherwise normal behaviour turned into harassment.

Sharing experiences and telling stories will help the society to understand where the boundary between non-harassment and harassment lies. The campaign calls everybody to set for themselves red lines that no-one is allowed to cross.

- The women's inspiration conference **"Your Life. Your rules. You matter."** organised by **Anne & Stiil** magazine at the start of September included the Prime Minister **Kaja Kallas**, founder of **Testlio** **Kristel Kruustük**, founder of **Funderbeam** **Kaidi Ruusalepp** and many others as speakers, sharing the turning points in their careers and inspiring women to live a better and informed life.



- **Eesti Päevaleht** organised its second conference dedicated to COVID-19 under the title **"New normal and endless adjustment"** which this year focused on the issues and people who in the last 12 months have suffered the most because of the virus, have been in the public eye or have had to fight criticism.



- At the start of October, journalists of **Eesti Ekspress** organised **Estonia's first Crime Festival** at the Tallinn Culture Hub that attracted fans of suspense and crime stories as well as professionals from the police, crime reporters and authors. Speakers unveiled previously unknown details about the police operation to catch serial killer **Juri Ustimenko**, and talked about the

everyday work of policemen in the fight against drugs dealers.



- In cooperation with the Estonian Chamber of Agriculture and Commerce, **Maaleht** organised the 21st **Farmer of the Year** Competition. For the first time, the award went to a beef herder. The Farmer of the Year 2021 is Andres Vaan, owner of Topi farmhouse whose company Topi Mõisa has over the years developed one of the finest Limousine cattle and become one of the biggest sellers of breeding stock in Estonia. Topi has a 400-head organic Limousine cattle herd that in the summer grazes in the Matsalu Nature Reserve on the banks of Kasari river. Topi has 500 hectares of land and also harvests wheat.



- In 2020, **Eesti Päevaleht** was the first media channel in Estonia to launch the **climate** section and hire a climate reporter to produce content that would help raise people’s awareness of climate problems and cover acute topics. In September 2021, the section was upgraded into a wider **Green Portal** to make climate-related issues more accessible to the public.



- **Maaleht** in cooperation with the Estonian Forest and Wood Industries Association organised the third **forest conference** with a focus on the contribution of the forest industry in achieving the green revolution and climate neutrality. The conference consolidated the

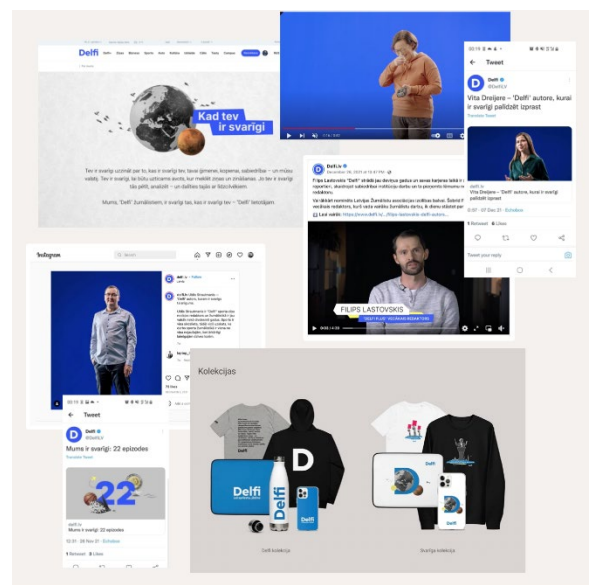
year’s main topics on one stage through researchers and industries that help to shape the forest and wood industry sector.

Latvia

- **Delfi** was the main media partner in various events including the **opinion festival Lampa**, where Delfi hosted two discussions and gave the event huge coverage through direct reporting.



- Delfi editor **Jānis Bagātais** was invited to the jury of the “Export and Innovation Award 2021”, the oldest and most reputable entrepreneurship contest in Latvia, organised by the Investment and Development Agency of Latvia (LIAA) and the Latvian Ministry of Economic Affairs.
- In November, **Delfi Latvia** organised a **rebranding campaign** that focused on Delfi journalists and their role in covering important social themes. The campaign emphasised the importance of the role of Delfi readers in the journalists’ day-to-day work.



Impact of social campaigns is growing



For the fourth consecutive year, Delfi Latvia organised a charity donation campaign “The Strengths and Strong People” which collected donations for the families who need to care for their sick relatives. This year the focus was on the importance of home services for such families. A total of EUR 107 000 had been raised from the donors and the campaign will continued until the end of January. In the 2021, Adwords, the charity campaign won in award of the best PR campaign in the category of corporate social responsibility and sustainability. In addition, a Delfi survey showed that:

- visibility of the social campaign has notably increased in a year as proof of successful communication;
- in a year, Delfi is mentioned on more occasions as the supporter of the charity donation campaign “The Strengths and Strong People”;
- the donation campaign supports the Delfi brand image in covering socially important themes.

Lithuania

- Delfi continued its social campaign “Don’t Squint Your Eyes” („NežVAIRUOK!“) launched in 2019 the purpose of which is to draw attention to the use of mobile phones while driving.



- In 2021, the team that organised the “Idea to Lithuania” initiative continued work in uniting Lithuanian business, public, political and media partners under the initiative “Sustainable Lithuania” (“Tvari Lithuania”). In the framework of this initiative, the public was informed about the issues related to sustainable entrepreneurship and sustainability, challenges and implementing measures for different communication means and platforms. The project is designed to measure and study how Lithuanians sense sustainability and which brands they consider sustainable. Delfi readers are asked to submit their most sustainable ideas and the Sustainable Brand Index survey is expanded nationwide, following the international practices of the Swedish research company SB Insight. The project is being implemented by Delfi Lithuania in cooperation with the national and local media, involving also social media channels. All coverage is marked with a corresponding mark that allows sharing the content for free in other channels.



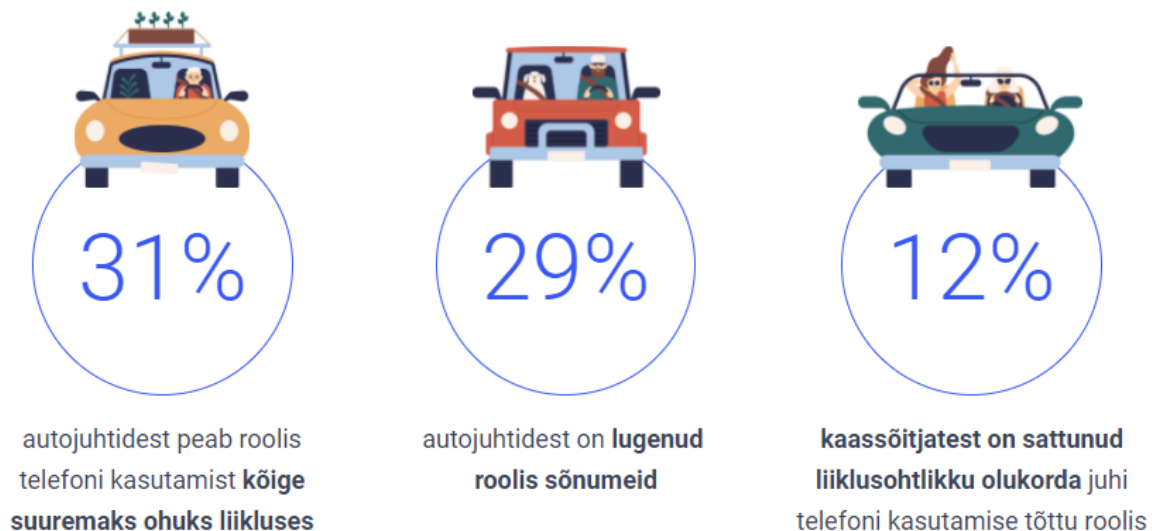
Initiative of online portals in helping to prevent suicides

Lithuania's largest news portals signed a memorandum aimed at increasing the efficiency of prevention work related to suicides. Mental health indicators of Lithuanian residents have notably worsened as a result of the COVID-19 pandemic. Editorial departments of Delfi, lrytas.lt, 15min.lt, tv3.lt, Madeinvilnius.lt, ve.lt and kaunas.kasvyksta.lt and the Lithuanian news sharing platform Etaplus.lt signed a cooperation agreement to establish common rules on how media outlets cover suicide attempts and committed suicides. According to Kęstutis Cemnolonskis, editor-in-chief of Delfi, suicides and suicide attempts remain a very important and sensitive topic. "Their number is decreasing over the long term, but what is worrying is how the public mental health has worsened during the pandemic. Without waiting until responsible state agencies come up with something we will take the initiative. We are going to be responsibly aware that publicly available information can influence people, which is why it is very important to provide information that is well presented and carefully worded in preventing romanticising suicides and suicide attempts," he said.

Social campaign for reducing traffic accidents

In the summer 2021, Delfi Estonia carried out for the fourth year a successful social campaign "Don't Read While Driving" that urges motorists not to use smart devices while driving and turns people's attention to the dangers of so-called smart device intoxication. The annual survey by the Transport Authority shows that while the use of mobile phones during driving is going down slightly, there are more drivers who have taken photos or videos with their phones while driving. To cover the issue in detail and highlight its seriousness, Delfi is collecting and sharing with readers stories, both about accidents and close calls, and lessons that hopefully have been learned, statistics, videos and photos. All motorists are urged to display a sticker "Don't Read While Driving" on the rear window of their vehicles to convince fellow drivers to stop using a mobile phone while driving. In social media, readers can share their stories and join the campaign under #rooliseiloe.

Miks me seda teeme?



Allikas: Delfi uuring "Mobiiltelefoni kasutamine autot juhtides" (05/2020)

Delfi Lithuania's social campaign "Don't Squint Your Eyes" („NežVAIRUOK!“) has been urging motorists for years not to use a mobile phone while driving. This year the campaign also included the TV programme "The best celebrity drivers with mobile phones", stories of experience from readers of Delfi Lithuania about car accidents caused by the use of a mobile phone while driving, a 30-minute study film for schools that focused on the dangers of texting while driving, a weekly challenge to drive a car without once using a mobile phone. A survey made by Delfi shows that the

social campaign has been effective and had been seen by 46 percent of respondents. According to the participants in the survey, the messages of the campaign is clear and understandable and urges people to change their behaviour.

Books on socially relevant themes

The book publisher Hea Lugu that is part of the Group publishes books on themes that are socially important. In recent times, the issues related to climate and ecology have been in the forefront. Topics of children's books include acute issues in the society such as bullying at school.

The Estonian Centre of Children's Literature ranked almost 800 books published in 2000 and shortlisted from among them 16 children's books and seven youth works. In the category of children's books, the ECCL recognised "Enchanted Lake" by the Lithuanian author Marius Marcinkevičius. The book published by Hea Lugu, illustrated by Lina Dūdaitė and translated by Tiiu Sandrak highlights the importance of finding a common language with and supporting people whose viewpoint may differ from yours. "Wink!", a novel by US author Rob Harrell talks how to make peace with a disease (both mentally and physically).

"You can succeed with such books, but not always. What is important is that the Estonian language teachers notice them. Actually you only may need two or three schools where teachers have noticed the book and recommended it for reading."

Tiina Kaalep, CEO of Hea Lugu

In 2021, Hea Lugu published 74 new titles and 34 reprints.

ENVIRONMENTAL MANAGEMENT

The impact of the activities of companies on the environment, its awareness, measurement and focused reduction are part of a responsible way of doing business. Group companies need to take the legislative and social expectations related to the reduction of the environmental impact as well as those agreed upon by companies more into consideration. As a media group, the environmental impact of Ekspres Group is mainly related to paper periodicals, production, printing and transport.

“Environmental protection is gaining more importance. There will undoubtedly remain a number of sceptics, but more and more people are thinking about it. In many organisations environmental protection seems to be an insurmountable issue but if it is not developed in a focused manner, the situation will not change. In major issues, we need to act together, so that the contribution of each person is valuable. Things will undoubtedly get better with the generational change, but people need to be nudged at the moment to get started and do things, but do them together.”

Kaspar Hanni, Development Director of Ekspres Grupp

The first company among the group companies to set the goal of reducing its environmental impact in a focused manner was Ekspres Meedia, evaluating the climate effect of its entire value chain in 2021 and setting goals for reducing its footprint. The other group companies are still to map out their environmental aspects and create an environmental plan.

Plan of Ekspres Meedia to reduce its climate impact

For the first time, in 2021 Ekspres Meedia evaluated the climate impact arising from its activities so that the entire greenhouse gas footprint throughout its value chain was evaluated for the year 2020. A thorough analysis provided an overview of what the climate impact of the company's activities was like, i.e. which are the largest sources of the greenhouse gas footprint and how to reduce this impact.

The emission of greenhouse gases of Ekspres Meedia for the year 2020 was 3304 tonnes of CO₂-equivalent¹. The company has not analysed its climate impact for the year 2021.

According to the analysis made in 2020, the main climate impact of Ekspres Meedia comes from Scope 3 emissions (a total of 89.1% of the total impact), incl. primarily from the manufacturing of paper for paper periodicals and their transport to the printing house (57.0% of the total impact), printing of periodicals (8.1%) and transport of finished products (13.9%). A key source of Scope 3 emissions is also the commuting of the company's employees to and from work (8.0% of total impact).

A detailed analysis of the climate impact of Ekspres Meedia in 2020 is available on the website of AS Ekspres Meedia.

¹ The climate impact of Ekspres Meedia has been calculated in accordance with the internationally accepted and most widely used standard for reporting greenhouse gases “GHG Protocol Corporate Accounting and Reporting Standard“. The standard covers evaluation of seven greenhouse gas emissions - carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbon compounds (HFC), perfluorocarbon compounds (PFC), sulfur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). The results are expressed in CO₂-equivalents which is the universal unit for measuring greenhouse gases and which reflects their varying potential for causing global warming. The global warming potential values used in the calculations are based on reports from the United Nations Intergovernmental Panel on Climate Change (IPCC) and take into account the effects of greenhouse gases in the atmosphere over a 100-year period. For identification of emission factors, professional and highly-regarded databases (e.g. Ecoinvent), international research reports and scientific literature, public greenhouse gas inventory reports, supplier data and other relevant sources were used. For evaluation of the effects of employee commuting, the company carried out an anonymous online survey for its employees, to which 27% of employees responded and the results of which were used to cover the entire company.

	Amount of emissions (tonnes of CO2 equivalents)	Percentage of total impact
Scope 1 emissions: fuel of the company's vehicles	13.2	0.4%
Scope 2 emissions: purchased electric and thermal energy	346.4	10.5%
Scope 3 emissions: Outsourced products and services (incl. paper, printing and transport of periodicals, water consumed, electricity related to web hosting and management), business travel ¹ , commuting of employees, office and print items waste, indirect impact of fuel and energy	2 944.4	89.1%

Table: Overview of the climate impact of Ekspress Meedia in 2020 by scope.



Ambitious goal: the goal of Ekspress Meedia is to reduce its footprint of greenhouse gases by 50% by the year 2026 and by 80% by the year 2031, as compared to their impact in 2020. In addition, the company has set qualitative goals for environmental media content, digital transformation and green corridor lines of action. The next step is preparation of a detailed action plan of Ekspress Meedia.

Green mission: Ekspress Meedia wishes to enhance environmental awareness in the Estonian society by offering relevant content in a way that is captivating to readers and by being a role model in green topics.

Key activities supporting the green revolution in the media sector

Ekspress Meedia has defined the key areas of the green revolution where to achieve a positive impact with its contribution (in order of importance):

- 1) Green content.** The actual power of periodicals to create real environmental changes lies within their content. In 2021, readers were increasingly more interested in green topics. Now the task is to make this process more systemic and develop a practice of how much to write on green topics, what this topic covers and how to combine all green topics so that Ekspress Meedia would become a spokesperson for green topics.
- 2) Digital transformation.** Digitalisation is important in two ways: firstly, how to reduce the environmental impact related to paper products and secondly, how to develop digital products with increasing volumes at a lower environmental impact (considering the so-called digital waste).
- 3) Green corridor.** Constant monitoring of the environmental impact of the office and its reduction will lead to cost savings, sustainable use of natural resources, reduction of waste generation and making the work environment healthier. At the same time, it is also the greatest opportunity to make the company's employees think green, get and maintain the best talents and take green awareness to the employees' homes and their families.

Green portal brings environmental topics to readers

Portals focusing on environmental topics have been created at Eesti Päevaleht (roheportaal.delfi.ee), Geenius Meedia (rohe.geenius.ee) and Delfi Lithuania (delfi.lt/grynas/). Hence, there is a need to generate interest in journalists to write about green topics so as to cover those aspects for the readers that contain the actual environmental impact of companies and the society. Instead of just environmental protection, green revolution is clearly becoming an issue of economy and finance. Each area should be viewed through the environmental and

¹ In light of the fact that in 2020, the number of business trips significantly decreased as compared to previous years due to the Covid pandemic, the climate impact of business travel in 2018 was also evaluated during the analysis. The climate impact of business travel in 2020 was 10.2 tonnes of CO2-equivalent and in 2019, it was 104.2 tonnes of CO2-equivalent, i.e. the business travel in 2019 made up approximately 3% of the company's entire climate impact.

climate aspect, because current topics related to the climate and biodiversity cover all areas of life. High-quality content extends the green portal's readership to all target groups of the media house.

The duty of a media house is to take responsibility and inform the Estonian society of important green topics, investigate and talk about where the real impact, place of change and responsibility of green issues lie.

Eesti Päevaleht as the first periodical in Estonia launched a section dedicated to environmental topics. The subpage initially under the name of the climate section was turned into a green portal in 2021 which more precisely conveys its content. The portal in turn is divided into subsections: energy and transport, circle economy, climate crisis. By now, several sections have permanent sponsors.

“This year we revamped our climate section which we turned into a green portal. We are witnessing that both readers and companies as sponsors are interested in it. Growth of the topic and bringing green topics under one umbrella is consistent with our responsibility as a media house to the society.”

Argo Virkebau, Chairman of the Management Board of Ekspress Meedia

Green Tiger helps to change thinking of employees

Ekspress Meedia is a participant in the 2021 class of the Green Tiger Academy programme. The purpose of the programme which lasts for several months and involves regular meetings is to better evaluate and smartly reduce the environmental impact of one's organisation. The broader mission of the Green Tiger is to create a balanced economic model for Estonia and the world through a cross-sectoral cooperation platform.

“We are taking an active part in the Green Tiger project because we are trying to reduce our environmental footprint. At the management level, we have decided that everyone needs to contribute to it. The topic is really relevant in the world, we need to keep pace with what is going on. We hired a person specifically for this job and when we write about green topics to the public we need to take action ourselves. We have done a few things before but now we are taking the whole area into pieces and contribute both in terms of our time and money. There is a preparatory stage underway as to how to change the attitudes of employees in-house.”

Tiina Paju, Head of the Human Resources of Ekspress Meedia

What is the digital footprint of a journalist's working day?

Anette Parksepp, the journalist of Eesti Päevaleht, together with Karl Gustav Adamsoo, the leader of the digital cleaning day, mapped out the approximate digital footprint of a regular day of a journalist of Eesti Päevaleht. For this, Anette kept a diary for one day, keeping track of all the activities she performed on her smart phone. Starting with reading Twitter and finishing with sending work emails, interviewing the prime minister and watching TikTok videos.

It turned out that the digital footprint of a journalist focused on environmental topics is approximately 5 kilogrammes of CO₂-equivalent¹ based on popular scientific articles and measures of various surveys. It is comparable to the emissions of the 26-kilometer car drive from Tallinn to Keila. If to extend the experience of a typical working day to other days, the journalist would drive 182 kilometres from Tallinn to Tartu during a week. In a year, the journalist would generate about 1.8 tonnes of CO₂-equivalent emissions which is comparable to the climate impact of one person's flight from Tallinn to Los Angeles.

¹ The calculation methodology is not based on the standard for evaluating the footprint of greenhouse gases that was used for evaluation of the annual climate impact of Ekspress Meedia.

Environmental impact of paper periodicals

Printing of the paper periodicals of the Group's media companies is the Group's greatest environmental impact factor. To ensure environmentally-friendly printing of paper periodicals, group companies follow the following principles.

1. **Volume optimisation.** Group companies optimise the volumes of periodicals when forecasting sales numbers to prevent excess volumes being sold to retail outlets. The share of unsold paper periodicals of the two largest media companies of the Group is about 50% of the total retail volume. Companies recycle the entire unsold volume of paper.
2. **Environmentally-conscious provider of printing services.** An important argument is the printing house Printall's, where all group periodicals are being printed, high-quality technology, efficient processes, environmentally-sustainable approach, environmental certificates and standards which were renewed in 2021: ISO 14001 environmental management standard, the use of the paper from sustainably managed forests are covered by FSC® and PEFC™ Chain of Custody certificates, Nordic EcoLabel eco label for the manufacturing process.
3. **Choice of paper materials.** Printall, the printing services partner of the Group, uses paper produced from paper waste that cannot be used as construction wood, but instead of being used as fuel it enables to create more additional value through the use of paper products. Printall primarily uses the paper purchased from the Nordic countries, 95% of which were certified or otherwise manufactured in an environmentally-sustainable manner (incl. entire magazine paper has FSC or PEFC certificates).
4. **Waste of publication manufacturing.** According to the provider of printing services, about twenty per cent in production goes inevitably into cutting waste and setup, with regard to other issues, saving opportunities are being sought. 98% of all waste is recycled.

Taxonomy of sustainable financing of European Union

In order to meet the objectives of the European Green Deal, the European Commission adopted in 2020 a classification system for sustainable economic activities ("Taxonomy Regulation") with the aim of encouraging private sector investment in sustainable economic activities.¹ The Taxonomy Regulation sets out specific requirements and technical screening criteria for economic activities that would contribute to EU's environmental objectives.²

The delegated act on the climate objectives of the Taxonomy Regulation ("Taxonomy Climate Delegated Act") was adopted in April 2021, setting out technical screening criteria for the activities of nine economic sectors.³ These criteria focused on the economic activities and sectors that have the greatest potential to contribute to the EU's climate goals. The basis for the criteria was the total greenhouse gas emissions of the economic activities or the potential to support the prevention, sequestration or long-term storage of greenhouse gases.

The taxonomy regulation does not apply to all sectors of the economy, but focuses on the activities with the greatest environmental impact, which are currently the following:

1. Forestry
2. Environmental protection and restoration activities
3. Production
4. Energy
5. Water supply, sewerage, waste management and remediation
6. Transport
7. Construction and real estate activities
8. Information and communication
9. Professional, scientific, and technical activities

¹ Regulation (EU) 2020/852 of the European Parliament and of the Council.

² The EU's environmental objectives are climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, prevention and control of pollution, protection and restoration of biodiversity and ecosystems.

³ Taxonomy Climate Delegated Act (Regulation C(2021) 2800 final) covers economic activities in the following sectors: forestry, environmental protection and restoration, manufacturing, energy, water supply, sewerage, waste management and remediation activities, transport, construction and real estate activities, information and communication, professional, scientific and technical activities.

The Taxonomy Regulation requires undertakings that are subject to the EU Directive 2014/95/EU (Non-Financial Reporting Directive, NFRD) such as Ekspress Grupp to disclose three taxonomy performance indicators. In the 2021 report, the performance indicators in question are the proportion of the turnover, capital expenditures and operational expenditures associated with activities included in the taxonomy. In the next reporting period, the reporting entities are required to report the proportion of turnover generated from taxonomy-aligned activities as well as the proportion of capital expenditures and operational expenditures associated with activities that are covered by the Taxonomy Regulation.

Compliance with the taxonomy of sustainable financing of European Union

Of the taxonomy activities, Ekspress Grupp is engaged in intra-group data processing and web hosting (NACE/EMTAK 63111), but does not provide services to external customers. Therefore, Ekspress Grupp has no turnover within the meaning of the Taxonomy Regulation. Pursuant to the European Commission interpretation dated 2 February 2022, Ekspress Grupp does not publish amounts related to domestic consumption.

The share of consolidated capital expenditures and operational expenditures related to the taxonomy activities in Ekspress Grupp is less than 1% of total capital expenditures and total operational expenditures. Considering that the annual report is prepared taking into account the principle of materiality, we estimate that the taxonomy expenditures are insignificant for the Group. Therefore, we report these amounts of capital and operational expenditures as expenditures not covered by the Taxonomy Regulation.

At present, the sales turnover, capital, and operating expenses of the Group's activities related data processing and web hosting are considered as non-compliant with the taxonomy screening criteria. AS Ekspress Grupp has started to establish an action plan to assess the possibility of bringing the Group's activities related data processing and web hosting into line with the taxonomy by supplementing the key metrics.

SHARES AND SHAREHOLDERS OF AS EKSPRESS GRUPP

As of 31 December 2021, the company's share capital is EUR 18 478 105 (31.12.2020: EUR 18 478 105), which is divided into 30 796 841 (31.12.2020: 30 796 841) shares with the nominal value of 0.60 euros per share.

All shares are of one type and there are no ownership restrictions. The company does not have any shares granting specific controlling rights and the company lacks information about agreements dealing with the restrictions on voting rights of shareholders. The articles of association of the public limited company set no restrictions on the transfer of the shares of the public limited company. The agreements entered into between the public limited company and the shareholders set no restrictions on the transfer of shares. In the agreements concluded between the shareholders, they are only known to the company to the extent related to pledging of securities and that is public information.

Structure of shareholders as of 31 December 2021 according to the Estonian Central Register of Securities

Name	Number of shares	%
Hans H. Luik and companies under his control	22 552 672	73.23%
<i>Hans H. Luik</i>	7 963 307	25.86%
<i>OÜ HHL Rühm</i>	14 589 365	47.37%
LHV Bank and funds managed by LHV Varahaldus	2 541 583	8.25%
Members of the Management Boards*	131 554	0.43%
Other minority shareholders	5 057 060	16.42%
Treasury shares	513 972	1.67%
TOTAL	30 796 841	100.0%

*Members of the Management Board of AS Ekspress Grupp and its key subsidiaries.

The authorities of the Management Board of AS Ekspress Grupp are specified in the Commercial Code and they are limited to the extent determined in the articles of association of the company.

Shares held by members of the Management Board and Supervisory Board

Mari-Liis Rüütsalu holds 36 924 shares.

Kaspar Hanni holds 18 462 shares.

Signe Kukin does not hold shares.

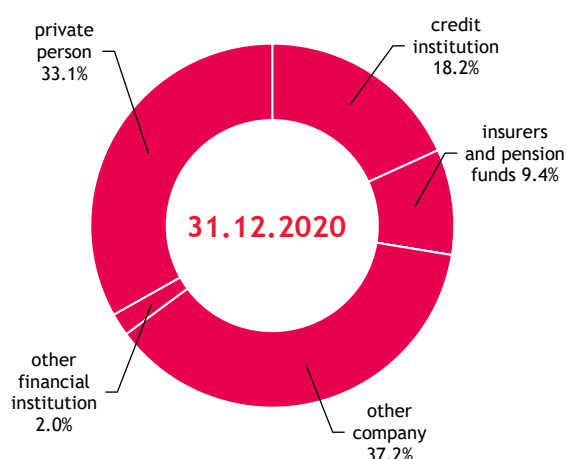
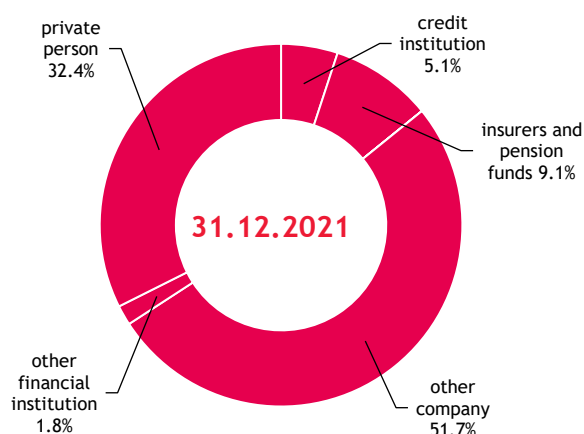
Hans H. Luik holds 7 963 307 shares and OÜ HHL Rühm holds 14 589 365 shares, the ownership interest of Hans H. Luik as the ultimate beneficiary of AS Ekspress Grupp is 73.23% (22 552 672 shares).

On 29 June 2021, an agreement was entered into, pursuant to which KJK Fund SICAV-SIF transferred all its 4 002 052 shares of AS Ekspress Grupp to OÜ HHL Rühm. The transferred shares are 13.00% of total AS Ekspress Grupp shares. The transaction was completed and the ownership of the shares was transferred on 12 August 2021.

Pursuant to the transaction, Hans Luik's share in AS Ekspress Grupp increased to 73.23% - OÜ HHL Rühm's shareholding increased to 47.37% (14 589 365 shares) and Hans Luik's shareholding remains the same 25.86% (7 963 307 shares).

Distribution of shareholders by category according to the Estonian Central Register of Securities

Category	31.12.2021		31.12.2020	
	Number of shareholders	Number of shares	Number of shareholders	Number of shares
Private persons	4 379	9 975 908	2 996	10 206 842
Other companies	265	15 911 697	206	11 471 638
Other financial institutions	39	548 005	40	621 907
Credit institutions	10	1 555 786	12	5 606 461
Insurance and pension funds	7	2 805 026	7	2 889 574
Non-profit organisations	2	419	2	419
TOTAL	4 702	30 796 841	3 263	30 796 841



Geographical distribution of shareholders according to the Estonian Central Register of Securities

Country	31.12.2021		31.12.2020	
	Number of shareholders	Number of shares	Number of shareholders	Number of shares
Estonia	4 649	29 574 316	3 219	25 820 834
Finland	16	32 298	12	35 773
Lithuania	6	197 614	6	265 390
Germany	6	38 317	4	34 218
Latvia	5	90 305	6	110 860
Switzerland	2	190 668	0	0
Italy	2	1 607	2	1 607
Belgium	2	1 010	2	1 010
Australia	2	611	0	0
Denmark	2	101	2	101
United Kingdom	1	322 573	1	373 812
Luxembourg	1	144 811	3	4 147 511
Sweden	1	98 757	1	3 167
Monaco	1	92 196	0	0
Netherlands	1	5 000	0	0
United States	1	4 599	1	500
Canada	1	1 000	1	1 000
Spain	1	757	1	757
Ireland	1	201	1	201
Portugal	1	100	1	100
TOTAL	4 702	30 796 841	3 263	30 796 841

AS Ekspress Grupp share information and dividend policy

Share information

ISIN	EE3100016965
Ticker symbol	EEG1T
List/segment	BALTIC MAIN LIST
Issuer	Ekspress Grupp (EEG)
Nominal value	EUR 0.60
Issued shares	30 796 841
Listed shares	30 796 841
Date of listing	05.04.2007

Dividend policy

In October 2021, the Supervisory Board of AS Ekspress Grupp approved the Group's dividends policy according to which Ekspress Grupp will pay at least 30% of its annual net profit as dividends starting from 2022. The capital structure of Ekspress Grupp needs to be strong and sustainable to maintain the targeted operating freedom and make use of the growth opportunities of various economic cycles. The Group's task is to maintain conservative capital allocation in order to provide the Company with flexibility to make new investments in accordance with the requirements set for raising debt.

To support growth, Ekspress Grupp has set a goal of maintaining an optimal level for CAPEX, loan repayments and profit allocation from the point of view of the Group and its investors.

The Group will pay at least 30% of its previous year's profit as dividends under the condition that there will be enough cash to fund its key operations and make new strategic investments. In the years of economic deceleration or when the cash flows are lower for other reasons, the Group may decide to lower the dividend pay-out rate or not to pay dividends.

Dividends

In 2021, in conjunction with the sale of Printall AS, the Group paid an extraordinary dividend of 10 euro cents per share to its shareholders in the total amount of EUR 3.03 million. Shareholder resolutions were adopted without calling the extraordinary general meeting of shareholders on 4 November 2021. The shareholders included in the register of shareholders on 19 November 2021 were entitled to receive dividends and the dividends were distributed to shareholder on 23 November 2021.

In coordination with the Supervisory Board, the Management Board proposes to pay dividends from the net profit of the 2021 financial year to the shareholders in the amount of 5 euro cents per share, in the total amount of EUR 1.51 million, resulting in a dividend rate of 37% (calculated on the net profit from continuing operations) and dividend yield of 3.2%.

Securities trading history 2017-2021

Price (EUR)	2021	2020	2019	2018	2017
Opening price	0.79	0.83	1.03	1.26	1.32
Closing price	1.56	0.80	0.83	1.04	1.25
High	1.90	0.86	1.03	1.38	1.37
Low	0.77	0.59	0.72	0.99	1.21
Average	1.17	0.68	0.86	1.20	1.30
Traded shares, pieces	3 166 936	2 886 728	762 202	751 026	538 175
Sales, EUR million	3.72	1.95	0.66	0.90	0.70
Capitalisation at balance sheet date, EUR million	48.04	24.48	24.58	30.99	37.25
P/E ratio (price earnings ratio)	21.42	9.76	17.64	4 701.36	11.84

The price of the share of Ekspress Grupp (EEG1T) in euros and the trading statistics on NASDAQ Tallinn Stock Exchange from 1 January 2017 until 31 December 2021.



The share price comparison (%) with Nasdaq Tallinn Stock Exchange index from 1 January 2017 until 31 December 2021.



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CORPORATE GOVERNANCE AND STRUCTURE

Management of Ekspress Grupp companies during the coronavirus pandemic

The coronavirus outbreak that became a pandemic had the most profound impact on the activities of the group companies also in 2021. During the second and third waves of the virus, it was easier to reorganise work procedures but the mental fatigue of the employees due to the continuing crisis was quite prominent.

“Significant adaptability is a major characteristic of the humans. We are quickly able to adapt to new circumstances. It is too early to think that we have overcome the health crisis and we actually have not. We need to deal with this situation and take it into consideration everywhere, both in business as well as private lives.”

Mari-Liis Rüütsalu, CEO of AS Ekspress Grupp

- The Group managed to successfully operate in the ongoing crisis of 2021. Similarly to the previous year, Group-wide and intra-company information flow and open communication were of key importance, followed by employee mental health and its promotion.
- Working in home offices was made available to all those interested and when restrictions were lifted those who wished to return to their offices were able to do so while partial occupancy of the offices was applied at some companies;
- We supported group companies which were more profoundly affected by the virus waves in 2021 (in Latvia, there were significantly stricter restrictions during a longer period of time).
- We continued to invest both in our products and content as well as people.

In addition, the coronavirus pandemic will have longer-term effects, the extent of which is impossible to predict:

- Due to the crisis, the employees were allowed to work in their home offices and many of them still prefer to work from home even after the restrictions are lifted. This will create a new challenge for the organisation to cope in new conditions as it is difficult to maintain the team spirit and working for a common goal, because the team meets very seldom or never does while also ensuring the efficiency of work processes.
- Those who prefer to work from home are no longer willing to apply for those positions requiring them to work in offices. This may create labour shortages in certain areas.
- The long-term effect of the crisis on the mental health of people - during the last couple of years, people have had to cope with fast reorganisation of their work, distance learning of their children, constant fear of infection, social pressure related to vaccination, nationwide restrictions which have hindered a regular and balanced way of life.

“

The periodicals of Ekspress Grupp in collaboration with other members of the Estonian Association of Media Enterprises came to the rescue of the state by promoting the coronavirus vaccination campaign. On free advertising sites, the Estonian people were invited to go and get vaccinated during the period of one week.

“In 2021, we worked under the conditions of COVID-19. Latvia has been closed for 19 months, but we have managed to deal with it, greatly owing to being part of Ekspress Grupp. We have not laid off any employees, we have maintained the wage levels and all this due to the Group policy which has let us accomplish it. In addition, state assistance was significant in Latvia in 2021. At the same time, we have done a lot: completely rebranded our company and restructured internal processes; managed to revamp our IT systems for solutions involving ticket sales as well as organisers. Our key goal has been to be stronger after overcoming crisis than at the time when we entered it. I believe we have achieved that. Unfortunately, the crisis has been longer than expected, but as soon as the cultural sector is reopened, we will be ready to take action.”

Jānis Ūzulis, CEO of Biļešu Paradīze

Focus on transparency in all activities

In a crisis, timely and reliable media content will become even more important. This was seen in 2020 and 2021 when readership numbers reached new records. In the context of availability of information, traditional journalism became more important than social media and other alternative information outlets. Periodicals made great efforts to expose fake news circulating the Internet, making it clear to readers as to which outlets can be trusted.

Creation and maintenance of reliable reputation is important to Ekspress Grupp companies. It primarily requires that all employees of group companies follow the principles of journalism ethics, as well as general norms of conduct and laws.

In all of its home markets, Ekspress Grupp proceeds in its business activities from current national regulations, the Company's articles of association, as a publicly listed company from the requirements of Nasdaq Tallinn Stock Exchange, the guidelines of the Corporate Governance Code (CGC) and the principle of equal treatment of its shareholders and investors. There is zero tolerance at the Group regarding conflict of interest, corruptive behaviour or unfair competition.

Code of Ethics provides a solid foundation for the work of media houses

In their activities, media companies of the Group follow the Code of Ethics prepared by national associations of media channels, in addition the media houses in Estonia, Latvia and Lithuania implement company-specific codes of ethics and codes of conduct.

The work of journalists and media-related work of media companies, their freedoms, rights and obligations as well as guarantees are regulated also by laws that cover data protection, public information and other relevant issues. In unregulated situations, companies proceed from public interest and the principle of integrity when making decisions.

Group-wide Code of Conduct was established in 2021

The Management Board of Ekspress Grupp has approved the Code of Conduct which applies to all employees of Ekspress Grupp and its subsidiaries, joint ventures and associates regardless of their position in the organisation and the nature of their employment. The Code of Conduct serves as a guide for each individual employee's daily internal and external business interactions, reflecting our standard for proper behaviour. The Code of Contact contains principles concerning employees, cooperation partners, customers, compliance with laws and society at large.

The Code of Conduct does not replace Code of Ethics for Journalists but complements it.

In order to ensure consistent behaviour, the group companies introduce to new employees business philosophy, the Code of Conduct, journalistic ethics, protection of sources, sales and marketing issues, personnel policies and other background information related to the management of the Company that is necessary for daily work.

Reporting suspected misconduct

The Group has created and made publicly available on its website a secure and confidential whistleblowing channel through which it is possible to provide information or report misconduct in connection with any violations of the Code of Conduct of Ekspress Grupp, the Group's other operating policies, procedures or legislation. To ensure

confidentiality, the whistleblowing channel is managed by an external partner (WhistleB). The reports are submitted via encrypted connections and they are password-protected. All reports of misconduct are handled in the strictest confidence.

Open management creates reliability

Communication in an organisation is based on consensual, honest and caring conduct. In a crisis, management’s open communication with employees is even more crucial. Key decisions are communicated to all employees, management shares the background and explanations for making decisions, employee responsiveness is monitored at the middle management level.

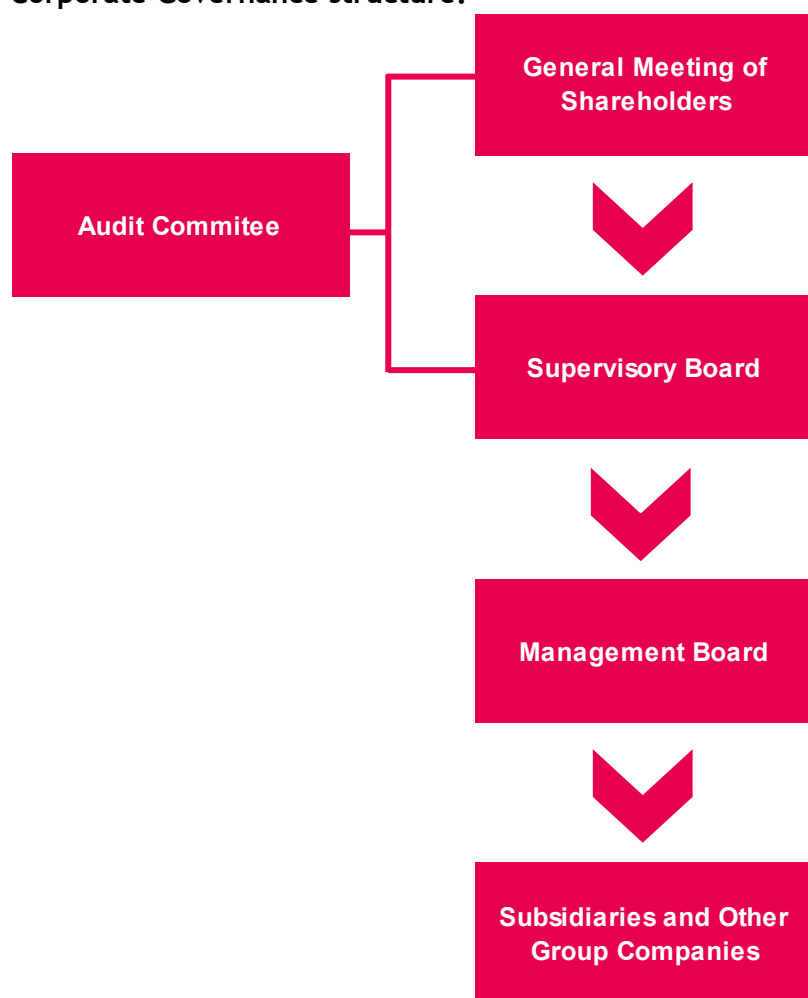
At the Group level, regular exchange of information takes place between the Management Board of the parent company of Ekspress Group and the senior management teams of subsidiaries to ensure transparency in case of major transactions, changes and decisions.

Law-abiding and independent management

In 2021, neither Ekspress Group companies nor any of the Group’s key employees supported any political parties nor received hidden funds from political parties or government agencies other than advertising space purchased at market conditions, project-based funding distributed through government crisis measures or publicly available for all those applying for it.

In 2021, no monetary fines or penalties related to the breach of legislation or other regulations were registered at Ekspress Group (other than the decisions of the Press Council disclosed in the financial statements’ chapter “Media group’s responsibility in the society“).

Corporate Governance structure:



The Group’s management structure is the same as its legal structure.

GROUP'S LEGAL STRUCTURE

As of 31 December 2021, the Group consists of 21 companies (31.12.2020: 22). A detailed list of group companies is disclosed in Note 1 to the financial statements.

Changes in the Group's legal structure

In July 2021, AS Ekspress Grupp acquired a 100% ownership interest in Babahh Media OÜ that is engaged in sales of video production, media and infrastructure solutions. Until then, AS Ekspress Grupp owned 49% of the company.

In September 2021, AS Ekspress Grupp sold its 100% ownership interest in its subsidiary Printall AS. The management decided to sell Printall AS in order to exit from a business sector that doesn't match with Group's strategy and sector with a significant CAPEX requirements. As a result of the transaction, the capital is released for financing Group's continued growth in digital media, for additional information, see Note 21.

In September 2021, a merger agreement was concluded to merge the wholly-owned subsidiary of A/S Delfi (the wholly-owned subsidiary of AS Ekspress Grupp), i.e. SIA Delfi Tickets Service with the wholly-owned subsidiary of A/S Delfi, i.e. SIA Biļešu Paradīze, agreeing that SIA Biļešu Paradīze as the acquiring company will acquire all assets and liabilities of SIA Delfi Tickets Service. The merger agreement was concluded for the purpose of simplifying the Group's management and legal structure. The merger will be completed within the next 6 months.

In December 2021, the Group acquired a 100% of shares in the media company Geenius Meedia OÜ. The purpose of the acquisition was to grow the digital media business and expand into a niche that the publications of Ekspress Grupp do not yet regularly cover. The shared goal of Ekspress Grupp and Geenius Meedia is to continue offering attractive content for the readers of geenius.ee. After the transaction, Geenius Meedia OÜ continues to operate as a separate media company. As a group, Ekspress Grupp offers Geenius Meedia synergy in functions supporting the media business, providing notably bigger growth potential for the fast-growing company.

GENERAL MEETING OF SHAREHOLDERS

The general meeting is the highest governing body of AS Ekspress Grupp. Regular general meetings are held once a year not later than six months after the end of the financial year at the seat of the company (Parda 6, 10151 Tallinn, the Republic of Estonia). Extraordinary general meetings are allowed to be convened in cases prescribed by law.

In May 2021, The Management Board of AS Ekspress Grupp proposed to the shareholders to adopt resolutions without convening a general meeting in accordance to § 299¹ of the Commercial Code. The Management Board made this proposal in order to avoid physical gatherings during the corona pandemic. The notice of adoption of resolutions was published on 20 May 2021 in the stock exchange information system and on the company's homepage, as well as in the 21 May 2021 issue of newspaper LP Eesti Päevaleht.

On 15 June 2021, the shareholders of AS Ekspress Grupp adopted the following resolutions:

- The approval of the 2020 annual report of AS Ekspress Grupp for the financial year from 1st of January 2020 to 31st of December 2020.
- The approval of the profit distribution proposal for 2020. To distribute total 2 509 578 euros as follows: to increase statutory reserve by 125 479 euros; the remaining 2 384 099 euros to be allocated to the retained earnings.
- Extension of the mandate of Aleksandras Česnavičius as the Member of the Supervisory Board until 16.06.2025.

The extraordinary meeting of the shareholders of AS Ekspress Grupp was held on 13 July 2021 in the seat of the public limited company. All members of the Management Board and the Chairman of Supervisory Board participated in the meeting. The general meeting:

- Decided to give the Management Board of Ekspress Grupp its assent and authorise the Management Board of Ekspress Grupp to conclude a share sales agreement according to which Ekspress Grupp will sell all shares that it owns in Printall (registry code 10092701) to Trükitung OÜ (registry code 16253878), which is a company under control of the member of the Supervisory Board of Ekspress Grupp, Hans Luik. The share sales agreement will be concluded under the following basic conditions:
 - The share sales agreement is based on enterprise value of EUR 10 million, i.e. as at the closing available cash will be added and loan obligations will be deducted from the aforesaid amount;
 - EUR 1 million of the sales price will depend on the results of the financial year 2025 of Printall, including the deferred part of the sales price in the amount of EUR 700,000 which will be paid after the financial results of Printall in 2025 are known;
 - Ekspress Grupp and Printall will continue their cooperation.
- Decided to give the Management Board of Ekspress Grupp the right, at its discretion, to determine the remaining conditions of the share sales agreement, while considering the interests of Ekspress Grupp.
- Decided to authorise the Management Board of Ekspress Grupp to conclude all transactions and perform all operations that are necessary for conclusion and execution of the sales agreement.

In October 2021, The Management Board of AS Ekspress Grupp proposed to the shareholders to adopt resolutions without convening a general meeting in accordance to § 299¹ of the Commercial Code. The notice of adoption of resolutions was published on 13 October 2021 in the stock exchange information system and on the company's homepage, as well as in the 14 October 2021 issue of newspaper Eesti Päevaleht.

On 4 November 2021, the shareholders of AS Ekspress Grupp adopted the following resolutions:

- Extraordinary distribution of dividends in connection with the sale of AS Printall: to pay EUR 3,028,287, which is EUR 0.1 per share, as dividends to the shareholders.

In January 2022, The Management Board of AS Ekspress Grupp proposed to the shareholders to adopt resolutions without convening a general meeting in accordance to § 299¹ of the Commercial Code. The notice of adoption of resolutions was published on 20 January 2022 in the stock exchange information system and on the company's homepage, as well as in the 21 January 2022 issue of newspaper Eesti Päevaleht.

On 11 February 2022, the shareholders of AS Ekspress Grupp adopted the following resolutions:

- The approval of the Share Option Program of AS Ekspress Grupp up to 371,000 options with the exercise date May 2023. The program enables Ekspress Grupp to comply with the commitment arising from the purchase and sale agreement of the shares of Geenius Meedia OÜ entered into on 17 December 2021.

SUPERVISORY BOARD

The Supervisory Board of the Company approves the activities of the company, organises its management and supervises the activities of the Management Board. The Supervisory Board plans the activities of the company, organises the management of the company and supervises the activities of the Management Board. The Supervisory Board notifies the general meeting of shareholders of the results of a review. The Chairman of the Supervisory Board organises the work of the Supervisory Board. The main duties of the Supervisory Board are to approve the Group's key strategic and tactical decisions and to supervise the activities of the Group's Management Board. The Supervisory Board's actions are guided by the company's articles of association, guidelines of the general meeting and law. The meetings of the Supervisory Board generally take place once a quarter, in other cases, meetings shall be held according to the needs of the Group and decisions can also be made by e-mail.

According to the articles of association, the number of members of the Supervisory Board is between three and seven. The number of the members shall be determined by the General Meeting. The members of the Supervisory Board shall be elected by the General Meeting for a term of five years. At the general meeting of shareholders held on 17 June 2020, Priit Rohumaa was elected as a new member of the Supervisory Board and it was decided to change the procedure for paying remuneration to the members of the Supervisory Board. Since 17 June 2020, monthly remuneration paid to member of the Supervisory Board Priit Rohumaa is EUR 1 000. The other members of the Supervisory Board do not receive any remuneration. The Supervisory Board of AS Ekspress Grupp elected Priit Rohumaa as the new chairman and member of the Audit Committee beginning with 19 June 2020. Since 11 January 2021, the Supervisory Board of Ekspress Grupp has four members.

In 2021, The Supervisory Board held four meetings. Hans H. Luik and Indrek Kasela were not attended one of these. All other members of the Supervisory Board attended all meetings. Thirteen decisions were taken without convening a meeting.



Priit Rohumaa
(appointed until 16.06.2025)

- Chairman of the Supervisory Board and member of the Audit Committee, in the Supervisory Board since 17.06.2020.
- Viru Keemia Grupp AS, Chairman of the Management Board in 2009-2015
- Chairman of the Council of Arenguseire Keskus
- Member of the Supervisory Board of Tallinna Vesi AS, the alumnae association of Tallinn University of Technology, the European Business Angel Network in Brussels, the Estonian Business Angel Network, Nutshell Invest OÜ
- Bachelor's degree in energy and Master's degree from Tallinn University of Technology and Master's degree in international business management from the Estonian Business School.
- Number of shares of AS Ekspress Grupp: -.



Hans H. Luik
(appointed until 20.05.2024)

- Member of the Supervisory Board and the Audit Committee, in the Supervisory Board since 1.06.2004
- Member of the Management Board of OÜ HHL Rühm
- Member of the Management Board of OÜ Minigert
- Graduated from University of Tartu in 1984 with a degree in journalism
- Number of shares of AS Ekspress Grupp: 22 552 672 (73.23%).



Indrek Kasela

(appointed until 20.05.2024) - independent Supervisory Board member

- Member of the Supervisory Board since 20.06.2014
- Partner of the private equity fund Amber Trust
- Chairman of the Management Board of AS PRFoods
- Member of the Supervisory Board of AS Toode, ELKE Grupi AS, EPhaG AS and Salva Kindlustuse AS
- Graduated from New York University in 1996 with a Master's degree in law. Bachelor's degree from Tartu University in 1994, has a certificate in EU law from Uppsala University.
- Number of shares of AS Ekspress Grupp: -.



Aleksandras Česnavičius

(appointed until 16.06.2025) - independent Supervisory Board member

- Member of the Supervisory Board since 26.10.2016
- General Manager of Central European Media Enterprises Ltd. Romanian region
- Managing Director of Delfi Lithuania between 2011-2013
- Graduated from Vilniaus Universitetas in Lithuania with a PhD in Media in 2010
- Number of shares of AS Ekspress Grupp: -.

On 15 June 2021, the mandate of Aleksandras Česnavičius as the Member of the Supervisory Board was extended until 16.06.2025.

The member of the Supervisory Board of AS Ekspress Grupp Peeter Saks who was member of the Supervisory Board of AS Ekspress Grupp since 26 October 2016, resigned from the position of the member of the Supervisory Board of AS Ekspress Grupp on 11 January 2021.

MANAGEMENT BOARD

The authorities of the Management Board of the Company are specified in the Commercial Code and they are limited to the extent determined in the articles of association of the company. The Management Board has to act in the most economically purposeful manner, taking into consideration the best interests of all shareholders and ensures the company's sustainable development in accordance with set objectives and strategy. To ensure that the company's interests are met in the best way possible, the Management and Supervisory Boards shall extensively collaborate.

The members of the Management Board are elected for a period of up to five years. In order to elect and remove the members of the Management Board, a simple majority of the votes of the Supervisory Board is required. In order to resign from the position of a member of the Management Board, the member shall give one month's notice to the Supervisory Board. There are no agreements between Ekspress Grupp and the members of the Management Board which would deal with the benefits regarding a takeover of a public limited company provided for in Chapter 19 of the Securities Market Act. According to the articles of association, the Management Board of Ekspress Grupp has between one and five members. The Management Board of Ekspress Grupp has three members.

Mari-Liis Rüütsalu (appointed until 31.12.2025)



- Chairman of the Management Board and Chief Executive Officer of the Group since 01.01.2017, on 27 December 2021, the mandate as a Member of the Management Board was extended until 31.12.2025
- Managing director of AS Ekspress Meedia 2015-2016
- Managing director of AS Delfi 2012-2015
- Marketing and development director of AS Estravel 1998-2012
- Graduated from Eesti Majandusjuhtide Instituut in 1998 specializing in business administration and University of Tartu Pärnu College in 1995 specializing in entrepreneurship and business management
- Number of shares of AS Ekspress Grupp: 36 924

Kaspar Hanni (appointed until 19.12.2023)



- Member of the Management Board since 18.12.2017, on 10 December 2020 the mandate has been extended for the next three years, Development Director of the Group
- Member of the board of the Estonian Business Angles Association since 2017
- Software Asset Management and Compliance Lead of Microsoft in Baltics 2015-2016
- Enterprise and Partner Group Lead of Microsoft in Baltics 2011-2015
- Graduated from Estonian Business School in 2002 with a degree in Business Administration and studied Information Technology at Tallinn University of Technology
- Number of shares of AS Ekspress Grupp: 18 462

Signe Kukin (appointed until 31.12.2024)



- Member of the Management Board since 01.08.2018, on 27 July 2021, the mandate as a Member of the Management Board was extended until 31.12.2024, Chief Financial Officer of the Group
- Chief Financial Officer of AS Merko Ehitus 2012 - 2017
- In various positions of United Utilities International Ltd in Estonia, Great Britain and the Arab United Emirates 2001-2011
- 1997-2001 Deloitte, auditor
- Graduated from Tallinn University of Technology 1999 (diploma studies)
- Association of Chartered Certified Accountants - ACCA, Fellow Member - FCCA 2004
- Number of shares of AS Ekspress Grupp: -

On 27 July 2021, the mandate of Signe Kukin as a Member of the Management Board was extended until 31.12.2024. At the same time, the mandate of Signe Kukin as a Member of the Supervisory Board of AS Ekspress Meedia - the 100% subsidiary of AS Ekspress Grupp - was also extended till 31.01.2026.

On 27 December 2021, the mandate of Mari-Liis Rüütsalu as a Member of the Management Board was extended until 31.12.2025.

SUPERVISORY AND MANAGEMENT BOARDS OF SUBSIDIARIES

The authorities and responsibility of the subsidiaries of AS Ekspress Grupp are laid down in their articles of association and intra-group rules. The changes to the articles of association are made in accordance with the requirements laid down in the Commercial Code. The supervisory boards are generally made up of the members of the management and supervisory boards of a company that is the majority shareholder of the subsidiary.

The meetings of the supervisory boards of the key subsidiaries normally take place once a quarter, in other cases based on the Group's needs, articles of association and legal acts. The members of the supervisory boards of subsidiaries do not normally receive separate remuneration.

The chairman or a member of the Management Board is appointed by the supervisory board of the subsidiary. Below are the supervisory boards and management boards of the most significant subsidiaries that are wholly-owned by AS Ekspress Grupp as at 31 December 2021:

COMPANY*	SUPERVISORY BOARD	MANAGEMENT BOARD
Ekspress Meedia AS (15 318 685)	Hans Luik (chairman), Mari-Liis Rüütsalu, Kaspar Hanni, Signe Kukin	Argo Virkebau (chairman) Urmo Soonvald, Tarvo Ulejev, Erle Laak-Sepp, Piret Põldoja
Delfi UAB (4 038 076)	Mari-Liis Rüütsalu (chairman), Kaspar Hanni, Signe Kukin	Vytautas Benokraitis
SIA Biļešu Paradīze** (682 549)	Mari-Liis Rüütsalu (chairman), Signe Kukin, Konstantins Kuzikovs	Jānis Kuzulis (chairman), Jānis Daube
Delfi A/S (Latvia) (3 987 817)	Mari-Liis Rüütsalu (chairman), Kaspar Hanni, Signe Kukin	Konstantins Kuzikovs (chairman), Ingus Bērziņš, Anatolijs Golubovs
Ekspress Finants OÜ (18 268 942)	-	Mari-Liis Rüütsalu (chairman), Kaspar Hanni, Signe Kukin

* The amount of equity of the key subsidiary that is held by the owners of the parent company as of 31 December 2021 is shown in parentheses.

** No supervisory board based on articles of association; SIA Delfi Ticket Services management board executes the role.

Changes in the management of the Group's subsidiaries

On 18 May 2021, the Supervisory Board of AS Ekspress Meedia decided to temporarily recall Karin Vene from the Management Board as of 15 August 2021. Karin Vene will be on a maternity leave. Piret Põldoja is elected as a member of the Management Board from the same date until 15 February 2023. Piret Põldoja will be responsible for the company's business development area. Starting from 15 August 2021, the Management Board of Ekspress Meedia will be as follows: Argo Virkebau (Chairman of the Board), Erle Laak-Sepp, Tarvo Ulejev, Urmo Soonvald and Piret Põldoja.

On 27 August 2021, AS Ekspress Grupp extended the mandate of Hans Luik and Mari-Liis Rüütsalu, members of the Supervisory Board of AS Ekspress Meedia - the 100% subsidiary of AS Ekspress Grupp - until 2 September 2026. The Supervisory Board of AS Ekspress Meedia will continue in the former four-member composition: Hans Luik (the Chairman), Mari-Liis Rüütsalu, Signe Kukin and Kaspar Hanni.

On 23 November 2021, the Supervisory Board of AS Ekspress Meedia decided to extend the mandate of Urmo Soonvald as a Member of the Management Board until 31 January 2025. The Management Board of AS Ekspress Meedia will continue with five members as before: Argo Virkebau (Chairman), Erle Laak-Sepp, Urmo Soonvald, Tarvo Ulejev and Piret Põldoja.

AUDIT COMMITTEE

The Audit Committee is an advisory body to the Supervisory Board in respect of accounting, auditing, risk management, internal control, supervision and budget preparation and in the area of legality of the activities of the Supervisory Board. Since 2017 Hans Luik is a member of the Audit Committee. Priit Rohumaa is a member of the Audit Committee since 19.06.2020. Members of the auditing committee are not separately remunerated.

REPORTING AND FINANCIAL AUDIT

Availability of adequate and timely information is the basis for obtaining quality management decisions. It is important to ensure that reporting is factual, but also forward-looking. This will enable to manage, to the best of one's knowledge, risks and, in competition with other market operators, turn them into opportunities. The company's reporting can be roughly divided into: a) financial reporting and b) management reporting.

Financial reporting consists of interim reports of consolidated economic indicators and annual reports of companies that belong to the AS Ekspress Grupp group, that are made public through the stock exchange system of NASDAQ Tallinn and that are available to all shareholders, potential investors and analysts covering the company.

On the other hand, management reporting is meant for the company's internal use. It is appropriate to separate reporting on various operating indicators that focuses on the performance of business segments and different group companies as well as return on equity. The refinement of reporting is a continuous process during which indicators affecting the achievement of agreed objectives are reviewed. Management reporting includes budgets and forecasts that AS Ekspress Grupp does not disclose.

Financial audits are conducted on the basis of International Standards on Auditing. An auditor is selected and approved by the General Meeting of Shareholders. Usually the auditor is selected for the period of three years after which new tender is organised. The basis for selection is the experience of the audit team, reputation of the audit company, its access to international network, the independence of the auditor and price for the services. For the period 2020-2023 the General Meeting of the Shareholders approved KPMG to be an auditor of the Group. Latvian operations are audited by the local audit firm and joint venture AS Express Post by Ernst & Young Baltic AS. The total fee to be paid for 2021 audits (including all joint ventures) is EUR 87 thousand (2020: EUR 74 thousand).

The Group considers it important to ensure independence of the financial auditor and to avoid of conflicts of interest. We find that the financial audit was conducted in 2021 in compliance with regulative acts, international standards and expectations. KPMG presented the results in two stages: a) as part of an interim audit and b) with regard to the final audit before the opinion is issued.

CONFLICT OF INTEREST AND TREATMENT OF INSIDE INFORMATION

Appropriate treatment of inside information is important to protect the shareholders' interests and ensure honest and fair trading of shares. Important information about AS Ekspress Grupp and its subsidiaries shall be available to all shareholders and potential new shareholders on a timely, consistent and equal basis. Due to their position, the persons connected with AS Ekspress Grupp and its subsidiaries have at certain times and cases inevitably more information about the Group than the investors and the general public. To prevent misuse of such information, we

have established internal rules for keeping and disclosure of inside information as well as for concluding transactions on the basis of inside information (hereinafter inside information rules). Inside information rules encompass the reporting system pursuant to which the employees who in performing their duties may be exposed to a conflict of interest, shall disclose their economic interests and confirm their independence through self-evaluation.

The members of the Management and Supervisory Boards of AS Ekspress Grupp representing the users (so-called insiders) of inside information have signed the respective confirmation letters and are aware of the inside information rules of AS Ekspress Grupp. Together with their closer relatives, they are included in the company's insider list. The insider list also includes the employees working in the finance area who come into contact with the Group's consolidated financial information and the members of the management and supervisory boards of key subsidiaries along with the employees responsible for preparation and presentation of accounting information.

As of 31.12.2021, the company's insider register had 48 persons with a permanent access (31.12.2020: 58 persons).

The Group keeps record of its insiders in accordance with the requirements laid down in the Securities Markets Act and the rules, regulations of NASDAQ Tallinn and commission Implementing Regulation (EU) 2016/347 of 10 March 2016 laying down implementing technical standards with regard to the precise format of insider lists and for updating insider lists in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council.

We are not aware of any incidences of misuse of inside information and conflict of interest during the 2021 financial year nor have there been any transactions concluded with related parties other than under market conditions.

Direct ownership interests of the members of the Supervisory and Management Boards of AS Ekspress Grupp in other companies:

NAME	RELATED COMPANY
Priit Rohumaa	OÜ Nutshell Invest, OÜ Nutshell Management, Nutshell Ventures OÜ, Osäühing Inversora, High Heat OÜ
Hans H. Luik	Alisel OÜ, Osäühing Minigert, HHL Rühm Osäühing, Osäühing Brevard, Iirik OÜ, Luigepoeg OÜ, Lind Rühm OÜ, Iefe Invest OÜ, Irist OÜ, Fidens Invest OÜ, OÜ Vilipäev, Siireviire OÜ, Sisne Invest OÜ, Sisne Invest Latvia OÜ, Prestante OÜ, Lind Living OÜ, Haep OÜ, OÜ Objekt Üks, Südi OÜ
Indrek Kasela	osäühing Jõgisoo Piim, JUTA KASELA HAMBARAVI OSAÜHING, Osäühing Manipenny, Lindermann, Birnbaum ja Kasela OÜ, OÜ Must Käsi 2, LA24 Holding OÜ, Noble Cafe 2 OÜ, KellyBar OÜ, Bergman 100x100 Osäühing, Saue 3K Capital OÜ, OÜ Ühinenud Inglise, UA Management Assets OÜ, Noblessneri Izakaya OÜ, Fine, Wood and Company OÜ, Kino Sõpruskond OÜ, Laevaselts Runbjarn OÜ
Aleksandras Česnavičius	-
Mari-Liis Rüütsalu	EREMEL OÜ, TÜ Norg
Kaspar Hanni	ITS Capital OÜ, Ballpark Ventures OÜ
Signe Kukin	OÜ Augitis

The members of the Supervisory and Management Boards do not have any ownership interests in companies operating in the key field of activity of AS Ekspress Grupp.

An overview of the transactions with related parties made in the financial year 2021 is disclosed in Note 31 to the financial statements.

OTHER INFORMATION

Pursuant to Chapter 19 of the Securities Market Act, in case of a takeover of the Group, the current co-owner of AS Express Post, i.e. AS Postimees Grupp, has the right to acquire the joint venture's 50% ownership interest at fair value from Ekspress Grupp. Ekspress Grupp has the same right in case of a change in the shareholding of AS Postimees Grupp according to the existing agreement between current shareholders. Additional information about AS Express Post is disclosed in Note 32 to the consolidated financial statements.

STATEMENT OF CONFORMITY TO THE RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE

The Corporate Governance Code (CGC) is a set of guidelines which is primarily intended to be followed by the companies listed on the stock exchange. Compliance with the provisions of CGC is not mandatory, the company has the obligation to disclose and substantiate as to whether and to which extent CGC is not complied with. Listed companies are subject to the requirement “fulfil or explain”.

In its business activities, AS Ekspress Grupp proceeds from laws and legal provisions and, as a listed company, from the requirements of the Nasdaq Tallinn Stock Exchange and it takes into account the guidelines of the Corporate Governance Code in its activities to a great extent. For practical considerations, some of the recommendations are partially followed.

Clause 2.2.7 of CGC

Basic wages, performance pay, severance packages, other payable benefits and bonus schemes of a member of the Management Board as well as their essential features (incl. features based on comparison, motivational incentives and risk incentives) shall be published in a clear and unambiguous form on the website of the Issuer and in the Corporate Governance Code Report. Information published shall be deemed clear and unambiguous if it directly expresses the amount of an expense to the Issuer or the amount of a foreseeable expense as of the day of disclosure.

The Group discloses the basic salary, performance pay, termination and other benefits and bonus schemes as well as their essential features of the members of the Management Board in the remuneration report.

The remuneration of the members of all management boards of the consolidation group (incl. key management of subsidiaries) consist of a monthly salary and annual bonus. In some cases a company car is also provided. The annual bonus depends on specific targets met and those targets vary each year depending on strategic aims of the company for the following year. Annual bonuses can make up to 50% of the annual salary of the member of the key management.

In June 2017, the general meeting of shareholders approved a share option plan for the key employees. Under the plan, almost 1 300 000 share options were granted, each giving right to obtain one Company share free of charge. The option plan was effective from November 2017 to March 2021.

In September 2020, the General Meeting of Shareholders approved a new share option plan for the management of AS Ekspress Grupp and its group companies for the period 2021-2023. As of 31.12.2021 total amount of share options granted was 1 064 thousand, each giving a right to acquire one share at the nominal price of the shares at the time of the issuing the options. The exercise of the options and issue of the shares shall be performed by means of an increase of the share capital of AS Eksprees Grupp and issue of new shares.

Upon expiry and termination of the contract, the members of all management boards of the consolidation group (incl. key management of subsidiaries) are paid compensation in accordance with the conditions prescribed in the contract of services agreed with the member. Termination benefits are payable to the members of the management boards of the consolidation group companies usually in case termination is initiated by the company. If a member is recalled without a reasonable excuse, it shall be announced up to three months in advance depending on period of service and termination benefits shall be paid in the amount of up to eight months' salary. Termination benefits are usually not paid if a member of the management board leaves at his or her own initiative, or a member of the management board is recalled with a reasonable cause.

The total amount of the remuneration and termination benefits paid to the members of the Management Board and share option plan is provided In Notes 28 and 31. No other benefits have been granted to the members of Management Board.

Clause 2.3.2 of CGC

The Supervisory Board shall approve the transactions which are significant to the Issuer and concluded between the Issuer and a member of its Management Board or another person connected or close to them and shall determine the terms of such transactions. Transactions approved by the Supervisory Board between the Issuer and a member of the Management Board, a person close to them or a person connected to them shall be published in the Corporate Governance Code Report.

In 2021, no significant transactions were concluded between the Group and the members of the Management Board.

Clause 3.2.5 of CGC

The amount of remuneration of a member of the Supervisory Board determined at a General Meeting and the terms of payment shall be published in the Corporate Governance Code Report, indicating separately basic and additional remuneration (incl. termination and other payable benefits).

In 2021, the remuneration in total of EUR 12 thousand was paid to the Supervisory Board members of the Issuer and the members of the Supervisory Boards of the Group's subsidiaries, joint ventures and associates. No other benefits have been granted to the members of Supervisory Board.

Policy on diversity

AS Ekspress Grupp believes that diversity enriches the business. AS Ekspress Grupp shall offer equal opportunities and equal rights to all, irrespective of gender, national or ethnic origin, age, sexual orientation, gender identity or expression or religious conviction. General principles of diversity also apply to electing members of management bodies.

As a result of the Groups's Management and Supervisory Board member selection, the membership of the Supervisory and Management Board shall be sufficiently diversified for the management of the Group, enabling more extensive integration of different experience and knowledge into the work of the management bodies. When establishing the Group's Management and Supervisory Board, AS Ekspress Grupp shall ensure in addition to knowledge and experience diversity based on the age, gender, geographical origin, education and work experience.

The dates of disclosure of interim financial statements for 2022 are as follows:

DATE	EVENT
12 th January 2022	Results for digital subscriptions for the 4 th quarter of 2021
22 nd February 2022	2021 12 months and 4 th quarter unaudited interim report
1 st April 2022	Audited Annual Report 2021
12 th April 2022	Results for digital subscriptions for the 1 st quarter of 2022
29 th April 2022	2022 3 months and 1 st quarter unaudited interim report
12 th July 2022	Results for digital subscriptions for the 2 nd quarter of 2022
29 th July 2022	2022 6 months and 2 nd quarter unaudited interim report
12 th October 2022	Results for digital subscriptions for the 3 rd quarter of 2022
31 st October 2022	2022 9 months and 3 rd quarter unaudited interim report

REMUNERATION REPORT

The remuneration policy will be presented to the shareholders at the annual general meeting to be held in Q2 2022 (specific date and time to be clarified). The remuneration policy will describe the main principles of Ekspress Grupp's remuneration of the supervisory board, committees and the management board, as well as the decision-making process complied with when approving, assessing, and implementing the remuneration policy. The remuneration policy is intended to remain in place for four years. The Remuneration Policy will comply with the recommendations of the Estonian Securities Market Act (§ 135³), Corporate Governance Recommendations (clause 2.2.7) and the Shareholders' Rights Directive (EU 2017/828; Art 9b) legislation. The policy will be guiding and steering document for approving future remuneration agreements.

Financial key metrics (continuing + discontinued operations)

(EUR thousand)	2021	2020	change	2019	2018	2017
Sales revenue	65 083	63 243	3%	67 456	60 489	54 070
EBITDA	9 444	7 004	35%	6 772	4 263	6 261
Number of digital subscriptions	134 947	83 185	62%	50 049	29 431	21 545
Total group salary cost (gross)	24 985	23 199	8%	22 834	19 462	17 878
Average monthly salary (gross) per employee	2.24	2.00	12%	1.93	1.77	1.67
Average number of employees	837	876	-5%	896	839	820
Remuneration (gross) of Ekspress Grupp management board:						
Mari-Liis Rüütsalu - chairman of the board since 01.01.2017	225	205	10%	144	144	120
Signe Kukin - chief financial officer since 01.08.2018	163	138	19%	98	41	-
Kaspar Hanni - development director since 18.12.2017	131	91	43%	72	72	3

Financial key metrics (continuing operations)

(EUR thousand)	2021	2020	change
Sales revenue	53 516	44 514	20%
EBITDA	8 240	5 924	39%
Number of digital subscriptions	134 947	83 185	62%
Total group salary cost (gross)	22 410	19 169	17%
Average monthly salary (gross) per employee	2.33	2.13	10%
Average number of employees	719	674	7%
Remuneration (gross) of Ekspress Grupp management board:			
Mari-Liis Rüütsalu - chairman of the board since 01.01.2017	225	205	10%
Signe Kukin - chief financial officer since 01.08.2018	163	138	19%
Kaspar Hanni - development director since 18.12.2017	131	91	43%

Overview of remuneration at Ekspress Grupp

In accordance with our strategy, we build sustainable growth by being part of the opportunities presented by the digital transformation. The objective is to increase shareholder value through revenue growth and improved

profitability. Ekspress Grupp is developing and expanding its current business operations and seeking growth opportunities in new digital businesses. The group's remuneration is aimed at promoting the long-term financial success, competitiveness, and the development of shareholder value.

The group aims to have reasonable, well balanced, and competitive remuneration packages that attract and retain talented employees that are crucial to our business.

Ekspress Grupp remuneration

Shareholder value creation through revenue growth and improved profitability

Motivates our people and supports to retain and recruit the top talent

Promotes the strategy execution and management by key results

Is responsibly managed, flexible and in line with our long-term financial goals

The remuneration of employees across the company is reviewed regularly to secure its competitiveness in the context of market and to attract and retain talent.

Supervisory board and committee's remuneration

Decision-making

The remuneration of supervisory board members is approved by shareholders at the General Meeting. No fees or additional remuneration is paid for work carried out in different committees.

The supervisory board members are not in an employment relationship with the company.

2021 remuneration

Based on the decision of the annual general meeting of shareholders held on 17 June 2020, Priit Rohumaa (Chairman of supervisory board) is entitled to a monthly remuneration of EUR 1 000 (annual remuneration of EUR 12 000). The other members of the Supervisory Board do not receive any remuneration. No other fees are paid for the participation in the work of Audit Committee.

Management board remuneration

Decision-making

The supervisory board is responsible for preparing the remuneration policy for the management board. The supervisory board is responsible for identifying and proposing revisions to the remuneration policy to ensure the policy is fit for purpose. The supervisory board decides on the remuneration and other terms of the service contract of the management board.

The remuneration policy will be submitted for adoption to the AGM at least every four years, as well as in case of material amendments to the policy. To avoid any conflict of interest, remuneration is managed through well-defined processes ensuring no individual is involved in the decision-making process related to their own remuneration.

Remuneration elements

Management board remuneration is comprised of the following elements: a fixed salary, a short-term incentive paid annually in cash, a long-term incentive in the form of shares and other benefits.

Remuneration elements

Fixed salary: shall be reasonable, balanced, competitive and represent a significant component of compensation

Short-term incentive: cash incentive for the achievement of specific annual goals that are aligned to the strategy

Long-term incentive: aligns the interest of board members with those of shareholders by granting share options

Other: benefits in kind in line with common market practice, such as mobile, laptop, company car or allowance etc.

Management Board contracts are typically with the duration of 3-5 years. The maximum severance pay is capped at 6-9 months fixed salary. The non-compete clause and provisions governing reduction in the severance pay normally apply during the severance pay period.

Short-term incentive payments up to 6 months fixed salary to which may be added project based one-off incentive payments approved by the supervisory board. Performance measures and targets for short-term incentives are set by the supervisory board on an annual basis. Pay-outs only take place after verification by the external auditor of the financial statements of the company. Remuneration for 2021 include recognised but not yet paid fees in the amount of EUR 178 thousand.

Long-term incentives are based on option programmes by granting the shares to the management board members. Shares vest at the end of each year but can be exercised only after 3 years from granting.

2021 remuneration

The remuneration of Ekspress Grupp management board during 2021 (in thousand euros):

Name	Position	Fixed salary (FS)	Short-term incentive (SHI)	Portion of FS / SHI	Total remuneration
Mari-Liis Rүүtsalu	CEO	144	81	64/36	225
Signe Kukin	CFO	105	59	64/36	163
Kaspar Hanni	CDO	92	38	71/29	131
Total		341	178	66/34	519

No remuneration paid to the management board members from other group companies. Short-term incentive paid for 2021 included targets that were set by the supervisory board at the beginning of 2021. Payments will be made in 2022. The key components related to targeted EBITDA, net profit, share of digital revenues and strategic activities related to existing businesses and potential new acquisitions.

The development in number of shares not-vested in share-based payment programmes for the group management board in 2021 is as follows:

Name	Shares not-vested 31 December 2020	New shares granted 2021	Shares vested 2021	Shares not-vested 31 December 2021
Mari-Liis Rүүtsalu	0	80 000	-26 667	53 333
Signe Kukin	0	54 667	-18 222	36 445
Kaspar Hanni	0	40 000	-13 333	26 667
Total	0	174 667	-58 222	116 445

Name	Vested shares 31 December 2020	Shares awarded / exercised 2021	Shares vested 2021	Vested shares 31 December 2021
Mari-Liis Rүүtsalu	36 924	-36 924	26 667	26 667
Signe Kukin	38 140	0	18 222	56 362
Kaspar Hanni	18 462	-18 462	13 333	13 333
Total	93 526	-55 386	58 222	96 362

The supervisory board believes that share-based remuneration promotes value creation in the group and that the impact these agreements have on the company and shareholders is positive.

In June 2017, the General Meeting of Shareholders approved the share option plan for the Group's key personnel. The eligible person of this share option plan has the right to exercise the issued option after three year period following the issue of the option. The shares granted to key employees on the basis of the share option program were free of charge. The options issued to Signe Kukin will be exercisable in 2022.

In September 2020, the General Meeting of Shareholders approved a new share option plan for the management of AS Ekspress Grupp for the period 2021-2023. Each share option gives a right to acquire one share at the nominal price of the shares at the time of the issuing the options. The options issued to Mari-Liis Rüütsalu, Signe Kukin and Kaspar Hanni will be exercisable in 2024.

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Consolidated balance sheet

(EUR thousand)	31.12.2021	31.12.2020	Notes
ASSETS			
Current assets			
Cash and cash equivalents	10 962	6 269	5
Trade and other receivables	9 323	9 450	6
Corporate income tax prepayment	2	7	
Inventories	266	2 756	10
Total current assets	20 553	18 482	
Non-current assets			
Other receivables and investments	1 671	982	12
Deferred tax asset	42	30	
Investments in joint ventures	1 011	1 661	13
Investments in associates	2 210	2 253	14
Property, plant and equipment	7 964	14 134	15
Intangible assets	60 807	56 635	16
Total non-current assets	73 705	75 695	
TOTAL ASSETS	94 258	94 177	
LIABILITIES			
Current liabilities			
Borrowings	3 201	3 613	18
Trade and other payables	17 664	15 251	17
Corporate income tax payable	82	81	
Total current liabilities	20 947	18 945	
Non-current liabilities			
Long-term borrowings	19 018	18 589	18
Other long-term liabilities	601	2 024	
Total non-current liabilities	19 619	20 613	
TOTAL LIABILITIES	40 566	39 558	
EQUITY			
Minority interest	140	126	
Capital and reserves attributable to equity holders of parent company:			
Share capital	18 478	18 478	29
Share premium	14 277	14 277	
Treasury shares	(384)	(209)	
Reserves	1 920	1 758	29
Retained earnings	19 261	20 189	
Total capital and reserves attributable to equity holders of parent company	53 552	54 493	
TOTAL EQUITY	53 692	54 619	
TOTAL LIABILITIES AND EQUITY	94 258	94 177	

The Notes presented on pages 90 to 141 form an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

(EUR thousand)	2021	2020*	Notes
Continuing operations			
Sales revenue	53 516	44 514	22
Cost of sales	(39 674)	(34 013)	23
Gross profit	13 842	10 501	
Other income	929	1 691	27
Marketing expenses	(2 359)	(1 905)	24
Administrative expenses	(7 435)	(6 930)	25
Other expenses	(113)	(286)	
Operating profit	4 864	3 071	
Interest income	35	28	
Interest expenses	(709)	(860)	
Other finance income/ (costs)	339	634	
Net finance cost	(335)	(198)	
Profit (loss) on shares of joint ventures	(281)	102	13
Profit (loss) on shares of associates	161	(129)	14
Profit before income tax	4 409	2 846	
Income tax expense	(276)	(280)	8
Net profit /(loss) from continuing operations	4 133	2 566	
Net profit /(loss) from discontinued operation	(1 876)	(30)	21
Net profit /(loss) for the reporting period	2 257	2 536	
Net profit /(loss) for the reporting period attributable to			
Equity holders of the parent company	2 243	2 510	
Minority interest	14	26	
Total comprehensive income /(loss)	2 257	2 536	
Comprehensive income for the reporting period attributable to			
Equity holders of the parent company	2 243	2 510	
Minority interest	14	26	
Earnings per share (euro) - continuing operations			
Basic earnings per share	0.14	0.09	29
Diluted earnings per share	0.13	0.08	29
Earnings per share (euro)			
Basic earnings per share	0.07	0.08	29
Diluted earnings per share	0.07	0.08	29

*2020 figures adjusted and show only the results of operations from continuing operations consolidated on a line-by-line basis (see Note 21).

The Notes presented on pages 90 to 141 form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

(EUR thousand)	Attributable to equity holders of parent company						Minority interest	Total equity
	Share capital	Share premium	Treasury shares	Reserves	Retained earnings	Total		
Balance on 31.12.2019	17 878	14 277	(22)	1 688	17 701	51 522	100	51 622
Increase of statutory reserve capital	0	0	0	70	(70)	0	0	0
Share capital issued	600	0	0	0	0	600	0	600
Purchase of treasury shares	0	0	(600)	0	0	(600)	0	(600)
Share option exercised	0	0	413	0	39	452	0	452
<i>Total transactions with owners</i>	<i>600</i>	<i>0</i>	<i>(187)</i>	<i>70</i>	<i>(31)</i>	<i>452</i>	<i>0</i>	<i>452</i>
Other changes	0	0	0	0	9	9	0	9
Net profit /(loss) for the reporting period	0	0	0	0	2 510	2 510	26	2 536
<i>Total comprehensive income / (loss) for the reporting period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2 510</i>	<i>2 510</i>	<i>26</i>	<i>2 536</i>
Balance on 31.12.2020	18 478	14 277	(209)	1 758	20 189	54 493	126	54 619
Increase of statutory reserve capital	0	0	0	126	(126)	0	0	0
Purchase of treasury shares	0	0	(446)	0	0	(446)	0	(446)
Share options	0	0	271	36	(17)	290	0	290
Dividends paid	0	0	0	0	(3 028)	(3 028)	0	(3 028)
<i>Total transactions with owners</i>	<i>0</i>	<i>0</i>	<i>(175)</i>	<i>162</i>	<i>(3 171)</i>	<i>(3 184)</i>	<i>0</i>	<i>(3 184)</i>
Net profit /(loss) for the reporting period	0	0	0	0	2 243	2 243	14	2 257
<i>Total comprehensive income / (loss) for the reporting period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2 243</i>	<i>2 243</i>	<i>14</i>	<i>2 257</i>
Balance on 31.12.2021	18 478	14 277	(384)	1 920	19 261	53 552	140	53 692

Additional information about changes in equity is disclosed in Note 29.

The Notes presented on pages 90 to 141 form an integral part of the consolidated financial statements.

Consolidated cash flow statement

(EUR thousand)	2021	2020	Notes
Cash flows from operating activities			
Operating profit for the reporting year	3 060	3 078	20
<u>Adjustments for:</u>			
Depreciation and amortisation	4 162	3 968	15,16
(Gain)/loss on sale, write-down and impairment of property, plant and equipment	(10)	986	
Change in value of share option	36	0	28
Loss on sale of discontinued operation	2 077	0	21
Cash flows from operating activities:			
Trade and other receivables	(1 599)	3 274	
Inventories	(33)	375	
Trade and other payables	1 464	(1 201)	
Cash generated from operations	9 157	10 480	
Income tax paid	(281)	(263)	
Interest paid	(803)	(903)	
Net cash generated from operating activities	8 073	9 314	
Cash flows from investing activities			
Acquisition of subsidiaries (less cash acquired)	(2 968)	(341)	
Acquisition of associates (less cash acquired)	0	(1)	
Receipts of other investments	51	16	
Cash paid-in/ received from equity-accounted investees	(357)	(83)	
Disposal of discontinued operation, net of cash disposed of	6 326	0	21
Interest received	3	2	
Purchase of property, plant and equipment and intangible assets	(2 786)	(2 561)	
Proceeds from sale of property, plant and equipment and intangible assets	3	308	
Loans granted	(212)	(331)	
Loan repayments received	156	0	
Dividends received	828	150	
Net cash used in investing activities	1 044	(2 841)	
Cash flows from financing activities			
Dividends paid	(3 028)	0	
Payment of lease liabilities	(1 814)	(949)	19
Change in overdraft	0	(1 018)	18
Loans received	2 649	0	
Repayments of bank loans	(1 785)	(1 884)	18
Proceeds from share issuance	0	600	29
Purchases of treasury shares	(446)	(600)	29
Net cash used in financing activities	(4 424)	(3 851)	
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	4 693	2 622	
Cash and cash equivalents at the beginning of the year	6 269	3 647	5
Cash and cash equivalents at the end of the year	10 962	6 269	5

The Notes presented on pages 90 to 141 form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. General information

The main fields of activity of AS Ekspress Grupp and its subsidiaries consist of media operations including online, newspaper, magazine and book publishing, home delivery and other media related activities. AS Ekspress Grupp (registration number 10004677, address: Parada 6, 10151 Tallinn) is a holding company registered and operating in the Republic of Estonia. Pursuant to the Commercial Code of the Republic of Estonia, the annual report, including the consolidated financial statements prepared by the Management Board and approved by the Supervisory Board, shall be approved by the General Meeting of Shareholders. The shareholders may decide not to approve the annual report prepared and submitted by the management board and may demand the preparation of a new annual report. This annual report was approved by the Management Board on 25 March 2022.

The consolidated financial statements of AS Ekspress Grupp (hereinafter the Group) reflect the results of the following group companies.

Company name	Status	Ownership interest 31.12.2021	Ownership interest 31.12.2020	Main field of activity	Domicile
Operating segment: corporate functions					
Ekspress Grupp AS	Parent company			Holding company and support services	Estonia
Ekspress Finants OÜ	Subsidiary	100%	100%	Financing and book-keeping services	Estonia
Operating segment: media (online and print media)					
Ekspress Meedia AS	Subsidiary	100%	100%	Online media, publishing of daily and weekly newspapers	Estonia
Delfi A/S	Subsidiary	100%	100%	Online media	Latvia
D Screens SIA	Subsidiary	100%	100%	Sale of outdoor advertising	Latvia
Delfi Ticket Service SIA	Subsidiary	100%	100%	Holding company	Latvia
Biļešu Paradīze SIA	Subsidiary	100%	100%	Operation of the electronic ticket platform and box offices	Latvia
Altero SIA	Associate	25.48%	25.48%	Financial comparison and brokerage platform	Latvia
Delfi UAB	Subsidiary	100%	100%	Online media	Lithuania
Sport Media UAB	Subsidiary	51%	51%	Currently dormant	Lithuania
Hea Lugu OÜ	Subsidiary	83%	83%	Book publishing	Estonia
Eesti Audioraamatute Keskus OÜ	Associate	33.33%	33.33%	Production and sale of audio books	Estonia
Digital Matter UAB	Subsidiary	100%	100%	Online advertising solutions and network (Adnet media UAB renamed to Digital Matter UAB)	Lithuania
Digital Matter SIA	Subsidiary	100%	100%	Online advertising solutions and network (Adnet media SIA renamed to Digital Matter SIA)	Latvia
Videotinklas UAB	Subsidiary	100%	100%	Production studio for content creation	Lithuania
Geenius Meedia OÜ	Subsidiary	100%	-	Online media and publishing magazines (acquired in December 2021)	Estonia
Linna Ekraanid OÜ	Subsidiary	100%	100%	Sale of digital outdoor advertising	Estonia
Babahh Media OÜ	Subsidiary	100%	49%	Sale of video production, media and infrastructure solutions (100% ownership since July 2021)	Estonia
Õhtuleht Kirjastus AS	Joint venture	50%	50%	Newspaper and magazine publishing	Estonia
Express Post AS	Joint venture	50%	50%	Home delivery of periodicals	Estonia
Kinnisvarakeskkond OÜ	Associate	49%	49%	Development of a real estate portal	Estonia
Operating segment: printing services (discontinued operation)					
Printall AS	Subsidiary	-	100%	Printing services (disposed in September 2021)	Estonia

Note 2. Accounting policies adopted in the preparation of the financial statements

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been consistently applied to all periods presented in the financial statements, unless otherwise stated.

Basis of accounting

The consolidated financial statements of AS Ekspress Grupp have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Commission. These financial statements have been prepared in accordance with these standards (IFRS) and IFRIC interpretations which have been issued and are effective, or have been issued and adopted early as of the time of preparing these statements.

The financial statements have been prepared under the historical cost convention, unless it is otherwise stated in the accounting policies below.

The preparation of the financial statements in conformity with IFRS requires management to make accounting estimates and exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or the areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

These consolidated financial statements are presented in euro, which is The Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Comparability

The financial statements have been prepared in accordance with the consistency and comparability principles, the nature of the changes in methods and their impact is explained in the respective notes.

Change in presentation of primary financial statements

In the 2021 financial statements, printing services segment is classified as discontinued operations and the income and expenses of this segment is reported in a separate line "Gain/-loss from discontinued operations" in the comprehensive income statement. The comparative figures for 2020 have also been restated in the income statement. No restatements have been made to the consolidated balance sheet and cash flows in accordance with the requirements of IFRS. The assets of the printing services segment continue to be consolidated line-by-line in the balance sheet as of 31 December 2020, because the sale of Printall AS classified as held for sale as of 31 December 2020. The net result of the transaction on the consolidated financial statements is disclosed in Note 21.

Changes in accounting policies

Amendments to IFRS 16 Covid-19 - Related Rent Concessions - effective for annual periods beginning on or after 1 January 2021; to be applied retrospectively. Early application is permitted.

The amendments provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2021;

- and there is no substantive change to other terms and conditions of the lease.

If a lessee chooses to apply the practical expedient to a lease, it would apply the practical expedient consistently to all lease contracts with similar characteristics and in similar circumstances. The amendment is to be applied retrospectively in accordance with IAS 8, but lessees are not required to restate prior period figures or to provide the disclosure under paragraph 28(f) of IAS 8.

The adoption of the amendment did not have a material impact on the consolidated financial statements of the Group.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform (IBOR) (Phase two) - effective for annual periods beginning on or after 1 January 2021.

The amendments address issues that might affect financial reporting as a result of the interest rate benchmark reform, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and
- hedge accounting.

Change in basis for determining cash flows

The amendments will require an group to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

Hedge accounting

The amendments provide exceptions to the hedge accounting requirements in the following areas.

- Allow amendment of the designation of a hedging relationship to reflect changes that are required by the reform. This amendment will not result in a discontinuation of the hedge or designation of a new hedging relationship.
- When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
- When a group of items is designated as a hedged item and an item in the group is amended to reflect the changes that are required by the reform, the hedged items are allocated to sub-groups based on the benchmark rates being hedged.
- If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it can designate the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.

The adoption of the amendments did not have a material impact on the consolidated financial statements of the Group.

Standards, interpretations and amendments to published standards that are not yet effective

The following new standards, interpretations and amendments are not yet effective for the annual reporting period ended 31 December 2021 and have not been applied in preparing these consolidated financial statements. The group plans to adopt these pronouncements when they become effective.

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) - effective for annual periods beginning on or after 1 April 2021; to be applied retrospectively. Early application is permitted.

In May 2020, COVID-19-Related Rent Concessions (the 2020 amendments) were issued, which amended IFRS 16 *Leases*. The 2020 amendments introduced an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. Under that practical expedient, a lessee is not required

to assess whether eligible rent concessions are lease modifications, instead accounting for them in accordance with other applicable guidance.

The practical expedient introduced in the 2020 amendments only applies to rent concessions for which any reduction in lease payments affects solely payments originally due on or before 30 June 2021. The 2021 amendments provide a one-year extension to the practical expedient for COVID-19 related rent concessions under IFRS 16 - i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

The group does not expect the amendments to have a material impact on its consolidated financial statements when initially applied.

Amendments to IAS 1 Presentation of Financial Statements - effective for annual periods beginning on or after 1 January 2023; to be applied retrospectively. Early application is permitted. These amendments are not yet endorsed by the EU.

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

The group does not expect the amendments to have a material impact on its consolidated financial statements when initially applied.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - effective for annual periods beginning on or after 1 January 2023. Early application is permitted. These amendments are not yet endorsed by the EU.

The amendments to IAS 1 aim to help entities provide accounting policy disclosures that are more useful by:

- Requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.

The amendments are consistent with the refined definition of material:

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

The group does not expect the amendments to have a material impact on its consolidated financial statements when initially applied.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - effective for annual periods beginning on or after 1 January 2023; to be applied prospectively. Early application is permitted. These amendments are not yet endorsed by the EU.

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The amendments are not expected to have a material impact on the group as these amendments provide guidance in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

Amendments to IAS 12 Income Taxes - effective for annual periods beginning on or after 1 January 2023. Early application is permitted. These amendments are not yet endorsed by the EU.

The amendments clarify the accounting for deferred tax on transactions that involve recognising both an asset and a liability with a single tax treatment related to both. The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The group does not expect the amendments to have a material impact on its consolidated financial statements when initially applied.

Amendments to IFRS 3 Business Combinations - effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

The amendments to IFRS 3 update a reference in IFRS 3 to the 2018 Conceptual Framework for Financial Reporting instead of the 1989 Framework. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The group does not expect the amendments to have a material impact on its consolidated financial statements when initially applied.

Amendments to IAS 16 Property, Plant and Equipment - effective for annual periods beginning on or after 1 January 2022; to be applied retrospectively. Early application is permitted.

The amendments to IAS 16 require that the proceeds from selling 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 must be recognised, together with the cost of those items, in profit or loss and that the entity must measure the cost of those items applying the measurement requirements of IAS 2.

The amendments must be applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented (if necessary).

The group does not expect the amendments to have a material impact on its consolidated financial statements when initially applied.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - effective for annual periods beginning on or after 1 January 2022; to be applied retrospectively. Early application is permitted.

In determining costs of fulfilling a contract, the amendments require an entity to include all costs that relate directly to a contract. The amendments clarify that the cost of fulfilling a contract comprises both: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

An entity must 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 will not restate comparative information. Instead, the entity will 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 group does not expect the amendments to have a material impact on its consolidated financial statements when initially applied, because in determining costs of fulfilling a contract the group takes into account both incremental costs and other costs that relate directly to fulfilling contracts.

Annual improvements to IFRS standards 2018-2020 - Effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Improvements to IFRS (2018-2020) include two amendments to the standards:

- the amendments to IFRS 9 *Financial instruments* clarify that, when assessing whether an exchange of debt instruments between an existing borrower and lender is on terms that are substantially different, the fees to include together with the discounted present value of the cash flows under the new terms include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- the amendments IFRS 16 *Leases* remove illustrative example 13 accompanying IFRS 16, which in practice creates confusion in accounting for leasehold improvements for both lessee and lessor. The purpose of the amendment is to remove the illustrative example that creates confusion.

The group does not expect the amendments to have a material impact on its consolidated financial statements when initially applied.

Other Changes

Other new standards, amendments to standards and interpretations that are not yet effective are not expected to have a significant impact on the group's financial statements.

Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the Parent Company has control. Control is assumed if the Parent Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed before.

When the Parent Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent Company considers all relevant facts and circumstances in assessing whether or not the Parent Company's voting rights in an investee are sufficient to give it power, including: the size of the parent company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the Parent Company, other vote holders or other parties; rights arising from other contractual agreements; and any additional facts and circumstances that indicate that the Parent Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

When the Parent Company acquired or transferred control over the company during the period, the respective subsidiary is subject to consolidation from the date at which control is transferred to the Parent Company until the date that control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Acquisition of subsidiaries is accounted for under the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the fair value of acquired net assets. If cost is lower than the fair value of acquired net assets, the difference is immediately taken to profit or loss as a bargain purchase gain.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Business combinations involving entities under common control are accounted for under the adjusted purchase method. For such business combinations, the combination might not occur under market conditions, as a result of

which the application of the regular purchase method may distort the substance of the occurred transaction. The acquisition price in the transaction involving entities under common control may not reflect the actual value of the acquired entity. As a result, neither goodwill nor negative goodwill has their usual meaning. According to adjusted purchase method the assets, liabilities and contingent liabilities of the acquiree shall not be revalued to their fair values in the purchase price allocation, but they shall be recognised at their carrying amounts on the acquirer's balance sheet and the difference between the cost of acquisition and the carrying amount of the acquired net assets shall not be recognised as positive nor negative goodwill but it shall be recognised as a decrease or increase of the equity of the acquirer.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in the consolidated financial statements. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint ventures and associates

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Associates are all entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20-50%.

Investments in joint ventures and associates are initially recognised at cost and thereafter, using the equity method of accounting. The Group's investment in joint ventures and associates includes goodwill identified on acquisition.

The Group's share of its joint ventures' and associates' post-acquisition profits or losses is recognised in the statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture or an associate equals or exceeds its interest in the associate, including any other unsecured receivables from the associate, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in the joint ventures and associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures and associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The purchase method of accounting is used to account for the acquisition of joint ventures and associates similarly to the acquisition of subsidiaries by the Group.

Parent Company's separate financial statements - primary statements presented as an additional disclosure to these consolidated financial statements

Pursuant to the Accounting Act of the Republic of Estonia, information of the unconsolidated financial statements (primary statements) of the consolidating entity (Parent Company) shall be disclosed in the Notes to the consolidated financial statements. In preparing the primary financial statements of the Parent Company, the same accounting policies have been used as also in preparing the consolidated financial statements.

The parent company is using equity method of accounting less any impairment identified for its subsidiaries, joint ventures and associates.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank accounts and short-term deposits with original term of up to three months. Bank overdraft is included within borrowings in current liabilities in the balance sheet.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each group company are measured in their functional currency, which is the currency of the primary economic environment in which the company operates. The consolidated financial statements are presented in euros.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions of the central banks of the countries where the respective group companies are located or the European Central Bank in case of euro. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Group companies

The Group has companies in Estonia, Latvia and Lithuania which all have euro as their functional and presentation currency.

Inventories

In the balance sheet, inventories are stated at the lower of cost and net realisable value. Cost is determined using FIFO method for inventories used in periodicals and book sales segments and the weighted average cost method for production inventories used in the printing services segment (discontinued operation). The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price of products in the ordinary course of business, less applicable variable selling expenses to finish the product and complete the sale.

Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group classifies cash and cash equivalents, trade and other receivables and loans granted as financial assets measured at amortised cost.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group does not have any financial assets at fair value through other comprehensive income.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Contingent consideration assumed in a business combination is classified as at FVTPL. Discounted cash flows are used in measuring fair value. The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate. The estimated fair value would increase (decrease) if the expected cash flows were higher (lower) or the risk-adjusted discount rate were lower (higher).

A financial liability is classified as current when it is due to be settled within twelve months after the reporting date or when the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Loan liabilities that are to be settled within twelve months after the reporting date but an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorised for issue are classified as current liabilities.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of

the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- other receivables, loans granted and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables without a significant financing component are always measured at an amount equal to lifetime ECLs. The expected credit losses of those financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract, such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 60 days past due unless the Group has a reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Property, plant and equipment

Assets with an expected useful life of more than one year are capitalised as property, plant and equipment, if it is probable that future economic benefits associated with the asset will flow to the entity.

Property, plant and equipment are stated at historical cost less any depreciation. Cost includes the purchase price, non-refundable taxes and other expenditure that are directly or indirectly attributable to the acquisition of non-current items. The cost of items of property, plant and equipment also includes estimates of the costs of dismantling and removing the item and restoring the site on which it is located, for which an obligation arises for the entity either when the item is acquired or as a consequence of having used the item. The cost of self-constructed assets includes the cost of materials and direct labour.

If an item of property, plant and equipment consists of components with significantly different useful lives, these components are initially recognised as separate items of property, plant and equipment and separate depreciation rates are set for them depending on their useful lives. Items of property, plant and equipment with similar useful lives are accounted for as groups.

If the recoverable amount of an asset is lower than its carrying amount, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and its value in use. The estimated future discounted cash flows are used as the basis for determining value in use (see also the accounting policy "Impairment of assets"). Impairment losses of non-current assets are expressed as an increase in accumulated depreciation and are recognised as an expense in the profit or loss statement. A recovery in value in use is recognised as a reversal of the impairment loss.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. The magazine printing machines and finishing machines in printing services segment (discontinued operation) with the cost of over EUR 320 thousand are generally depreciated using the production unit method. Depreciation rates are set separately to each asset depending on its estimated useful life or the estimated total production. Depreciation of an asset is started when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases when the residual value is higher than the carrying amount, the asset is completely withdrawn from use or is reclassified as held for sale. Depreciation does not cease when the asset is withdrawn from use. The assets' depreciation rates, the depreciation method and residual values are reviewed, and adjusted if appropriate, at each balance sheet date. When the residual value of the asset exceeds its carrying amount, the depreciation of the asset is ceased.

Gains and losses on disposals on non-current assets are the amounts determined by comparing sales proceeds with the carrying amount and they are recognised as other income or expenses in profit or loss statement.

Depreciation is calculated on a straight-line basis or according to the production unit method using the following estimated useful lives. Land is not subject to depreciation.

Buildings and structures 20-33 years

Machinery and equipment:

Production equipment 5-15 years

Other non-current assets:

Vehicles 5-10 years

Other fixtures and equipment 2-7 years

Subsequent expenditure incurred for items of property, plant and equipment is recognised as separate non-current assets, when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the profit or loss at the time they are incurred.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets of the acquired subsidiary, associate or joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets; goodwill on acquisitions of joint ventures and associates is included in investments in joint ventures and associates respectively. Goodwill is tested at least annually for impairment and where necessary, impairment losses are recognised. Impairment losses on goodwill are not reversed. Goodwill recognised in the consolidated balance sheet is taken into account when calculating the gains and losses at the disposal of the shares of a subsidiary. If the cost of acquisition is lower than the fair value of the net assets acquired, the difference is recognised directly in profit or loss.

For the purpose of impairment testing, goodwill is allocated to the asset groups for which it is possible to identify cash flows (cash-generating units). The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

The basis for the recoverable amount of a cash-generating unit is the expected cash flows of that cash-generating unit, which are discounted using the weighted average cost of capital. When the carrying amount of the investment is not recoverable, the investment is written down to its recoverable amount and an impairment loss is recognised. When the carrying amount of the investment is recoverable, no impairment loss is recognised. The estimates and decisions used for evaluation of business combinations are reviewed on an ongoing basis and if actual results differ from estimates, the latter are adjusted.

Trademarks

Trademarks are initially recognised at cost, including the purchase price and other costs directly attributable to the preparation of the asset for its use. Trademarks with finite useful lives are recognised in the balance sheet at fair value less any accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the acquisition cost of trademarks over their estimated useful lives. Assets that are subject to amortisation are reviewed for impairment whenever there is any indication that the carrying amount may not be recoverable and, if necessary, an impairment loss is recognised (see also "The impairment of non-financial assets").

The estimated useful lives of trademarks with finite useful lives are 5-50 years. The amortisation rates are assessed for appropriateness each year.

Development costs

Development costs are costs which are incurred upon implementation of research results for elaboration of new products and services. The costs related to surveys and research conducted for generation of new scientific or technical knowledge are recognised as an expense in the profit or loss statement at the time they are incurred. Development costs are capitalised only if: a) completing the intangible asset so that it will be available for use or sale is technically feasible; b) the company has sufficient monetary funds for this purpose; c) the company has the ability to use or sell the intangible asset; d) the company has the ability to reliably measure the expenditures attributable to the intangible asset during its development.

Capitalised costs include the cost of materials and direct labour costs. Other development costs are recognised as an expense in the statement of comprehensive income at the time they are incurred. Capitalised development costs are recognised at cost less any accumulated amortisation and any impairment losses. Development costs are expensed under a straight-line method over the expected useful life, the maximum length of which does not exceed 5 years.

Customer relationships

Customer relationships are identifiable intangible assets if they arise from contractual or legal rights, or are separable. Customer relationships acquired through business combinations are initially measured at their acquisition date fair values. Subsequently customer relationships are recognised in the balance sheet at cost less any accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the acquisition cost of customer relationships over their estimated useful lives. Assets that are subject to amortisation are reviewed for impairment whenever there is any indication that the carrying amount may not be recoverable and, if necessary, an impairment loss is recognised (see also "The impairment of non-financial assets").

The estimated useful lives of customer relationships are 2-10 years. The amortisation rates are assessed for appropriateness each year.

Other intangible assets

Other intangible assets (including computer software) are stated in the balance sheet at historical cost less any accumulated amortisation and any impairment losses. Amortisation is calculated on a straight-line basis using 2-7 year estimated useful lives.

Impairment of non-financial assets

Assets with an indefinite useful life are not subject to amortisation but they are tested annually for impairment. Assets that are subject to amortisation and assets with infinite useful lives (land) are reviewed for impairment whenever there is any indication that the carrying amount may not be recoverable. Under such circumstances the recoverable amount is compared with the carrying amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The assets (other than goodwill that impairment losses are not reversed) that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

Provisions

Liabilities that have arisen as a result of past event before the balance sheet date, which have a legal or contractual basis or which arise from the company's established or published practice, which are probable to result in an outflow of resources, and which can be reliably measured, but for which the actual payment amount and payment date have not been definitely determined, are recorded as provisions in the balance sheet. The provisions are recognised based on the management's estimates regarding the amount and timing of the expected outflows. A provision is recognised in the balance sheet in the amount which according to the management is necessary for settling the obligation or transferring it to the third party as of the balance sheet date. The provision expense is included in the profit and loss statement of the period. Provisions are not recognised for future operating losses.

Contingent liabilities

Promises, guarantees and other commitments that in certain circumstances may become obligations, but it is not probable that an outflow of resources will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability, are disclosed as contingent liabilities in the Notes to the financial statements.

Payables to employees

Payables to employees and members of the Management Board include accrued wages and salaries, bonuses that have been calculated in accordance with the approved bonus policy and accrued vacation pay calculated in accordance with contracts of employment concluded with employees, contracts of services concluded with the members of the Management Board, and local laws in force as of the balance sheet date.

The liability related to the payment of a vacation payroll accrual together with social security and unemployment insurance payments is included within "trade and other payables" in the balance sheet and as personnel expenses in the profit or loss statement.

Share-based transactions

The fair value of services (work contribution) provided by employees to the entity in return for shares is recognised as employee costs in the profit or loss statement and as a liability in the balance sheet from the date of granting the share option and during the period when the services have been provided if it is an equity settled share based option scheme. In case of cash-settled share-based option scheme a share option liability is recognised. The fair

value of the services received is determined on the fair value of equity instruments (market price) granted to employees at the grant date. Upon expiry of the share option, the company has the obligation to transfer an agreed number of shares which it buys from the market and at the market price. The shares purchased for the purpose of a share option are included as “Treasury shares” among equity. When shares are transferred the amounts reported as “Treasury shares” and the liability are offset. The resulting difference is taken to retained earnings.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- lease payments dependent on index or rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases (leases with a lease term of 12 months or less and containing no purchase options). The Group

recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Revenue recognition

Revenue is measured based on the consideration specified in contract with a customer. The Group recognises revenue when it satisfies a performance obligation by transferring a good or service to a customer. The Group transfers a good or service to a customer when the customer obtains control of that good or service. Control may be transferred either at a point in time or over time.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers and related revenue recognition policies:

Type of product / service	Nature and timing of satisfaction of performance obligations	Revenue recognition under IFRS 15
Advertising revenue	The customer obtains control of service at the moment the advertisement is published in media. Invoices are issued according to contractual terms after the service is provided. Barter transactions are offset against each other.	Revenue from providing intermediation of media and advertising services is recognised in the accounting period in which the services are rendered, it means at the time the advertisement appears in media. Revenue to be received from periodic advertisement packages is allocated in proportion to their duration. For barter transactions, advertising revenue is recognised at the time the advertisement appears in media and according to the terms laid down in the agreement either goods or services are received from the other party which are recognised as an expense at the time the goods or services are received. Non-monetary transactions are measured at fair value.
Retail sales of periodicals and books	Customers obtain control of periodicals and books when the goods have been delivered to the customer. Newspapers and magazines are normally sold at wholesale conditions and in most cases, with the right to return them. Historical experience with the return of the goods forms the basis for evaluation of the estimated refund amounts. In the case of wholesale of products, the invoice is issued to the customer for the products sold at the end of each month. In retail, the customer generally pays in cash, by credit card or with bank transfer.	Revenue from the sale of goods is recognised at the moment when the goods have been delivered to the customer, at the time when a sale is completed for the client. Historical experience with the return of the goods forms the basis for evaluation of the estimated refund amounts. The returns of goods are recognised as a reduction of revenue at the time of revenue recognition. The sale of published books is recognised at the moment when they have been sold to the end consumer.
Sale of subscribed periodicals and books	Customers obtain control of periodicals and books when the goods have been delivered to the customer. Customers pay for subscribed periodicals and books as prepayments, which means that the subscription will become effective when the payment is received.	Customer payments for subscribed books, newspapers and magazines are allocated to the subscription period and recognised in revenue in accordance with the publishing of the periodical. Payments received for future subscriptions are recognised as contract liability. For packages of subscriptions, the price of the package is allocated to the individual components.
Sale of paper and printing services (discontinued operation)	Customers obtain control of paper products and printing services when the goods and services have been transferred to the customer. Invoices are issued according to contractual terms. Rights to consideration for work completed but not billed at the reporting date, are recognised as contract assets.	Revenue is recognised when the goods are transferred to the customer, it means at the time when customer receives ordered paper products, because the Group by satisfying performance obligation does not create an asset for which the Group would have an alternative use. The Group is also not able to divert its assets to other customers.
Commissions from event organizers and from tickets sold via internet	The company acting as an agent and does not control the specified goods provided by another party. Tickets sold via internet are controlled by the customer at the moment the tickets have been delivered to the customer. In the case of tickets sold at sales sites, the performance obligation shall be fulfilled at the moment the event takes place. The commissions depend on the number of tickets sold.	Revenue as an agent is recognized when the performance obligation is satisfied at point in time in the amount of commission from sale to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Interest income

Interest income is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised as "Other income" in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. In the statement of profit or loss, the costs to be compensated and income from the grant are recognised separately.

Earnings per share

Basic earnings per share are calculated by dividing the profit of the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Treasury shares are eliminated from calculations. Diluted earnings per share are calculated based on profit or loss attributable to the ordinary equity holders of the Parent Company, and the weighted average number of shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

Statutory reserve capital

The statutory reserve in equity is a mandatory reserve, created in accordance with the Commercial Code of Estonia. Reserve capital can only be used for covering losses or to increase share capital. Each year, at least 1/20 of net profit should be transferred to reserve capital until it makes up 1/10 of share capital. The distribution to shareholders from the statutory reserve is not permitted.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

If dividends are declared after the balance sheet date, those dividends are not recognised as a liability at the balance sheet date.

Events after the balance sheet date

Significant events that occurred during the preparation of the financial statements and are related to transactions that took place during the financial year are considered in the valuation of assets and liabilities.

The events which occurred after the balance sheet date that have not been taken into consideration in the valuation of assets and liabilities, but that significantly impact the results of the next financial year, are disclosed in the Notes to the financial statements.

Segment reporting

Operating segments are components of an entity that engage in business activities and on which it may earn revenue and incur expenses, for which discrete financial information is available and which operating results are regularly reviewed by the entity's chief operating decision maker in order to make decisions about the resources to be allocated to the segment and to assess its performance.

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Management Board of the Parent Company.

Corporate income tax and deferred income tax

Corporate income tax in Estonia

According to the Income Tax Act applicable in Estonia, the annual profit earned by entities is not taxed in Estonia. Income tax is paid on dividends, fringe benefits, gifts, donations, reception costs, non-business related expenses and adjustments of the transfer price. From 1 January 2015, the profit distributed as dividends is subject to income tax of 20/80 of the net amount to be paid out. The corporate income tax arising from the payment of dividends is accounted for as an expense in the period when dividends are declared, regardless of the actual payment date or the period for which dividends are actually paid. The obligation to pay income tax arises on the 10th day of the month following the payment of dividends.

The corporate income tax arising from the payment of dividends is not recognised as a provision until the declaration of dividends. The maximum amount of a contingent income tax liability which may arise from distribution of all retained earnings is specified in the Notes to the financial statements.

Corporate income tax for companies registered in Latvia

From 1 January 2018, the new Law on Corporate Income Tax of the Republic of Latvia came into effect, setting out a conceptually new regime for paying taxes, which is similar to scheme in place in Estonia. From 1 January 2018 the tax rate is 20% and it is applied on profit distribution. The taxation period is one month instead of a year.

The use of tax losses carried forward from previous periods is limited and it will be possible to utilise these losses to decrease the amount of tax calculated on dividends by not more than 50% until 2022.

Corporate income tax for companies registered in Lithuania

In accordance with the local income tax laws the net profit of companies located in Lithuania adjusted for the permanent and temporary differences as stipulated by law is subject to corporate income tax 15%.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction impacts neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax

Deferred income tax is recognised on all temporary differences arising between the carrying amounts and tax bases of the Group's assets and liabilities (the tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes).

Pursuant to the laws of the Republic of Estonia, the annual profit earned by entities is not taxed in Estonia. The corporate income tax liability arises on profit distribution and is recognised as an expense (in profit or loss for the period) at the time dividends are declared. Due to the nature of the taxation system, neither deferred income assets

nor liabilities arise for the companies registered in Estonia, other than the potential income tax liability on their investments in subsidiaries, associates, and joint ventures.

The Group's deferred income tax liability arises in relation to the companies in the countries where the profit for the financial year is taxable.

The Group's deferred income tax liability also arises on investments in Estonian (and Latvian) subsidiaries, associates and joint ventures except where the timing of the reversal of taxable temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future. The examples of the reversal of taxable temporary differences are payment of dividends, sale or liquidation of an investment, and other transactions.

Since the Group controls the dividend policy of its subsidiaries, it is also able to control the timing of the reversal of temporary differences related to this investment. When the parent company has made a decision not to distribute the subsidiary's profit in the foreseeable future, it shall not recognise the deferred income tax liability. If the parent company expects to pay out dividends in the foreseeable future, the deferred income tax liability shall be measured to the extent of the planned dividend payment under the assumption that as of the reporting date there will be sufficient funds and equity available for the payment of dividends from which to distribute profits in the foreseeable future.

If necessary, the Group can block the profit allocation decisions of its joint ventures and therefore it can control the timing of the reversal of temporary differences related to this investment. When the parent company has decided not to distribute the joint venture's profit in the foreseeable future, it shall not recognise the deferred income tax liability. If the parent company expects to pay out dividends in the foreseeable future, the deferred income tax liability shall be measured to the extent of the planned dividend payment under the assumption that as of the reporting date there will be sufficient funds and equity for the payment of dividends from which to distribute profits in the foreseeable future.

Since the Group generally does not control the dividend policy of its associates, it does not control the timing of the reversal of taxable temporary differences. Thus, the Group recognises the deferred income tax liability related to its investment in the associate.

For measuring the deferred income tax liability, the Group uses the tax rates that are expected to be applied on the basis of the tax rates effective on the reporting date to taxable temporary differences in the period in which they are expected to reverse.

The maximum income tax liability that would arise in case all available equity is paid out as dividends is disclosed in Note 30 to the financial statements.

Note 3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates by the management that have an effect on the financial statements. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies.

For preparation of the financial statements, the estimates made by the managements of all group companies shall be used which impact the Group's assets and liabilities at the balance sheet date, and also revenue and expenses for the financial year. These estimates are based on the latest information about the situation of group companies, and they take into consideration the Group's and entities' separate plans and related risks at the time of preparation of the financial statements.

Management estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year include assessment of useful lives of intangible assets identified (Note 16), valuation of goodwill (Note 16), determination of useful lives of property, plant and equipment (Note 15) and valuation of receivables and loans granted (Notes 4,6,7), assessment of contingent consideration (Note 17) and assessment of income tax liability (Note 8).

a) Valuation of goodwill, trademarks, other intangible and tangible assets

At each balance sheet date, the management carries out impairment tests for goodwill which have arisen upon acquisition of the following cash-generating units or companies, of which most important are Delfi (Estonia, Latvia and Lithuania), Maaleht published by Ekspress Meedia AS, Digital Matter (former named Adnet Media), Linna Ekraanid, Biļešu Paradīze and Geenius Meedia. Along with impairment tests for goodwill the value of other assets will also be assessed because the recoverable amounts of cash-generating units should cover goodwill as well as other assets related to cash-generating units like trademarks, intangible and tangible assets, net current assets. For finding the recoverable amount of the assets of all cash-generating units, the future expected cash flows have been discounted using the weighted average cost of capital (WACC). A more detailed overview of impairment tests is disclosed in Note 16.

As of 31.12.2021 and 31.12.2020, no impairment losses were recognised for goodwill.

The Group has intangible and tangible assets other than goodwill and for estimating the value of these assets management will assess factors whether there are any indications referring that the value of assets has decreased. If there are such indications then impairment test will be performed for the assets of the smallest cash-generating unit and if the recoverable amount is smaller than carrying amount according to the realistic cash-flow forecast provided by the management, then the carrying amount of assets will be written down to the recoverable amount. In 2020, an impairment test was performed for property, plant and equipment and an impairment loss in amount of EUR 1 031 thousand was recognised (Note 15).

b) Estimation of useful lives of intangible assets

The management has determined the estimated useful lives of intangible assets, taking into account the business conditions and volumes, historical experience in the given field and future projections. The depreciation charges will be increased where useful lives are shorter than previously estimated lives, and technically obsolete and idle assets that have been written off or written down.

According to the estimates, the useful lives of trademarks as of the balance sheet date are 5-50 years, based on past experiences on useful lives of similar trademarks. The trademark in the online media is the title of the online portal "Delfi" and "Geenius.ee", the trademarks in print media are mainly the titles of different publications (magazines, newspapers). The useful lives of online media trademarks are estimated to be longer than those of print media. The remaining amortisation period of online media trademarks is up to 36 years. The useful lives of print media trademarks are generally estimated to be between 5-10 years.

Carrying amount of trademarks as of 31.12.2021 is EUR 9 917 thousand (31.12.2020: EUR 8 733 thousand). If useful lives of online trademarks increased or decreased by 10%, the annual amortisation charge would decrease or increase, respectively, by EUR 37/46 thousand.

c) Valuation of useful lives of property, plant and equipment

The management has determined the estimated useful lives of the items of property, plant and equipment, taking into account the business conditions and volumes, historical experience in the given field and future projections. The management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

If the useful lives increased/decreased by 10%, the annual depreciation charge would decreased/increased by EUR 83/101 thousand, EUR 72/88 thousand and EUR 102/125 thousand of 'Buildings', 'Machinery and equipment' and 'Other equipment', respectively. The total decrease/increase in the depreciation charge in case of an increase/decrease of 10% in useful lives would be EUR 257/314 thousand.

d) Assessment of the value of receivables

The Group has applied the simplified approach in recognising lifetime ECL as presented IFRS 9 for trade receivables. Loss allowances for trade receivables without a significant financing component are measured at an amount equal to lifetime ECL. The expected credit losses of those financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

e) Contingent consideration

Contingent consideration assumed in a business combination is classified as at FVTPL. Discounted cash flows are used in measuring fair value. The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate. The estimated fair value would increase (decrease) if the expected cash flows were higher (lower) or the risk-adjusted discount rate were lower (higher). As at 31.12.2021 the fair value of contingent consideration was 2 256 thousand euros, incl 2 033 thousand euros current and 223 thousand euros non-current liabilities and as at 31.12.2020 the fair value of contingent consideration was 1 995 thousand euros, incl 250 thousand euros current and 1 745 thousand euros non-current liabilities. In 2021, according to the terms of the acquisition contract, the adjustment of fair value of unpaid future liability of the acquisition price of the ticket sales platform was made, which was recognized as a one-off financial income of EUR 407 thousand (2020: EUR 690 thousand). The change in the valuation was based on the sales revenue of 2021, which was significantly lower than it was expected at the time of acquisition as the state of emergency related to COVID-19 had the profound impact on the operating volumes of the ticket sales business.

f) Corporate income tax - recognition of deferred income tax on investments made in Estonian (and Latvian) subsidiaries, associates and joint ventures

The Group controls the dividend policy of its subsidiaries and it is also able to control the timing of the reversal of temporary differences related to this investment. The Group also can block the profit allocation decisions of its joint ventures and therefore it can control the timing of the reversal of temporary differences related to this investment as well. AS of 31.12.2021, the Group has decided not to distribute the profits of subsidiaries and joint ventures in the foreseeable future and therefore it does not recognise a deferred income tax liability on these investments. As of 31.12.2021, the Group also does not recognise a deferred income tax liability on investments in associates, as impact of income tax on the possible distribution of profit on the consolidated financial statements is immaterial.

Note 4. Financial risk management

The management of financial risks is an essential and integral part in managing the business processes of the Group. The ability of the management to identify, measure and verify different risks has a substantial impact on the profitability of the Group. The risk is defined by the management of the Group as a possible negative deviation from the expected financial performance.

Several financial risks are related to the activities of the Group, of which the more substantial ones include credit risk, liquidity risk, market risk (including foreign exchange risk, interest rate risk and price risk), operational risk and capital risk.

The risk management of the Group is based on the requirements established by the Tallinn Stock Exchange, Financial Supervision Authority and other regulatory bodies, compliance with the generally accepted accounting standards and good practice, internal regulations and policies of the Group and its subsidiaries. The management of risks at the Group level includes the definition, measurement and control of risks. The Group's risk management programme focuses on unpredictability of financial markets and finding of possibilities to minimise the potential negative impacts arising from this on the Group's financial activities.

The main role upon the management of risks is vested in the management boards of the Parent and its subsidiaries. The Group assesses and limits risks through systematic risk management. For managing financial risks, the management of the Group has engaged the financial unit of the Group that deals with the financing of the Parent Company and its subsidiaries and hence also managing of liquidity risk and interest rate risk. The risk management at the joint ventures is performed in cooperation with the other shareholder of joint ventures.

Credit risk

Credit risk is expressed as a loss which may be incurred by the Group and is caused by the counterparty if the latter fails to perform its contractual financial obligations. Credit risk arises from cash and bank, trade receivables, other short-term receivables and loans granted.

Cash and bank accounts (incl. deposits) by credit ratings of the banks they are held at

Bank	Moody`s	Standard & Poor`s	31.12.2021	31.12.2020
SEB	Aa3	A+	7 296	3 308
Swedbank	Aa3	A+	1 298	1 441
Citadele	Baa2	-	1 082	1 304
Luminor/LHV	Baa1/Baa1	-/-	1 198	136
Total			10 874	6 189

The banks' latest long-term credit rating shown on the bank's website is used.

The payment discipline of clients is continuously monitored to reduce credit risk. A credit policy has been established to ensure the sale of services to clients with an adequate credit history and the application of prepayments to clients in a higher risk category. According to the credit policy, different client groups are subject to different payment terms and credit limits. Clients are classified on the basis of their size, reputation, and the results of credit background checks and history of payment behaviour. At the first level, the advertising clients are divided into two groups: advertising agencies and direct clients, they are further grouped according to the above principles. The Group applies the same credit policy in all Baltic States, but is aware of different credit behaviour of clients. Subsidiaries in Estonia outsource reminder services in order to collect overdue receivables more effectively.

In the case of new clients, their credit background is checked with the help of financial information databases such as Krediidinfo and other similar databases. At the beginning clients' payment behaviour will be monitored with heightened interest. Upon following the payment discipline, it is possible to receive more flexible credit terms, such as longer payment terms, higher credit limits, etc. Upon violation of the payment discipline, stricter credit terms are applied. In case of large transactions, in particular in the segment of printing services, clients are requested to make prepayment or provide a guarantee letter.

The Group is not aware of any substantial risks related to the concentration of its clients and partners. The management estimates that there is no substantial credit risk in the loans to related parties due to their solid financial position.

The maximum credit risk which arises from the trade and other receivables is provided below:

31.12.2021 (EUR thousand)	Due date	Overdue >= 7 days	Overdue >7 days and <=60 days	Overdue > 60 days	Total receivables
Trade receivables (Note 6)	5 653	958	371	28	7 009
Other short-term receivables (Note 6)	1 453	0	0	0	1 453
Other long-term receivables (Note 12)	93	0	0	0	93
TOTAL	7 199	958	371	28	8 556

31.12.2020 (EUR thousand)	Due date	Overdue >= 7 days	Overdue >7 days and <=60 days	Overdue > 60 days	Total receivables
Trade receivables (Note 6)	5 934	1 009	631	1	7 575
Other short-term receivables (Note 6)	1 107	0	0	0	1 107
Other long-term receivables (Note 12)	103	0	0	0	103
TOTAL	7 144	1 009	631	1	8 785

In 2021, the Group has written down doubtful receivables in the amount of EUR 193 thousand (2020: EUR 286 thousand). For all trade receivables, the Group applies the simplified approach to providing for expected credit losses (ECL) prescribed by IFRS 9, which permits the use of the lifetime expected loss provision. The expected credit losses of those financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Information about the changes in allowance of receivables during the reporting period is presented in Note 7.

For all other receivables (incl loans granted), the Group measures the loss allowance at an amount equal to 12 months ECL, if the credit risk has not increased significantly since initial recognition. If there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. As at 31.12.2021 the credit risk has not increased significantly.

Liquidity risk

Liquidity risk means that the Group may not have liquid funds to fulfil its financial obligations in a timely manner.

The objective of the Group is to maintain a balance between the financial needs and financial possibilities of the Group. Cash flow planning is used as a means to manage the liquidity risk. To manage liquidity risk as effectively as possible, the bank accounts of the Parent Company and its subsidiaries comprise one group account (cash pool) which enables the members of the group account to use the finances of the Group within the limit established by the Parent Company. The group account operates in Estonia, but foreign subsidiaries in Latvia and Lithuania are also part thereof. According to the policy of the Group, all subsidiaries and joint ventures prepare long term cash flow projections for the following year, which are adjusted on a quarterly basis. For monitoring short-term cash flows the subsidiaries prepare thirteen-week cash flow projections on a weekly basis.

To manage the liquidity risk, the Group uses different financing sources which include bank loans, overdraft, continuous monitoring of trade receivables and delivery contracts.

Overdraft credit is used to finance working capital, long-term bank loans and lease agreements are used to make capital expenditures to acquire non-current assets. The Group's overdraft loan is long-term and related to the term of the loan contract. This essentially works as a long-term line of credit, the use of which the Group can regulate at its own discretion.

Analysis of undiscounted financial liabilities (principal and future interest payments) by payment term

31.12.2021 (EUR thousand)	Undiscounted					Total	Carrying amount
	<= 1 month	> 1 month and <=3 months	> 3 months and <= 1 year	>1 year and <=5 years	>5 years		
Bank loans (Note 18)	158	315	1 411	10 148	0	12 032	11 350
Notes (Note 18)	0	0	300	1 200	5 300	6 800	5 000
Lease payments (Note 18,19)	140	280	1 207	4 452	0	6 079	5 869
Trade payables (Note 17)	2 775	124	0	0	0	2 899	2 899
Other payables	3 540	0	0	601	0	4 141	4 141
TOTAL	6 613	719	2 918	16 401	5 300	31 951	29 259

31.12.2020 (EUR thousand)	Undiscounted					Total	Carrying amount
	<= 1 month	> 1 month and <=3 months	> 3 months and <= 1 year	>1 year and <=5 years	>5 years		
Bank loans (Note 18)	236	468	1 994	10 232	0	12 930	12 545
Notes (Note 18)	0	0	300	1 200	5 600	7 100	5 000
Lease payments (Note 18,19)	115	238	950	3 576	0	4 879	4 657
Trade payables (Note 17)	2 134	94	2	0	0	2 230	2 230
Other payables	1 860	0	0	2 025	0	3 885	3 885
TOTAL	4 345	800	3 246	17 033	5 600	31 024	28 317

More information about loan payments is disclosed in Note 18.

Other payables include payables to joint ventures, accrued interest, other accrued liabilities and contingent liabilities, see Note 17.

Interest rate risk

Interest rate risk means that a change in interest rates results in a change in the cash flow and profit of the Group. The interest rates of loans granted and lease taken are all tied to Euribor plus margin.

The Group's interest rate risk is related to short-term and long-term borrowings which carry a floating interest rate. The interest rate risk is mainly related to the fluctuation of Euribor. Interest rate change by 1 percentage point would change the Group's loan interest expense by ca 157 thousand euros per year.

Type of interest	Interest rate	31.12.2021				Carrying amount
		(EUR thousand)	<= 1 year	>1 year and <=5 years	> 5 years	
Fixed and floating interest rate	6-month Euribor+1.90%	Loan	1 680	9 670	0	11 350
	6.00%	Notes	0	0	5 000	5 000
	6-month Euribor + 1.90%-2.70%	Lease liability	1 521	4 348	0	5 869
	1-month Euribor+1.75%	Overdraft	0	0	0	0

Type of interest	Interest rate	31.12.2020				Carrying amount
		(EUR thousand)	<= 1 year	>1 year and <=5 years	> 5 years	
Fixed and floating interest rate	0%+2.15%-3.90%	Loan	2 401	10 144	0	12 545
	6.00%	Notes	0	0	5 000	5 000
	6-month Euribor + 1.78-2.50%	Lease liability	1 212	3 445	0	4 657
	1-month Euribor + 1.90%	Overdraft	0	0	0	0

Information about loans is disclosed in Note 18.

Foreign exchange risk

The Group's operating activities have an international dimension and therefore, the Group is to some extent exposed to foreign exchange risk. Foreign exchange risk arises when future business transactions or recognised assets or liabilities are fixed in a currency which is not the functional currency of the Group. Group companies are required to manage their foreign exchange risk with regard to the functional currency. The Group's income is primarily fixed in local currencies, i.e. the euros in Estonia, Latvia and Lithuanian. The Group also pays most of its suppliers and employees in local currencies. The subsidiaries are typically required to use the euro as the currency in foreign contracts. The amounts received in foreign currencies are converted into euros immediately after their receipt in order to reduce open foreign currency positions. No other means are used for hedging foreign exchange risk.

As of 31.12.2021, the Group's foreign currency risk related to USD was EUR 77 thousand. As of 31.12.2020, the Group's foreign currency risk related to USD was EUR 87 thousand and to other currencies (SEK, GBP, NOK), EUR 32 thousand.

Price risk

The price of paper affects the activities of the Group the most. By taking into consideration several criteria, the Group considers acceptance of paper price risk as the most optimal solution and does not consider it necessary to use derivative instruments to hedge this risk.

Operational risk

Operational risk is a possible loss caused by insufficient or non-functioning processes, employees and information systems or external factors.

The involvement of employees in the risk assessment process improves the general risk culture. For performing transactions different limits are used to minimise possible losses. The four-eye principle in use, under which the confirmation of at least two employees independent of each other or that of a unit is necessary for the performance of a transaction or a procedure, reduces the possible occurrence of human errors and mistakes. The four-eye principle is also applied in other departments and for all different transactions including all agreements and legal documents. The management considers the legal protection of the Group to be good.

The management estimates that the dependence of the Group's activities on IT systems is high and continuous investments are made to increase its security and reliability. The responsibility for managing operational risk lies with the Management Board of the Group and the management boards of the subsidiaries.

In the reporting year, the spread of COVID-19 had the greatest impact on the economic environment of the world. The Group has considered and applied all the necessary measures to avoid the spread of the COVID-19 virus in the Group. The primary goal is to protect employees while still providing our readers and viewers reliable and timely news and other services. The most susceptible companies to the effects of the restrictions were the Group's outdoor media and the ticket sales platform in Latvia. While the digital advertising volumes at our media companies have

recovered strongly, the restrictions related to the organisation of events are still in place and will impact the operating volumes of the ticket sales business also in 2022.

Capital risk

The main objective of the Group upon managing capital risk is to ensure the sustainability of the Group in order to ensure income for its shareholders and benefits for other stakeholders, while maintaining the optimal capital structure in order to reduce the price of capital.

According to the common industry practice, the Group uses the debt to capital ratio to monitor its capital. The debt to capital ratio is calculated as the ratio of net debt to total capital. Net debt is calculated by deducting cash and bank accounts from total debt (short and long-term interest bearing liabilities recognised in the consolidated balance sheet). Total capital is recognised as the aggregate of equity and net debt.

Equity ratios of the Group

(EUR thousand)	31.12.2021	31.12.2020
Interest-bearing debt	22 219	22 202
Cash and bank accounts	10 962	6 269
Net debt	11 257	15 933
Equity	53 692	54 619
Total capital	64 950	70 552
Debt to capital ratio	17%	23%
Total assets	94 258	94 177
Equity ratio	57%	58%

Fair value

The Group's management estimates that the fair values of the financial assets (Notes 5,6,7,9,12) and financial liabilities (Notes 17,18,19) recognised in the balance sheet at amortised cost do not significantly differ from their carrying amounts presented in the Group's consolidated balance sheet on 31 December 2021 and 31 December 2020. The Group's risk margins correspond to market conditions. Based on that, the management estimates that the fair value of long-term borrowings does not significantly differ from their carrying amounts. The fair value of financial liabilities is determined on the basis of discounted future contractual cash flows, using a market interest rate which is available for the Group upon using similar financial instruments. Trade receivables and trade payables are recognised at amortised cost, due to which the management estimates that their carrying amount approximates their fair value.

The fair value of other investments through profit or loss was 878 thousand euros as at 31.12.2021 (31.12.2020 880 thousand euros). Investments are not listed on any stock exchange and these are categorised as level 3 in fair value hierarchy. Management of the Group estimates that the fair value of the investment is not substantially different compared to its book value.

The fair value of other liabilities (contingent consideration) through profit or loss was 2 256 thousand euros as at 31.12.2021 (31.12.2020: 1 995 thousand euros) and these are categorised as level 3 in fair value hierarchy.

Note 5. Cash and bank

(EUR thousand)	31.12.2021	31.12.2020
Cash in hand	88	80
Cash at bank	10 844	6 126
Cash in transit	18	43
Term deposit	12	19
Total cash and bank	10 962	6 269

Note 6. Trade and other receivables

(EUR thousand)	31.12.2021	31.12.2020
Trade receivables (Note 4,7)	7 009	7 575
Other tax receivables	141	190
Other receivables (Note 4,9)	1 453	1 107
Prepayments	720	578
Total trade and other receivables	9 323	9 450

Note 7. Trade receivables

(EUR thousand)	31.12.2021	31.12.2020
Trade receivables	7 117	7 816
Allowance for doubtful receivables	(108)	(241)
Total trade receivables (Note 6)	7 009	7 575

(EUR thousand)	2021	2020
Allowance for doubtful receivables at the beginning of the period	(241)	(228)
Proceeds from doubtful receivables during the period	118	230
Allowance for doubtful receivables recognised during the period	(193)	(286)
Receivables written off from balance sheet during the period	208	42
Allowance for doubtful receivables at the end of the period	(108)	(241)

Impairment losses from trade receivables recognised during the period are reported in the statement of comprehensive income as “Cost of sales”. For further information on ageing of receivables (including overdue receivables), see Note 4. Accounting policies for impairment of financial assets are disclosed in Note 2.

Note 8. Corporate income tax and deferred tax

Group's income tax expense (EUR thousand)	2021	2020
Corporate income tax expense	276	280
Deferred income tax expense	0	0
Total income tax expense	276	280

Corporate income tax

(EUR thousand)	2021	2020
<i>Latvia</i>		
Current income tax expense	(13)	(6)
<i>Lithuania</i>		
Profit (loss) before tax	1 650	1 743
Tax rate	15%	15%
Estimated income tax	(247)	(261)
Impact of income not taxable/expenses not deductible for tax purposes	(16)	(13)
Current income tax expense	(263)	(274)
Deferred income tax gains (losses)	0	0

Note 9. Other short-term receivables

(EUR thousand)	31.12.2021	31.12.2020
Receivables from associates (Note 31)	98	83
Trade receivables	11	15
Loans granted	88	68
Receivables from joint ventures (Note 31)	145	218
Trade receivables	145	217
Other receivables	0	1
Receivables from related parties (Note 31)	17	1
Other short-term receivables	1 192	805
Total other short-term receivables (Note 6)	1 453	1 107

Other receivables include mainly the prepayments (cash collected on behalf of event organizers for the events) to event organizers. Prepayments to event organisers represent the balance of payments made to event organizers prior to event.

Note 10. Inventories

(EUR thousand)	31.12.2021	31.12.2020
Raw materials	0	2 146
Work in progress	26	338
Finished goods	239	257
Goods for resale	1	14
Total inventories	266	2 756

(EUR thousand)	2021	2020
Impairment of finished goods	72	78
Allowance for impairment recognised in profit or loss	72	78

Impairment of inventories is included in the line of the statement of comprehensive income "Cost of sales".

Note 11. Business combinations

In July 2021, AS Ekspress Grupp acquired a 100% ownership interest in Babahh Media OÜ that is engaged in sales of video production, media and infrastructure solutions. Until then, AS Ekspress Grupp owned 49% of the company.

In December 2021, the Group acquired a 100% of shares in the media company Geenius Meedia OÜ. The purpose of the acquisition was to grow the digital media business and expand into a niche that the publications of Ekspress Grupp do not yet regularly cover. The shared goal of Ekspress Grupp and Geenius Meedia is to continue offering attractive content for the readers of geenius.ee. After the transaction, Geenius Meedia OÜ continues to operate as a separate media company. As a group, Ekspress Grupp offers Geenius Meedia synergy in functions supporting the media business, providing notably bigger growth potential for the fast-growing company.

As a result of business combinations, the Group acquired net assets with a carrying amount of EUR 368 thousand. In addition, the trademarks and goodwill identified in the purchase analysis were recognized at fair value (Note 16).

The financial impact of the above mentioned business combinations in 2021 is presented in the consolidated statement of cash flows in the line "Acquisition of subsidiaries (less cash acquired)", as at 31 December 2021 the acquisition cost of the unpaid part of ownership interest in the amount of EUR 668 thousand is recognized as a liability.

The impact on the Group's sales revenue and net profit in 2021 would be insignificant if Geenius Meedia OÜ and Babahh Media OÜ were acquired as of 1 January 2021.

Note 12. Other receivables and investments

(EUR thousand)	31.12.2021	31.12.2020
Receivables from associates and joint ventures (Note 4,31)	93	103
Other receivables (Note 21,31)	700	0
Other investments - mandatorily as fair value through profit or loss	878	880
Total long-term receivables	1 671	982

Note 13. Joint ventures

Company name	Ownership interest %		Co-owner	Co-owner
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
AS Öhtuleht Kirjastus	50%	50%	Alexela Varahalduse AS	Alexela Varahalduse AS
AS Express Post	50%	50%	AS Postimees Grupp	AS Postimees Grupp

The main activity of joint ventures is described in Note 1.

(EUR thousand)	AS Öhtuleht Kirjastus	AS Express Post	Total
31.12.2021			
Net assets of the joint venture	2 060	(380)	1 680
Proportion of ownership in the joint venture	50%	50%	
Goodwill	0	0	0
Other adjustments	(19)	190	171
Carrying amount of interest in the joint venture	1 011	0	1 011
Profit / (loss) on shares of joint ventures	99	(380)	(281)
31.12.2020			
Net assets of the joint venture	3 361	(528)	2 833
Proportion of ownership in the joint venture	50%	50%	
Goodwill	0	0	0
Other adjustments	(19)	264	245
Carrying amount of interest in the joint venture	1 661	0	1 661
Profit / (loss) on shares of joint ventures	490	(388)	102

Financial information of joint ventures

(EUR thousand)	AS Öhtuleht Kirjastus	AS Express Post	Total
31.12.2021			
Current assets	2 390	923	3 313
Non-current assets	3 571	49	3 620
Total assets	5 961	973	6 933
Current liabilities	3 503	1 353	4 856
Non-current liabilities	398	0	398
Total liabilities	3 901	1 353	5 254

The above amounts of assets and liabilities include the following:

<i>Cash and cash equivalents</i>	1 574	405	1 978
<i>Current financial liabilities (excluding trade and other payables and provisions)</i>	153	0	153
<i>Non-current financial liabilities (excluding trade and other payables and provisions)</i>	398	0	398

(EUR thousand)	AS Õhtuleht Kirjastus	AS Express Post	Total
31.12.2020			
Current assets	3 326	908	4 233
Non-current assets	3 881	23	3 904
Total assets	7 207	931	8 138
Current liabilities	3 443	1 459	4 901
Non-current liabilities	403	0	403
Total liabilities	3 846	1 459	5 304
The above amounts of assets and liabilities include the following:			
<i>Cash and cash equivalents</i>	2 501	399	2 900
<i>Current financial liabilities (excluding trade and other payables and provisions)</i>	156	0	156
<i>Non-current financial liabilities (excluding trade and other payables and provisions)</i>	403	0	403

(EUR thousand)	AS Õhtuleht Kirjastus	AS Express Post	Total
2021			
Revenue	13 940	5 165	19 105
Depreciation and amortisation	(731)	(32)	(763)
Interest income	1	0	1
Interest expense	(12)	(3)	(16)
Profit / (loss) before income tax	574	(566)	7
Income tax expense	(375)	0	(375)
Profit / (loss) for the reporting period	199	(566)	(368)
Other comprehensive income	0	0	0
Total comprehensive income	199	(566)	(368)
2020			
Revenue	13 415	4 659	18 074
Depreciation and amortisation	(826)	(40)	(865)
Interest income	1	0	1
Interest expense	(12)	(4)	(17)
Profit / (loss) before income tax	980	(776)	204
Income tax expense	0	0	0
Profit / (loss) for the reporting period	980	(776)	204
Other comprehensive income	0	0	0
Total comprehensive income	980	(776)	204

Note 14. Associates

(EUR thousand)	31.12.2021	31.12.2020
Acquisition of associates	0	1
Disposal of associate interest	(292)	0
Dividends paid	78	150
Impairment loss recognised for the receivables of associates (Note 31)	(166)	(174)
Shares of associates in the balance sheet	2 210	2 253
Share of loss in associates recognised in statement of comprehensive income		
Profit (loss) under the equity method	161	(129)
Total profit (loss) of associates	161	(129)

In July 2021, AS Ekspress Grupp acquired a 100% ownership interest in Babahh Media OÜ that is engaged in sales of video production, media and infrastructure solutions. Until then, AS Ekspress Grupp owned 49% of the company.

Company name	Ownership interest %	
	31.12.2021	31.12.2020
Babahh Media OÜ	100%	49%
Kinnisvarakeskkond OÜ	49%	49%
Altero SIA	25.48%	25.48%
Eesti Audioraamatute Keskus OÜ	33.33%	33.33%

Financial information of associate

(EUR thousand)	Eesti Audioraamatute Keskus OÜ	Babahh Media OÜ (01.01-30.06.2021)	Kinnisvara-keskkond OÜ	Altero SIA (consolidated)
31.12.2021				
Total assets	42	-	415	2 192
Total liabilities	39	-	1 841	704
Total revenue	5	265	530	3 244
Total expenses	5	267	846	1 893
Net profit (loss)	0	(2)	(316)	1 352
31.12.2020				
Total assets	-	132	363	833
Total liabilities	-	116	1 472	412
Total revenue	-	697	462	2 917
Total expenses	-	750	818	2 638
Net profit (loss)	-	(53)	(356)	280

Note 15. Property, plant and equipment

(EUR thousand)	Land	Buildings	Machinery and equipment	Other fixtures	Under construction and prepayments	Total tangible assets
31.12.2019						
Cost	409	10 390	25 578	4 477	697	41 551
Accumulated depreciation	0	(4 004)	(19 682)	(2 922)	0	(26 608)
Carrying amount	409	6 386	5 896	1 555	697	14 943
Acquisitions and improvements	0	642	171	412	1 748	2 972
Disposals (at carrying amount)	0	(66)	0	(75)	0	(141)
Impairment and write-offs (at carrying amount)	0	(393)	(646)	(14)	0	(1 053)
Reclassification	0	0	0	438	(448)	(11)
Depreciation	0	(992)	(856)	(728)	0	(2 577)
31.12.2020						
Cost	409	10 332	25 073	4 903	1 997	42 714
Accumulated depreciation	0	(4 756)	(20 508)	(3 315)	0	(28 580)
Carrying amount	409	5 576	4 565	1 588	1 997	14 134
Acquisitions and improvements	0	599	729	2 779	1 217	5 323
Disposals (at carrying amount)	0	0	(1)	(1)	0	(2)
Impairment and write-offs (at carrying amount)	0	(111)*	(3)	(32)	0	(145)
Reclassification	0	27	1 738	807	(2 532)	40
Acquired through business combinations	0	20	0	26	0	45
Disposed through business combinations	(409)	(2 337)	(5 647)	(52)	(162)	(8 608)
Depreciation	0	(908)	(790)	(1 126)	0	(2 823)
31.12.2021						
Cost	0	4 829	1 636	7 508	520	14 493
Accumulated depreciation	0	(1 965)	(1 044)	(3 520)	0	(6 529)
Carrying amount	0	2 864	591	3 988	520	7 964

In 2021, Acquisition and improvements of property, plant and equipment include the recognition of right of use leased assets (the addition of rental of the sites of LED screen in Latvia and Estonia and the addition of office space and other assets) in the amount of EUR 2 170 thousand according to the accounting standard IFRS 16 "Leases".

In 2021, Impairment and write-offs of "Buildings" include the derecognition of right-of-use assets in the amount of EUR 110 thousand.

In 2020, due to impact of COVID-19 on economic situation the group recognised an impairment loss for property, plant and equipment in amount of EUR 1 031 thousand. In 2021, no impairment loss for property, plant and equipment was recognised.

Information about pledged items of property, plant and equipment is disclosed in Note 18.

Information about payments of leases and right-of-use assets are disclosed in Note 19.

Note 16. Intangible assets

(EUR thousand)	Goodwill	Trademarks	Develop- ment costs	Customer relation- ships	Computer software	Prepay- ments	Total intangible assets
31.12.2019							
Cost	52 525	13 920	726	3 546	4 552	585	75 854
Accumulated amortisation and impairments	(9 897)	(4 703)	(419)	(1 855)	(2 611)	0	(19 485)
Carrying amount	42 628	9 218	306	1 691	1 942	585	56 369
Purchases and improvements	0	0	0	0	204	1 115	1 319
Write-offs (at carrying amount)	0	0	0	0	(51)	(69)	(120)
Reclassification	0	0	29	0	352	(381)	0
Acquired through business combination	457	0	0	0	0	0	457
Amortisation	0	(483)	(142)	(217)	(549)	0	(1 391)
31.12.2020							
Cost	52 982	13 920	667	3 546	4 711	1 250	77 076
Accumulated amortisation and impairments	(9 897)	(5 186)	(473)	(2 072)	(2 813)	0	(20 441)
Carrying amount	43 085	8 733	194	1 474	1 898	1 250	56 635
Purchases and improvements	0	0	5	0	393	1 334	1 732
Write-offs (at carrying amount)	0	0	(2)	0	(74)	(1)	(78)
Reclassification	0	1	53	0	788	(882)	(40)
Acquired through business combination	2 491	1 594	0	0	193	0	4 278
Disposed through business combinations	0	0	0	0	(216)	(166)	(382)
Amortisation	0	(412)	(103)	(175)	(649)	0	(1 339)
31.12.2021							
Cost	55 473	15 515	695	3 546	5 316	1 535	82 081
Accumulated amortisation and impairments	(9 897)	(5 598)	(548)	(2 247)	(2 983)	0	(21 274)
Carrying amount	45 576	9 917	146	1 299	2 333	1 535	60 807

Information about intangible assets pledged as collateral for loans is disclosed in Note 18.

Goodwill by cash-generating units

(in thousands)	EUR	
	31.12.2021	31.12.2020
Delfi	35 137	35 137
Digital Matter (former named Adnet Media)	712	712
Maaleht	1 816	1 816
Biļešu Paradīze	3 564	3 564
Linna Ekraanid	1 338	1 338
Geenius Meedia	2 211	0
Other	798	517
Total goodwill	45 576	43 085

In the impairment tests, recoverable amount is based on the value in use method by using discounted cash flow method. For each business unit acquired, five-year cash flow forecasts have been prepared for the respective cash-generating units. After the fifth year, the estimation of cash flows in the impairment tests is based on perpetuity. The growth rate for long-term expected cash flows is conservative growth rate that is expected to be the growth on the market. Revenue growth, variable and fixed costs have been estimated on the basis of prior period results and future strategic plans. In the impairment tests, the nominal models are used.

The impairment test of Delfi includes the cash flows of Delfi related product in AS Ekspress Meedia, the cash flows of Latvian entity AS Delfi and the cash flows of Lithuanian entity UAB Delfi. The impairment test of Maaleht is based on the future cash flows of business of newspaper Maaleht (including all related activities and their results) and magazine Maakodu in AS Ekspress Meedia. The impairment test of Digital Matter (former named Adnet Media) includes the cash flows of Adnet Media activities in all Baltic countries.

The impairment test of Linna Ekraanid is based on the future cash flows of digital outdoor advertising business in Estonia. The impairment test of Biļešu Paradīze is based on the future cash flows from the operation of the electronic ticket platform and box offices in Latvia.

For 2021, no impairment test for Geenius Meedia was done, as the ownership was acquired in December 2021 and the purchase price allocation was performed at that time and no significant changes in fair value were identified.

Cash flows of all cash generating units are based on group accounting principles and adjusted for any internal management or similar fee where applicable.

The applied revenue growth rates are as follows:

Cash-generating unit	Average revenue growth pa		Terminal value growth	
	next 5 years		31.12.2021	31.12.2020
	31.12.2021	31.12.2020		
Delfi	5.6%-11.3%	5.0%-7.3%	3.5%	3.5%
Digital Matter (former named Adnet Media)	10.7%	9.9%	3%	3%
Maaleht	-0.1%	-0.2%	0%	0.5%
Linna Ekraanid	25.1%	21.3%	3%	3%
Biļešu Paradīze	4.3%	5.1%	3%	3%

The present value and the terminal value of the cash flows for the following five years were determined using the weighted average cost of capital as the discount rate, where the expected ROE is 8.8%-13.7% (2020: 9.1%-13.8%) and the return on debt is 3.9% (2020: 3.4%). The debt to equity ratio is based on the latest average debt to equity ratio provided by the database of Damodaran Online. The cost of equity has been calculated using CAPM (Capital Asset Pricing Model). The latest average unleveraged beta of the relevant industry based on Damodaran Online database has been used as one component. The long-term euro bond yield of Germany has been used as the basis for determining the risk rates of these countries.

In 2021 there has been a further decrease in risk-free-interest-rates in the securities markets which has resulted also smaller applied discount rates used in valuation tests.

The applied discount rates are as follows:

Cash-generating unit	31.12.2021	31.12.2020
Delfi	7.42%-7.78%	7.47%-7.82%
Digital Matter (former named Adnet Media)	7.53%	7.82%
Maaleht	8.42%	8.47%
Linna Ekraanid	10.28%	9.58%
Biļešu Paradīze	7.78%	7.82%

The table below shows the recoverable and carrying amounts of cash-generating units, and the differences between them prior to recognition of an impairment loss. The carrying amounts include in addition to goodwill also trademarks, property, plant and equipment, other intangible assets and working capital. No impairment losses have been recognised during the year or the year before.

(EUR thousand)	31.12.2021			31.12.2020		
	Recoverable amount	Carrying amount (prior to impairment)	Difference	Recoverable amount	Carrying amount (prior to impairment)	Difference
Delfi	150 787	46 379	104 408	103 799	45 984	57 815
Digital Matter (former named Adnet Media)	12 197	1 652	10 546	8 383	1 474	6 909
Maaleht	5 095	2 185	2 910	6 031	2 226	3 805
Linna Ekraanid	9 052	3 058	5 994	3 317	2 097	1 220
Biļešu Paradīze	23 667	7 963	15 704	25 518	8 177	17 341

The Group's management considers the key assumptions used for the purpose of impairment testing of all cash-generating units to be realistic. If there is a major unfavourable change in any of the key assumptions used in the test, an additional impairment loss may be recognised.

The earnings of Delfi, Digital Matter and Maaleht are high and their future expected cash flows exceed the carrying value of its related assets by amount where any reasonable change in underlying assumptions would not cause the necessity for impairment loss to be recognized.

In 2020, the state of emergency related to COVID-19 had the most profound impact on the digital outdoor screen's company Linna Ekraanid and the Latvian ticket sales platform Biļešu Paradīze. Due to the government restrictions in Estonia and Latvia the advertising volumes and the operating volumes of ticket sales business of these companies decreased in 2020. The recovery of outdoor screen's market in the second half of 2021 and the easing of restrictions in Latvia at the beginning of 2022 provide assurance that as of 31.12.2021 the future expected cash flows of these companies exceed the carrying value of its related assets by amount where any reasonable change in underlying assumptions would not cause the necessity for impairment loss to be recognized.

Note 17. Trade and other payables

(EUR thousand)	31.12.2021	31.12.2020
Trade payables (Note 4)	2 899	2 230
<i>incl. payables to related parties (Note 31)</i>	252	9
Payables to employees	3 349	3 451
Other taxes payable	2 249	2 800
Contract liability (Note 22)	2 566	2 199
Contingent consideration	2 033	250
Payables to joint ventures (Note 31)	226	197
Accrued interest	73	74
Other accrued liabilities	4 270	4 050
Total trade and other payables	17 664	15 251

Contract liability includes mainly the client prepayments for subscriptions of periodicals.

Other accrued liabilities include mainly the cash collected on behalf of event organizers for the events that either will take place in 2022 or have already happened, but the final settlement with the organizers has not been made (Note 9)

As at 31.12.2021, a contingent consideration in the amount of EUR 2 256 thousand is recognized in the balance sheet as a result of the business combinations, incl EUR 2 033 thousand current and EUR 223 thousand non-current liabilities. In 2021, the adjustment of fair value of unpaid future liability of the acquisition price of the ticket sales platform was made, which was recognized as a one-time financial income of EUR 407 thousand (Note 3).

As at 31.12.2020, a contingent consideration in the amount of EUR 1 995 thousand was recognized in the balance sheet as a result of the business combination, incl EUR 250 thousand current and EUR 1 745 thousand non-current liabilities. In 2020, the adjustment of fair value of unpaid future liability of the acquisition price of the ticket sales platform was made, which was recognized as a one-time financial income of EUR 690 thousand (Note 3).

Note 18. Bank loans and borrowings

(EUR thousand)	Total amount	Repayment term		
		Up to 1 year	Between 1-5 years	More than 5 years
Balance as of 31.12.2021				
Long-term bank loans	11 350	1 680	9 670	0
Notes	5 000	0	0	5 000
Lease liability	5 869	1 521	4 348	0
Total	22 219	3 201	14 018	5 000
Balance as of 31.12.2020				
Long-term bank loans	12 545	2 401	10 144	0
Notes	5 000	0	0	5 000
Lease liability	4 657	1 212	3 445	0
Total	22 202	3 613	13 589	5 000

The effective interest rates are very close to the nominal interest rates. The fair value of the loan liabilities is close to their book value as the interest rate is floating and related to Euribor and the margin has been negotiated based on market terms in July 2021.

Long-term bank loan

Within the framework of the sale transaction of ownership interest in Printall AS, the premature payment of the outstanding loan balance of Printall AS to AS SEB Pank under the loan contract in the amount of EUR 2.06 million was made.

In July 2021 AS Ekspress Grupp and AS SEB Pank signed amendments to the loan agreements, as a result of which the new due date of the loans is 18 July 2026 instead of the previous date of 25 April 2022. According to the new agreement, the monthly repayment was reduced from EUR 204 thousand a month to EUR 60 thousand a month.

In addition, a new loan agreement was concluded with AS SEB Pank to refinance the loan of AS Citadele banka in the amount of EUR 2.1 million with due date 3 June 2024. According to the new agreement the loan repayment schedule remained unchanged, the new due date is 18 July 2026.

In 21 December 2021 OÜ Ekspress Finants and AS SEB Pank signed a loan agreement in the amount of EUR 2.65 million with due date 18 July 2026 with monthly repayment of EUR 30 thousand.

According to the new agreements the interest margin will be in the range of 1.75%-1.9% instead of the previous 1.9%-3.9%. Other key terms of the loan agreements remained unchanged.

The loans are secured by:

- Shares of subsidiaries;
- Guarantees of AS Ekspress Grupp and subsidiaries;
- Group's trademarks in the amount of 4.9 million;
- The ultimate controlling shareholder has also given a personal guarantee in the amount of EUR 4 million to cover the loan and overdraft agreements.

According to the conditions of the loan agreement, the borrower needs to keep the total debt/EBITDA ratio below 3.0. As of 31.12.2021, debt/EBITDA ratio calculated in accordance with the adjustments laid down in the loan contract was 1.41. According to the conditions of the loan agreement, the borrower also needs to keep the debt-service coverage ratio (DSCR) at least 1.2. As of 31.12.2021, DSCR ratio calculated in accordance with the adjustments laid down in the loan contract was 2.74. In addition, the liquidity reserve should be held at the bank in the amount of EUR 1 million.

Notes

In October 2019, AS Ekspress Grupp issued 5 000 notes with the nominal value of EUR 1 000, interest rate of 6% per year and due date on the 8th anniversary of the issue date, i.e. 7 October 2027. Interest is paid once a year on the 7th of October.

The notes were issued in a private placement to the pension funds managed by AS LHV Varahaldus. On 4 October 2019, AS Ekspress Grupp signed a subscription agreement with AS LHV Varahaldus, who is acting on behalf of pension funds (LHV Pension Fund XL, LHV Pension Fund L, and LHV Pension Fund M) to subscribe all the issued notes with the aggregate nominal value of 5 million euros.

The notes are subordinated to the outstanding loan Ekspress Grupp has borrowed from AS SEB Bank in January 2019. AS SEB Bank will have the position of senior creditor and the notes are subordinated to the aforementioned loan from AS SEB Bank. The notes represent secured debt obligation of Ekspress Grupp before its shareholders and related parties. Notes are fully secured with the guarantee issued by OÜ Haep, owned 88% by AS Ekspress Grupp's ultimate shareholder Hans H. Luik and by the guarantee of Hans H. Luik.

From the proceeds of the notes, AS Ekspress Grupp refinanced its loan of EUR 3.2 million from OÜ Aktiva Finants (100% owned by Hans H. Luik) and remaining EUR 1.8 million was used for future investments. The loan with interest rate of 12% from OÜ Aktiva Finants was used as a bridge funding for the Group's larger acquisitions made in 2019.

The Group has invested in the electronic ticket platform company SIA Biļešu Paradīze (bilesuparadize.lv) operating in Latvia and digital outdoor business OÜ Linna Ekraanid in Estonia. The Group is actively continuing with investments in order to strengthen the core existing activities and to support the group in carrying out the digital transformation.

According to the note terms and conditions, the total debt / EBITDA ratio of AS Ekspress Grupp (using consolidated financial data) should be lower than 4.0 and the DSCR ratio should be at least 1.2. As of 31.12.2021, debt/EBITDA ratio calculated in accordance with the adjustments laid down in note terms and conditions was 1.41 and DSCR ratio was 2.74.

Overdraft facilities

As at 31.12.2021, the Group had an outstanding long-term overdraft facility with SEB Bank in the amount of EUR 3 million with the due date of 18.01.2023. No overdraft had been used by the balance sheet date of 31.12.2021 and 31.12.2020.

Note 19. Leases

Right-of use assets are presented as property, plant and equipment.

Most of the Group's leases consist of office facilities, which typically have a lease term of three to five years with an option to renew the lease after that date. Some leases provide for additional rent payments that are based on changes in local price indices.

The Group leases IT/office equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

(EUR thousand)	Buildings	Machinery and equipment	Other fixtures	Under construction	Total
2020					
Balance at 1 January	2 857	575	435	398	4 265
Depreciation charge for the year	(690)	(77)	(174)	0	(941)
Additions to right-of-use assets	642	0	240	1 333	2 215
Derecognition of right-of-use assets	(17)	0	(3)	(22)	(42)
Balance at 31 December	2 792	499	498	1 708	5 497
2021					
Balance at 1 January	2 792	499	498	1 708	5 497
Depreciation charge for the year	(685)	(261)	(594)	0	(1 541)
Additions to right-of-use assets	599	2 206	3 136	0	5 941
Derecognition of right-of-use assets	(110)	(2 185)	(42)	(1 708)	(4 046)
Balance at 31 December	2 595	258	2 998	0	5 852

In addition to the right of use assets the balance of assets under construction as of 31.12.2020 also includes other expenses incurred for the production of fixed assets in the amount of EUR 474 thousand.

Amounts recognised in profit or loss (continuing operations)

(EUR thousand)	2021	2020
Interest on lease liabilities	109	72
Expenses relating to low-value and short-term leases	1 026	922

Amounts recognised in statement of cash flows

(EUR thousand)	2021	2020
Total cash outflow for leases	(1 814)	(949)

Note 20. Segment reporting

Operating segments have been specified by the management on the basis of the reports monitored by the Management Board of the Parent Company AS Ekspress Grupp. The Management Board considers the business from the company perspective.

In September 2021, AS Ekspress Grupp sold its 100% ownership interest in its subsidiary Printall AS. Until the sale, the operations of Printall AS made up the printing services segment. The printing services segment is recognised as a discontinued operation in the consolidated annual report of 2021, and this segment's income and expenses are shown in a separate line "Gain/-loss from discontinued operations" in the consolidated comprehensive income statement.

Starting from September 2021, the Group has only one continued operating segment, i.e. the media segment.

Media segment: management of online news portals and classified portals, advertising sales in own portals in the Baltics and publishing of newspapers, magazines, customer and advertising fliers, publishing and publication of books as well as sale of digital outdoor advertising in Estonia and Latvia. The media segment also includes organisation of the technology and innovation conference *Login* in Lithuania and operation of the electronic ticket sales platform and box offices in Latvia, and production studio for content creation in Lithuania.

This segment includes subsidiaries Ekspress Meedia AS (Estonia), AS Delfi (Latvia), UAB Delfi (Lithuania), OÜ Hea Lugu (Estonia), D Screens SIA (Latvia), Digital Matter (former named Adnet Media - Lithuania, Estonia, Latvia), Linna Ekraanid OÜ (Estonia), Babahh Media OÜ (Estonia), SIA Biļešu Paradīze (Latvia), Videotinklas UAB (Lithuania) and Geenius Meedia OÜ (Estonia) since December 2021.

The revenue of the **media segment** is derived from sale of advertising banners and other advertising space and products and digital subscriptions in its own portals in Estonia, Latvia and Lithuania. Sale of advertising space in newspapers and magazines, revenue from subscriptions and single copy sales of newspapers and magazines. Sale of books and miscellaneous book series, services fees for preparation of customer fliers and other projects. In addition sale of digital outdoor advertising and electronic ticket sales platforms in Estonia and Latvia.

The **Group's corporate functions** are shown separately and they do not form a separate business segment. It includes the Parent Company AS Ekspress Grupp, which provides legal advisory and IT services to its group companies and Ekspress Finants OÜ, which provides accounting services to group companies.

The Management Board assesses the performance of the operating segments based on revenue, EBITDA and the EBITDA margin. Volume-based and other fees payable to advertising agencies have not been deducted from the advertising sales of segments, because the Group's management monitors the gross income of companies and segments. Discounts and volume rebates are reported as a reduction of the consolidated sales revenue and are shown in the aggregate line of eliminations. Internal management fees and goodwill impairment are not included in segment results.

According to the estimate of the Parent Company's management, the inter-segment transactions have been carried out on an arm's length basis and they do not differ significantly from the conditions of the transactions concluded with third parties.

Capital expenditure comprises additions to property, plant and equipment (Note 15) and intangible assets (Note 16). The significant non-current assets located outside Estonia include primarily the different trademarks, which carrying amounts are per countries as follows:

- Latvia, EUR 4.2 million as of 31.12.2021 (EUR 4.4 million as of 31.12.2020)
- Lithuania, EUR 1.7 million as of 31.12.2021 (EUR 1.8 million as of 31.12.2020)

Goodwill relating to companies outside Estonia at their carrying amounts is as follows:

- Latvia, EUR 10.9 million as of 31.12.2021 (EUR 10.9 million as of 31.12.2020)
- Lithuania, EUR 13.8 million as of 31.12.2021 (EUR 13.8 million as of 31.12.2020)

Customer relationships relating to companies outside Estonia at their carrying amounts is as follows:

- Latvia, EUR 1.3 million as of 31.12.2021 (EUR 1.5 million as of 31.12.2020)

2021 (EUR thousand)	Media	Printing services (discontinued)*	Corporate functions	Eliminations	Total Group (continuing+ discontinued)*
Sales to external customers	52 030	11 707	1 346	0	65 083
Inter-segment sales	62	1 537	2 773	(4 372)	0
Total segment sales	52 093	13 244	4 118	(4 372)	65 083
EBITDA	8 927	1 286	(669)	(100)	9 444
EBITDA margin	17%	10%			15%
Depreciation (Note 15,16)					(4 162)
Operating profit /(loss)					3 060
Investments (Note 15,16)					7 056

* see Note 21

2020 (EUR thousand)	Media	Printing services (discontinued)*	Corporate functions	Eliminations**	Total Group (continuing+ discontinued)*
Sales to external customers	43 664	18 913	666	0	63 243
Inter-segment sales	64	2 472	2 094	(4 629)	0
Total segment sales	43 728	21 384	2 761	(4 629)	63 243
EBITDA	6 601	2 224	(720)	(1 101)	7 004
EBITDA margin	15%	10%			11%
Depreciation (Note 15,16)					(3 968)
Operating profit /(loss)					3 078
Investments (Note 15,16)					4 292

* see Note 21

**Due to impact of COVID-19 on economic situation the group has recognised an impairment loss for property, plant and equipment in amount of EUR 1 031 thousand in 2020 (Note 15).

(EUR thousand)	Sales		EBITDA	
	2021	2020	2021	2020
Total Group (continuing + discontinued)	65 083	63 243	9 444	7 004
Elimination of discontinued operation	(13 244)	(21 384)	(1 286)	(2 224)
Inter-segment eliminations	1 677	2 655	83	1 144
TOTAL GROUP	53 516	44 514	8 240	5 924

Note 21. Discontinued operation

In September 2021, AS Ekspress Grupp sold its 100% ownership interest in its subsidiary Printall AS. The management decided to sell Printall AS in order to exit from a business sector that doesn't match with Group's strategy and sector with a significant CAPEX requirements. As a result of the transaction, the capital is released for financing Group's continued growth in digital media.

In accordance with the decision of the extraordinary general meeting of shareholders of AS Ekspress Grupp from 13 July 2021, AS Ekspress Grupp and OÜ Trükitung concluded a sales agreement on 3 September 2021, according to which Ekspress Grupp sold its 100% ownership interest in its subsidiary Printall AS. The transaction was completed as of 6 September 2021. In the annual report of 2021, the information is presented about continuing operations where the revenue and expenses of discontinued operations are shown in a separate line in the comprehensive income statement "Gain/-loss from discontinued operations". Until the sale, the business of Printall AS was recognised as a separate printing services segment which the Group discloses as a discontinued operation in this report. In the comprehensive income statement of the annual report and the segment overview, the comparative information of continuing operations has been restated. No restatements have been made to the consolidated balance sheet and cash flows in accordance with the requirements of IFRS. The assets of the printing services segment continue to be consolidated line-by-line in the balance sheet as of 31 December 2020, because the sale of Printall AS was not classified as held for sale as of 31 December 2020. After the sale, AS Printall continues to provide printing services to the Group companies.

Results of discontinued operation

(EUR thousand)	2021	2020
Segment sales revenue	13 244	21 384
Elimination of inter-segment revenue	(1 537)	(2 472)
Sales to external customers	11 707	18 913
Segment expenses	(12 898)	(21 414)
Elimination of expenses related to inter-segment sales	1 537	2 472
External expenses	(11 361)	(18 943)
Net profit /(loss) for the reporting period	346	(30)
Loss on sale of discontinued operation	(2 222)	-
Net profit /(loss) from discontinued operation	(1 876)	(30)
Basic earnings per share (euro)	(0.06)	0.00
Diluted earnings per share (euro)	(0.06)	0.00

Cash flows from (used in) discontinued operation

(EUR thousand)	2021	2020
Net cash generated from operating activities	1 079	3 350
Net cash used in investing activities	6 151	(512)
Net cash used in financing activities	(1 514)	(2 236)
Net cash flows for the period	5 716	602

Effect of disposal on the financial position of the Group

(EUR thousand)	2021
Net assets and liabilities	(9 262)
Consideration received, satisfied in cash	6 340
Deferred payment (Note 31)	700
Cash and cash equivalents disposed of	(14)
Net cash inflows	6 326

Note 22. Sales revenue

(EUR thousand)	Media		Corporate functions		Total	
	2021	2020	2021	2020	2021	2020
Major products/service lines						
Advertising revenue	35 227	29 099	0	0	35 227	29 099
<i>incl. barter deals</i>	638	691	0	0	638	691
Single-copy sales	2 058	2 189	0	0	2 058	2 189
Subscriptions' revenue	11 253	9 147	0	0	11 253	9 147
Book publishing	1 052	961	0	0	1 052	961
Sale of other goods and services	2 440	2 268	1 485	849	3 925	3 118
Total	52 031	43 664	1 485	849	53 516	44 514
Timing of revenue recognition						
Goods and services transferred at a point in time and over time	52 031	43 664	1 485	849	53 516	44 514
Revenue from contracts with customers total	52 031	43 664	1 485	849	53 516	44 514

(EUR thousand)	2021	2020
Sales revenue by geographical area		
Estonia	29 313	24 328
Scandinavia	767	617
Lithuania	11 338	10 056
Latvia	8 417	6 039
Other Europe	3 229	2 960
Other countries	452	514
Total	53 516	44 514

The following table provides information about contract assets and contract liabilities from contracts with customers.

(EUR thousand)	31.12.2021	31.12.2020
Contract assets	0	310
Contract liabilities (Note 17)	2 566	2 199

The contract assets primarily related to the Group's rights to consideration for work completed but not billed at the reporting date under contracts of sale of paper and printing services. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily related to the client prepayments for subscriptions of periodicals. As there are no significant financing components in these contracts and the contract liability will be recognised as revenue in one year or less, the Group applies practical expedient. As a practical expedient, the Group need not adjust the transaction price in a contract for the effects of a significant financing component, if the period between when the customer pays for the good or service and when the Group transfers the good or service is one year or less.

Note 23. Cost of sales

(EUR thousand)	2021	2020
Raw materials and consumables used	457	423
Services purchased	12 297	10 310
Salaries and social taxes	21 774	18 660
Lease expense (Note 19)	640	574
Other expenses	1 883	1 996
Depreciation and amortisation	2 624	2 049
Total expenses	39 674	34 013

Note 24. Marketing expenses

(EUR thousand)	2021	2020
Marketing	1 497	1 302
Salaries and social taxes	828	567
Lease expense (Note 19)	16	17
Depreciation and amortisation	17	19
Total marketing expenses	2 359	1 905

Note 25. Administrative expenses

(EUR thousand)	2021	2020
Raw materials and consumables used	146	130
Repairs and maintenance	547	509
Communication expenses	115	113
Lease expense (Note 19)	370	331
Services purchased	1 502	1 249
Salaries and social taxes	3 978	3 770
Depreciation and amortisation	777	826
Total administrative expenses	7 435	6 930

Note 26. Expenses by type

(EUR thousand)	2021	2020
Salaries and social taxes	26 581	22 997
Raw materials and consumables used	602	554
Lease expense (Note 19)	1 026	922
Services purchased	13 799	11 559
Marketing expenses	1 497	1 302
Repairs and maintenance	547	509
Communication expenses	115	113
Other expenses	1 883	1 996
Depreciation and amortisation	3 418	2 894
Total cost of sales, marketing and administrative expenses	49 468	42 848
Average number of employees	741	695

The information provided in this Note is aggregate numbers from Notes 23-25.

Note 27. Other income

(EUR thousand)	2021	2020
Subsidies	656	1 180
Other income	272	511
Total other income	929	1 691

In 2021, the Group received a one-off state subsidy in Latvia in the amount of EUR 407 thousand related to the ticket sales platform where events had been cancelled during the period of almost 7 months.

In March 2020, in response to the COVID-19 coronavirus pandemic, the government of Estonia introduced a wage subsidy programme for companies that had to shut their operations and furlough staff. Temporary subsidies were paid to those employees whose employers were significantly impacted by the current extraordinary circumstances. The subsidy was grant an income for the employees and helped the employers to surpass temporary difficulties without having to lay off their staff or call bankruptcy. The wage subsidy could be applied for March, April and May 2020.

The subsidy was paid, when an employer was in a situation where they comply with at least two of the following terms:

- The employer must have suffered at least a 30% decline in turnover or revenue for the month they wish to be subsidized for, as compared to the same month last year.
- The employer is not able to provide at least 30% of their employees with work.
- The employer has cut the wages of at least 30% of employees by at least 30% or down to the minimum wage.

The Group's application for the program was approved in May and June 2020 and it was entitled to the wage subsidy on a monthly basis conditional on the employees continuing to be furlough and the Group continuing paying their salary. The Group benefited from the programme from April and May 2020. The Group received a wage subsidy of EUR 795 thousand under the programme (continuing operations). Received subsidy is reported as "Other income" in the statement of other comprehensive income.

Note 28. Share option plans

In June 2017, the General Meeting of Shareholders approved the share option plan for key employees, which was mostly exercised at the end of 2020 and in the 1st quarter of 2021.

By 31 December 2021, the balance of issued options of the share option plan approved in 2017 was 69 thousand (as of 31.12.2020: 450 thousand options issued), each of which grants the right to receive one share of the company free of charge. As at 31 December 2021 all options are vested and can be exercised during 2022. The liability of the above mentioned stock options amounted to EUR 72 thousand as at 31 December 2021 (31.12.2020: EUR 289 thousand).

In September 2020, the General Meeting of Shareholders approved a new share option plan for the management of AS Ekspress Grupp and its group companies for the period 2021-2023. As of 31 December 2021 total amount of share options granted was 1 064 thousand, each giving a right to acquire one share at the nominal price (currently 60 euro cents) of the shares at the time of the issuing the options. The options are vesting proportionally 1/3 per year over three-year period. In 2021, 355 thousand options were vested. The exercise of the options and issue of the shares shall be performed by means of an increase of the share capital of AS Ekspress Grupp and issue of new shares that shall take place in Q1 2024.

Upon approving the share option, the option was recognised at its fair value and recognised on the one hand in the profit or loss statement as labour cost and, on the other hand, as a share option reserve in equity. As of 31 December 2021 this reserve totalled EUR 36 thousand (31.12.2020 EUR 0).

In February 2022, the General Meeting of Shareholders approved a new share option plan that entitles the option holders to acquire the shares of AS Ekspress Grupp in exchange for the underlying asset of the options issued by Geenius Meedia OÜ in 2020. Share option plan was approved up to 371 thousand options, each of which grants the right to receive one share of the company free of charge, with the exercise date May 2023. The exercise of these options will be performed in exchange for the own shares of Ekspress Grupp. No new shares shall be issued under this program. The program enables AS Ekspress Grupp to comply with the commitment arising from the purchase and sale agreement of the shares of Geenius Meedia OÜ entered into on 17 December 2021. As of 31 December 2021, the liability of the mentioned share option amounted to EUR 378 thousand.

Note 29. Equity

Share capital

As of 31 December 2021, the company's share capital is EUR 18 478 105 (31.12.2020: EUR 18 478 105), which is divided into 30 796 841 (31.12.2020: 30 796 841) shares with the nominal value of 0.60 euros per share.

The maximum amount of share capital as stipulated by the articles of association is EUR 25 564 656.

Treasury shares

In 2021, within the framework of the share option plan the option owners were transferred 374 611 shares and bought back 547 162 shares. As a result, the balance of treasury shares increased by EUR 175 thousand.

As of 31 December 2021, the Company had 513 972 treasury shares (31.12.2020: 341 421) in the total amount of EUR 384 thousand (31.12.2020: EUR 209 thousand). 440 thousand treasury shares to be used for the share option plans due to be exercised in 2022 and 2023.

Dividends

In 2021, in conjunction with the sale of Printall AS, the Group paid an extraordinary dividend of 10 euro cents per share to its shareholders in the total amount of EUR 3.03 million. Shareholder resolutions were adopted without calling the extraordinary general meeting of shareholders on 4 November 2021. The shareholders included in the

register of shareholders on 19 November 2021 were entitled to receive dividends and the dividends were distributed to shareholder on 23 November 2021.

As of 31 December 2021, it is possible to distribute dividends without income tax payment in the total amount of EUR 24.9 million.

Reserves

The reserves include statutory reserve capital required by the Commercial Code and a general-purpose equity contribution by a founding shareholder.

(EUR thousand)	31.12.2021	31.12.2020
Statutory reserve capital	1 245	1 119
Additional cash contribution from shareholder	639	639
Share option reserve	36	0
Total reserves	1 920	1 758

Earnings per share

Basic earnings per share have been calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period. Treasury shares owned by the Parent Company are not taken into account as shares outstanding.

Diluted earnings per share have been calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period, taking into account the number of shares potentially issued. Treasury shares owned by the Parent Company are not taken into account as shares outstanding.

EUR	2021			2020		
	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total
Profit / (loss) attributable to equity holders	4 119 007	(1 875 904)	2 243 103	2 539 554	(29 976)	2 509 578
Average number of ordinary shares at the end of the period	30 243 148	30 243 148	30 243 148	29 800 859	29 800 859	29 800 859
Number of ordinary shares potentially issued as the part of option program at the end of the period	1 064 071	1 064 071	1 064 071	1 180 345	1 180 345	1 180 345
Basic earnings per share	0.14	(0.06)	0.07	0.09	0.00	0.08
Diluted earnings per share	0.13	(0.06)	0.07	0.08	0.00	0.08

Note 30. Contingent assets and liabilities

Contingent income tax liability

As of 31.12.2021, the consolidated retained earnings of the Group amounted to EUR 19 261 thousand (31.12.2020: EUR 20 189 thousand). Income tax of 20/80 of net dividend paid is imposed on the profit distributed as dividends. When an entity pays dividends it has received from its joint ventures and subsidiaries that have already paid income tax on those dividends or the profit of which has already been taxed in the domicile of the entity, the payment of those dividends by the Parent Company is not subject to additional income tax. Accordingly, as of 31.12.2021, AS Ekspress Grupp (Parent Company) may pay out dividends tax-free in the amount of EUR 24 935 thousand (as of 31.12.2020: EUR 25 663 thousand). Upon the payment of all possible retained earnings as at 31.12.2021, no potential income tax liability occurs.

Contingent assets and liabilities arising from pending court cases

On 28 April 2020, Harju County Court forwarded a statement of claim of MM Grupp OÜ to AS Ekspress Meedia, in which MM Grupp OÜ demands EUR 2.0 million from AS Ekspress Meedia for compensation of non-patrimonial or alternatively future patrimonial damages caused by the publication of allegedly false factual allegations. On 17 March 2021, Harju County Court made a decision in the action of MM Grupp OÜ against AS Ekspress Meedia, in which the court dismissed the claim for the compensation of damage in the amount of EUR 2.0 million and satisfied the action in the claim to refute one factual allegation. The court ordered both parties to cover their own procedural expenses. MM Grupp OÜ appealed the judgement to Tallinn Circuit Court. On 2 February 2022, Tallinn Circuit Court ruled in favour of AS Ekspress Meedia in an action brought by MM Grupp OÜ pertaining to rebuttal of false data and compensation for damages. The procedural costs at both instances shall be borne by the plaintiff. MM Grupp OÜ appealed in cessation to the Supreme Court.

The Group's subsidiaries have also several pending court cases, the impact of which on the Group's financial results is insignificant.

Note 31. Related party transactions

Transactions with related parties are transactions with shareholders, associates, joint ventures, members of the Key Management of all group companies, their immediate family members and the companies under their control or significant influence.

The ultimate controlling individual of AS Ekspress Grupp is Hans H. Luik.

The Group has purchased from (goods for resale, manufacturing materials, non-current assets) and sold its goods and services to (lease of non-current assets, management services, other services) to the following related parties.

SALES (EUR thousand)	2021	2020
Sale of services		
Members of Supervisory Board and companies related to them*	60	5
Members of Management Board and companies related to them	2	0
Associates	160	161
Joint ventures	1 369	1 594
Total sale of services	1 591	1 761

PURCHASES (EUR thousand)	2021	2020
Purchase of services		
Members of Management Board and companies related to them	20	22
Members of Supervisory Board and companies related to them*	1 150	407
Associates	21	28
Joint ventures	1 999	1 334
Total purchases of services	3 189	1 791

RECEIVABLES (EUR thousand)	31.12.2021	31.12.2020
Short-term receivables		
Members of Management Board and companies related to them (Note 9)	0	1
Members of Supervisory Board and companies related to them (Note 9)*	17	0
Associates (Note 9)	98	83
Joint ventures (Note 9)	145	218
Total short-term receivables	261	302
Long-term receivables		
Members of Supervisory Board and companies related to them (Note 21)	700	0
Associates (Note 12)	94	103
Total long-term receivables	794	103
Total receivables	1 055	405

As of 31.12.2021 impairment loss was recognised for the receivables of associates in amount of EUR 698 thousand (31.12.2020: EUR 532 thousand) and for the receivables of joint ventures in amount of EUR 55 thousand (31.12.2020: EUR 156).

LIABILITIES (EUR thousand)	31.12.2021	31.12.2020
Current liabilities		
Members of Management Board and companies related to them (Note 17)	2	1
Members of Supervisory Board and companies related to them (Note 17)*	250	8
Joint ventures (Note 17)	226	197
Total liabilities	478	206

* since September 2021, Printall AS is a company related to a member of the Supervisory Board, and transactions and balances related to Printall AS are reported in the line "Members of Supervisory Board and companies related to them". Previously, Printall AS was a Group company and transactions and balances related to it are not reflected in the note "Related party transactions".

According to the decision of the General Meeting held on 2 June 2009 and 4 May 2012, Hans H. Luik will be paid a guarantee fee of 1.5% per annum on the guarantee amount for the personal guarantee of EUR 4 million on the loan and overdraft agreements until the guarantee expires. In 2021, a payment of EUR 60 thousand (2020: EUR 56 thousand) was paid for the personal guarantee and there are no outstanding liabilities as of 31 December 2021 and 31 December 2020.

Remuneration of members of the Management Boards of the consolidation group

(EUR thousand)	2021	2020
Salaries and other benefits (without social tax)	2 318	1 981
Share option	25	41
Total (without social tax)	2 343	2 022

The members of all management boards of the group companies (incl. key management of foreign subsidiaries if these companies do not have management board as per Estonian Commercial Code) (hereinafter Key Management) are entitled to receive compensation upon expiry or termination of their contracts in accordance with the terms laid down in their employment contracts. The Key Management terminations benefits are payable only in case the termination of contracts is originated by the company. If a member of the Key Management is recalled without a substantial reason, a notice thereof shall be given up to 3 months in advance and the member shall be paid compensation for termination of the contract in the amount of up to 8 months' salary. Upon termination of an

employment relationship, no compensation shall be usually paid if a member of the Key Management leaves at his or her initiative or if a member of the Key Management is removed by the Supervisory Board with a valid reason. As of 31 December 2021, the maximum gross amount of potential Key Management termination benefits was EUR 735 thousand (31.12.2020: EUR 759 thousand). No remuneration is paid separately or in addition to the members of the Supervisory Boards of the Group companies and no compensation is paid if they are recalled.

Note 32. Events after the balance sheet date

Sale of AS Express Post shares

In accordance with the contract of AS Ekspress Grupp and AS Postimees Grupp entered into with AS Eesti Post on 2 March 2022, AS Eesti Post operating under the trademark of Omniva will acquire a 100% ownership interest in AS Express Post.

The purpose of the transaction is to find a more sustainable operating model for the home delivery of newspapers and magazines. The exit from the postal business is in line with the long-term strategy of Ekspress Grupp and continuous growth of the share of digital media.

Prior to entry into force, the purchase and sale transaction need to be approved by the Competition Board that has up to five months to form an opinion on it.

As of 31 December 2021, the value of the investment reported in the Group's balance sheet was EUR 0 (Note 13).

The war in Ukraine

The effects of the health crisis have eased, but not all sectors have recovered at the same time. In addition, the Baltic economies are being affected by significantly higher-than-average energy prices and rising inflation.

Russia's military offensive against the Republic of Ukraine, which began on February 24, 2022, has increased risks in the economic environment. At the date of approval of financial statement, there is an uncertainty in assessing the final impact of the incident, as the sanctions imposed by Western countries are not yet final and it is not known whether military action will begin between Russia and NATO countries. The Group does not have direct relations with Russia, Belarus and Ukraine, while its operations have an indirect impact on the Baltic economies, including energy prices, raw materials and their overall impact on the economies of Europe and other Western countries.

The Group assesses the effect known as of the date of the financial statement to be marginal. The Group's advertising sales may be most affected. Due to the continuing war situation, the economic environment remains uncertain and unpredictable, which in turn does not allow the impact on the Group's operations to be assessed.

Note 33. Financial information about the Parent Company

In accordance with the Accounting Act of Estonia, the separate non-consolidated primary statements of the Parent Company shall be disclosed in the consolidated annual report.

Balance sheet of AS Ekspress Grupp (Parent Company)

(EUR thousand)	31.12.2021	31.12.2020
ASSETS		
Cash and cash equivalents	2 071	28
Trade and other receivables	2 752	2 042
Total current assets	4 823	2 070
Non-current assets		
Trade and other receivables	5 026	4 815
Other investments	1 532	832
Investments in subsidiaries	64 852	71 168
Investments in joint ventures	1 011	1 661
Investments in associates	1	294
Property, plant and equipment	325	360
Intangible assets	1 794	1 243
Total non-current assets	74 542	80 374
TOTAL ASSETS	79 365	82 444
LIABILITIES AND EQUITY		
Liabilities		
Borrowings	63	53
Trade and other payables	5 289	4 386
Total current liabilities	5 352	4 439
Long-term borrowings	5 182	5 128
Other long-term liabilities towards subsidiaries	15 278	18 306
Other long-term liabilities	0	78
Total long-term trade and other payables	20 460	23 512
Total liabilities	25 812	27 951
Equity		
Share capital at nominal value	18 478	18 478
Share premium	14 277	14 277
Treasury shares	(384)	(209)
Statutory reserve capital	1 245	1 119
Other reserves	675	639
Retained earnings	19 261	20 189
Total equity	53 552	54 493
TOTAL LIABILITIES AND EQUITY	79 365	82 444

Statement of comprehensive income of AS Ekspress Grupp (Parent Company)

(EUR thousand)	2021	2020
Sales revenue	4 347	2 875
Cost of sales	(3 397)	(1 990)
Gross profit	950	885
Other income	0	45
Administrative expenses	(1 107)	(1 509)
Other expenses	(6)	(7)
Operating profit / (loss)	(163)	(585)
Finance income and costs on shares of subsidiaries	3 221	3 785
Finance income and costs on shares of joint ventures	(281)	102
Finance income and costs on shares of associates	(167)	(200)
Interest income	317	275
Interest expenses	(730)	(865)
Other finance income and costs	47	(2)
Financial income and expense	2 406	3 095
PROFIT FOR THE YEAR	2 243	2 510
Other comprehensive income (expense) for the year	0	0
Total comprehensive income for the year	2 243	2 510

Statement of changes in equity of AS Ekspress Grupp (Parent Company)

(EUR thousand)	Share capital	Share premium	Treasury shares	Reserves	Retained earnings	Total
Balance on 31.12.2019	17 878	14 277	(22)	1 688	17 701	51 522
Increase of statutory reserve capital	0	0	0	70	(70)	0
Share capital issued	600	0	0	0	0	600
Purchase of treasury shares	0	0	(600)	0	0	(600)
Share option exercised	0	0	413	0	39	452
Total transactions with owners	600	0	(187)	70	(31)	452
Other changes	0	0	0	0	9	9
Net profit / (loss) for the reporting period	0	0	0	0	2 510	2 510
Total comprehensive income / (loss) for the reporting period	0	0	0	0	2 510	2 510
Balance on 31.12.2020	18 478	14 277	(209)	1 758	20 189	54 493
Increase of statutory reserve capital	0	0	0	126	(126)	0
Purchase of treasury shares	0	0	(446)	0	0	(446)
Share options	0	0	271	36	(17)	290
Dividends paid	0	0	0	0	(3 028)	(3 028)
Total transactions with owners	0	0	(175)	162	(3 171)	(3 184)
Net profit / (loss) for the reporting period	0	0	0	0	2 243	2 243
Total comprehensive income / (loss) for the reporting period	0	0	0	0	2 243	2 243
Balance on 31.12.2021	18 478	14 277	(384)	1 920	19 261	53 552

Cash flow statement of AS Ekspress Grupp (Parent Company)

(EUR thousand)	2021	2020
Cash flows from operating activities		
Operating profit (loss) for the period	(163)	(585)
<u>Adjustments for:</u>		
Depreciation, amortisation and impairment	412	325
Change in value of share option	36	0
(Gain)/loss on sale and write-down of property, plant and equipment	0	(4)
Cash flows from operating activities:		
Trade and other receivables	(226)	64
Trade and other payables	452	930
Cash generated from operations	510	729
Interest paid	(814)	(891)
Net cash generated from operating activities	(304)	(162)
Cash flows from investing activities		
Increase/ decrease in investments in subsidiaries	7 584	1 759
Cash paid-in/ received from equity-accounted investees	(357)	(83)
Purchase and receipts of other investments	51	16
Interest received	97	83
Dividends received	2 300	1 400
Purchase of property, plant and equipment and intangible assets	(789)	(733)
Proceeds from sale of property, plant and equipment and intangible assets	0	4
Loans granted	(853)	(1 010)
Loan repayments received	744	75
Net cash from investing activities	8 773	1 510
Cash flows from financing activities		
Dividends paid	(3 028)	0
Change in overdraft used	0	(1 018)
Change in cash pool account	123	(784)
Loans received / Repayments of borrowings	(3 000)	540
Payments of lease liabilities	(75)	(58)
Proceeds from share issuance	0	600
Purchases of treasury shares	(446)	(600)
Net cash generated from financing activities	(6 426)	(1 321)
Cash flows total	2 043	28
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	2 043	28
Cash and cash equivalents at beginning of the period	28	0
Cash and cash equivalents at end of the period	2 071	28

Management Board's confirmation of the consolidated annual report

The Management Board confirms that the management report, corporate governance report and remuneration report of AS Ekspress Grupp disclosed on pages 5 to 84 present a true and fair view of the business developments, results and financial position of the Parent Company and its group companies. The Management Board confirms that the consolidated financial statements disclosed on pages 85 to 141 give to the best of its knowledge a true and fair view of the assets, liabilities, financial position and results of the issuer and its group companies in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Commission and include a description of major risks and uncertainties.

Mari-Liis Rüütsalu	Chairman of the Management Board	signed digitally	25 March 2022
Signe Kukin	Member of the Management Board	signed digitally	25 March 2022
Kaspar Hanni	Member of the Management Board	signed digitally	25 March 2022



Independent auditors' report

(Translation of the Estonian original)

To the Shareholders of Ekspress Grupp AS

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ekspress Grupp AS and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of the recoverability of goodwill	
Refer to notes 3 and 16 of the consolidated financial statements.	
The key audit matter	How the matter was addressed in our audit
The Group's consolidated balance sheet as at 31 December 2021 includes goodwill in the amount of EUR 45,576 thousand, further discussed in note 16. Relevant financial reporting standards require that goodwill is tested, at least annually, for impairment.	In this area, we conducted, among others, the following audit procedures: <ul style="list-style-type: none">• We assessed for significant CGUs identified by management the appropriateness of the allocation of assets based on our understanding of the Group's operations;

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<p>The assessment of the recoverability of goodwill requires significant judgment in determining the future performance of the cash-generating units (CGUs) to which goodwill has been allocated. The recoverable amount of goodwill is determined by calculating the value in use of the relevant CGUs using the discounted cash flow method whose key inputs such as discount rates, expected future revenue and terminal value growth rates depend on management's significant judgment and estimates.</p> <p>The determination of whether the internal and external inputs used by the Group to calculate the recoverable amounts of significant items of goodwill were based on reasonable and appropriate estimates required our particular attention during the audit. Even small changes in the inputs may have a significant impact on the estimate of the recoverable amount of goodwill and, thus, also on the Group's financial results.</p>	<ul style="list-style-type: none"> • Assisted by our own valuation specialists, we assessed the model used for calculating the recoverable amount of goodwill against the requirements of the relevant financial reporting standards and we evaluated and challenged the key assumptions used in respect of discount rates, expected future revenue and terminal value growth rates considering the data available from external sources and our understanding of the Group's operations and the economic environment; • We compared the data used in the model with the budgets and strategy approved by the Group's Supervisory Board and assessed the historical accuracy of the Group's budgeting process by comparing recent years' actual revenue and EBITDA (earnings before interest, tax, depreciation and amortisation) to the budgeted amounts; • We assessed the adequacy of the related disclosures in the consolidated financial statements, including those in respect of the sensitivity of the valuation results to changes in the key assumptions.
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Other Information

Management is responsible for the other information contained in the Group's consolidated annual report in addition to the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to state whether the information presented in the management report has been prepared in accordance with the applicable legal and regulatory requirements. With respect to the remuneration report, our responsibility also includes considering whether the remuneration report has been prepared in accordance with section **135³** of the Securities Market Act.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard and we state that the information presented in the management report is materially consistent with the consolidated financial statements and in accordance with the applicable legal and regulatory requirements.

In our opinion, the remuneration report has been prepared in accordance with section **135³** of the Securities Market Act.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (Estonia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with the Requirements for iXBRL tagging of Consolidated Financial Statements included within the European Single Electronic Format Regulatory Technical Standard (ESEF RTS)

We have undertaken a reasonable assurance engagement on the iXBRL tagging of the consolidated financial statements included in the digital files 529900B52V1TUMW7FS54-2021-12-31-et.zip prepared by Ekspress Grupp AS.

Responsibilities of Management for the Digital Files Prepared in Compliance with the ESEF RTS

Management is responsible for preparing digital files that comply with the ESEF RTS. This responsibility includes:

- the selection and application of appropriate iXBRL tags using judgement where necessary;
- ensuring consistency between digitised information and the consolidated financial statements presented in human-readable format; and
- the design, implementation and maintenance of internal control relevant to the application of the ESEF RTS.

Auditors' Responsibilities

Our responsibility is to express an opinion on whether the electronic tagging of the consolidated financial statements complies in all material respects with the ESEF RTS based on the evidence we have obtained.

We apply the provisions of the International Standard on Quality Control (Estonia) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (Estonia) (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the ESEF RTS. The nature, timing and extent of procedures selected depend on the practitioner's judgment, including the assessment of the risks of material departures from the requirements set out in the ESEF RTS, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the tagging and the ESEF RTS, including of internal control over the tagging process relevant to the engagement;
- reconciling the tagged data with the audited consolidated financial statements of the Group dated 31 December 2021;
- evaluating the completeness of the tagging of the consolidated financial statements;
- evaluating the appropriateness of the Group's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;

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- evaluating the use of anchoring in relation to the extension elements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements included in the annual report of Ekspress Grupp AS identified as 529900B52V1TUMW7FS54-2021-12-31-et.zip for the year ended 31 December 2021 are tagged, in all material respects, in compliance with the ESEF RTS.

Other Requirements of the Auditors' Report in Accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council

We were appointed by those charged with governance on 17 June 2020 to audit the financial statements of Ekspress Grupp AS for the period ended 31 December 2021. Our total uninterrupted period of engagement has lasted for five years, covering the periods ended 31 December 2017 to 31 December 2021.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Group;
- we have not provided to the Group the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014. We also remained independent of the audited entity in conducting the audit.

Tallinn, 25 March 2022

/signed digitally/

Liina Randmann

Certified Public Accountant,
Licence No 661

/signed digitally/

Mari-Leen Sandre

Certified Public Accountant,
Licence No 701

KPMG Baltics OÜ

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PROPOSAL FOR PROFIT ALLOCATION FOR THE YEAR 2021

The Management Board of AS Ekspress Grupp proposes to allocate the consolidated net profit for the financial year ended 31 December 2021 in the amount of EUR 2 243 thousand as follows:

(EUR thousand)	
Consolidated net profit attributable to equity holders of AS Ekspress Grupp	2 243
Payment of dividends	1 515
Increase in statutory reserve (1/20 from the profit)	112
Profit for the financial year to be transferred to retained earnings	616
Statutory reserve before increase	1 245
Statutory reserve after the increase	1 357
Retained earnings before profit allocation	19 261
Total consolidated retained earnings after profit distribution	17 634

DECLARATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The Management Board has prepared the annual report of AS Ekspress Grupp for the year ended on 31 December 2021 consisting of management report, corporate governance report, remuneration report, consolidated financial statements, the Management Board's confirmation of the annual report, independent auditor's report, proposal for profit allocation and declaration of the Management Board and Supervisory Board.

The Supervisory Board of AS Ekspress Grupp has reviewed the annual report, prepared by the Management Board, consisting of management report, corporate governance report, remuneration report, consolidated financial statements, the Management Board's confirmation of the annual report, independent auditor's report, proposal for profit allocation and declaration of the Management Board and Supervisory Board. The Supervisory Board has approved the annual report for presentation at the Annual General Meeting of Shareholders.

Management Board

Signed digitally

Chairman of the Management Board
Mari-Liis Rüütsalu

Signed digitally

Member of the Management Board
Signe Kukin

Signed digitally

Member of the Management Board
Kaspar Hanni

Supervisory Board

Signed digitally

Member of the Supervisory Board
Hans H. Luik

Signed digitally

Member of the Supervisory Board
Priit Rohumaa

Signed digitally

Member of the Supervisory Board
Indrek Kasela

Signed digitally

Member of the Supervisory Board
Aleksandras Česnavičius

KEY FINANCIAL INDICATORS IN 2017-2021

Consolidated income statement

(EUR thousand)	2021	2020	2019	2018	2017
Sales revenue	53 516	44 514	44 717	37 879	32 180
Cost of sales	(39 674)	(34 013)	(33 210)	(28 135)	(24 250)
Gross profit	13 842	10 501	11 507	9 744	7 931
Other income	929	1 691	601	382	1 372
Marketing expenses	(2 359)	(1 905)	(2 175)	(2 231)	(2 103)
Administrative expenses	(7 435)	(6 930)	(7 468)	(6 993)	(5 367)
Other expenses	(113)	(286)	(129)	(52)	(67)
Operating profit	4 864	3 071	2 337	850	1 766
Interest income	35	28	24	143	173
Interest expenses	(709)	(860)	(1 085)	(721)	(653)
Other finance income/ (costs)	339	634	(29)	(103)	118
Net finance cost	(335)	(198)	(1 090)	(681)	(362)
Profit (loss) on shares of joint ventures	(281)	102	(38)	(273)	(2)
Profit (loss) on shares of associates	161	(129)	(114)	(234)	(68)
Profit before income tax	4 409	2 846	1 093	(338)	1 334
Income tax expense	(276)	(280)	(339)	(276)	(344)
Net profit from continuing operations	4 133	2 566	755	(614)	991
Net profit / (loss) from discontinued operation	(1 876)	(30)	652	639	2 155
Net profit for the reporting period	2 257	2 536	1 407	25	3 146
Net profit for the reporting period attributable to					
Equity holders of the parent company	2 243	2 510	1 394	6	3 140
Minority shareholders	14	26	13	19	6
Total comprehensive income	2 257	2 536	1 407	25	3 146
Comprehensive income for the reporting period attributable to					
Equity holders of the parent company	2 243	2 510	1 394	6	3 140
Minority shareholders	14	26	13	19	6

Consolidated balance sheet

(EUR thousand)	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
ASSETS					
Current assets					
Cash and cash equivalents	10 962	6 269	3 647	1 268	1 073
Trade and other receivables	9 323	9 450	12 705	9 154	9 917
Corporate income tax prepayment	2	7	0	27	4
Inventories	266	2 756	3 120	3 382	2 832
Total current assets	20 553	18 482	19 472	13 831	13 827
Non-current assets					
Other receivables and investments	1 671	982	975	1 588	1 750
Deferred tax asset	42	30	38	44	47
Investments in joint ventures	1 011	1 661	1 254	2 345	2 372
Investments in associates	2 210	2 253	2 356	319	354
Property, plant and equipment	7 964	14 134	14 943	11 921	12 189
Intangible assets	60 807	56 635	56 369	46 691	45 419
Total non-current assets	73 705	75 696	75 935	62 907	62 130
TOTAL ASSETS	94 258	94 177	95 407	76 738	75 957
LIABILITIES					
Current liabilities					
Borrowings	3 201	3 613	5 100	1 356	166
Trade and other payables	17 664	15 251	16 483	10 801	8 095
Corporate income tax payable	82	81	65	29	111
Total current liabilities	20 947	18 945	21 647	12 186	8 372
Non-current liabilities					
Long-term borrowings	19 018	18 589	19 242	14 118	15 091
Other long-term liabilities	601	2 024	2 895	0	0
Total non-current liabilities	19 619	20 612	22 137	14 118	15 091
TOTAL LIABILITIES	40 566	39 557	43 784	26 304	23 463
EQUITY					
Minority interest	140	126	100	87	68
Capital and reserves attributable to equity holders of parent company:					
Share capital	18 478	18 478	17 878	17 878	17 878
Share premium	14 277	14 277	14 277	14 277	14 277
Treasury shares	(384)	(209)	(22)	(22)	(22)
Reserves	1 920	1 758	1 688	1 688	1 531
Retained earnings	19 261	20 189	17 701	16 526	18 762
Total capital and reserves attributable to equity holders of parent company	53 552	54 494	51 522	50 347	52 426
TOTAL EQUITY	53 692	54 620	51 622	50 434	52 494
TOTAL LIABILITIES AND EQUITY	94 258	94 177	95 407	76 738	75 957